

Mrs Merkel may have got it at last

Mrs Merkel has said the UK does not want to submit any more to the ECJ, accept all the rule making powers of the single market or be in a joint fishery. It has taken a long time to get to this perception, but better late than never.

Anyone following UK politics would have grasped that the UK voters voted for Brexit to regain our independence. They voted for a pro Brexit Conservative government to confirm their wish to be independent after a difficult period of Parliament trying to oppose the will of the people. The aim was always to take back control of our laws, our borders, our money and our fish. We did not vote to join some EU Association Agreement like Turkey, or to recreate UK membership of the single market from outside the EU with no vote over its laws.

It has long been clear we are becoming a separate country. We are willing to have a Free Trade Agreement if the EU wants one, otherwise we will be happy to extend the tariffs they make us impose on non EU countries to them as well on departure, if that is their preference. The UK government is planning anyway to remove a whole swathe of low and fiddly tariffs for all as we leave.

Avoiding a second lock down

The UK along with most other countries accepted WHO advice. They monitored the virus as it built up to a certain level, trying to contain it by test and track of those with symptoms. When it got to a certain level it was then decided to require everyone apart from key workers to isolate at home. People were encouraged to work, but only if they could do so without social contact.

The UK entered lock down a little later than Italy or Spain because the virus arrived in force later in the UK. Indeed, the UK virus infection probably was fanned by people holidaying in Italy and returning with it where it was worse earlier than here.

Most argue the lock down has been successful. New cases and the death rate has fallen from shortly after the lock down was imposed, as you would expect. Some query whether the virus started to wane for other unspecified reasons, and some have been critical about the timing of quarantine provisions for visitors from abroad. It should be easy to agree that if you make people stay away from all physical contact with others, it should stop the spread of a contagious disease. As long ago as the medieval period they used isolation hospitals for contagious diseases they could not otherwise cure or control,

so it is not a new insight.

Today the issue is different. We know that whilst lock down can decelerate the virus, it will also do substantial damage to livelihoods and businesses. Whilst it is possible to borrow to pay for one lock down period and a business recovery from it, it would become very expensive to try to do so again from a second lock down. The damage would compound and more capacity and more jobs lost for ever.

So from now on government has both to save lives and livelihoods. It both has to bear down on the disease, and help economic recovery. The method has been laid out by Ministers and their advisers. It requires two things. It requires a good test and trace system, which we are assured we now have. It requires the co-operation of the public, who need to submit for a test if they have symptoms, and share details of their contacts if they test positive.

As an enthusiast for getting back to more normal working, I just hope the new model for containing the disease gets the buy in it needs to succeed. We need it to do so to save both lives and livelihoods. I look forward to the NHS establishing isolation centres for residual virus treatment, so the rest of the service can return to normal to start tackling the backlog.

A world slump

The IMF forecasts for world output and incomes this year makes predictably poor reading. They foresee a fall of 4.9% in the world economy. It is only that modest because they think the world's second largest economy, China, will perform much better than most, reporting growth of 1% despite its lock down and pandemic damage.

The US with a fall of 8% does considerably better than most of the European countries. Spain and Italy with bad outbreaks suffer the worst, losing a massive 12.8 % of their incomes. France does badly too, at 12.5%. The UK manages minus 10.2%, considerably better than the other large Europeans despite also having a bad attack. Only Germany does better, at minus 7.8%, thanks to a much less severe case of Covid 19 and the high capacity of its mixed public and private health system.

The forecasts for the following year show a struggle to get back to where we started. The IMF expects the world to lose 6% of GDP over the two years, representing two years of missing growth allied to a slow recovery to get us back to where we started.

These figures seem to show that Brexit is not a negative, with the UK better placed than most of the continent. The US usually outperforms, partly because of the excellence of its digital companies and their ambitious growth plans.

All now hinges on governments managing the two big problems together. They have to relax enough to restore most economic activity, without allowing a major flare up in the disease. I will return to that difficult balance in a future post.

Planning a brighter future

Yesterday the Commons debated our planning system. At issue was the granting of permission to build new homes in Westferry, London, where they are much needed. Tower Hamlets Council failed to provide an answer on the planning application within the quite generous time limits laid down, so the decision fell to be made by the incoming new Secretary of State for the Environment. Opposition parties did not like the way he made it, and or did not like the decision.

Most people in the UK think there should be a planning system, but many disagree with whatever system is in place, particularly when it results in a decision they do not like. There are many people with land who would like to make a big profit by putting it forward for development, who find their land is not preferred. There are many others, often their neighbours, who think their local area has enough development and do not wish to see green fields built on or old buildings replaced by much larger developments . The tensions are understandable. The task for government trying to judge between the competing views is uncomfortable.

The aim of planning policy is to provide some intelligent framework for these decisions, setting out in advance through local plans where development is likely and where it is not. Years ago the system revolved around a fairly simply local map. The map would show through hatched markings which places were to be kept as green openspace and farmland, which remained as built up area and which parts could be used for new building. The built up areas could also gain special protections through area designation as a conservation area, or from individual building listings.

Over the years I have been watching planning it has got a lot more complicated, with local plans now going into huge detail and containing many subsidiary policies about permitted development. I am not sure this added complexity has produced better results or has been any better at allaying tensions over decisions. One of the worst features in my area has been from a landowner or developer gaming the system. They fail to build out the agreed permissions for new homes, whilst putting in for more permissions in close by locations,. It can be more profitable to trade planning permissions than to actually build and sell the homes. This undermines public confidence in the system. It can also lead to bad planning, with too many homes on floodplains or stretching local services too thinly.

Getting people back to work

Before the lockdowns there were some 5 million self employed people in this country. Most of them will continue as self employed but never take on a first employee and start the progress of building a bigger business. They are very valuable anyway, offering goods and services in flexible and attractive ways. They are a crucial part of the UK economy.

It is now an urgent task to tackle the unemployment the virus has already created and the possible job losses that could follow as the furlough scheme is wound down. Today I would like your help, by asking what changes to law, taxes and regulations should the government make to persuade more of the self employed to take on that first member of staff or that first apprentice to grow their business and to help bring down unemployment?

Some self employed I know used to run small businesses, but gave up on them and returned to working on their own for themselves. Going over the VAT threshold caused a lot of administration and worry. Choosing the wrong employee could land them in difficulties, without the resources a large company has to manage the odd difficult staff member. Conscious of the many duties of employers, they decided they would rather spend all their energy on serving clients and customers themselves, and limit their business size to their own work rate.

I have taken up the cause of the self employed in various ways. I have asked for the end of the threat to change IR35 and prevent some people from being self employed. I was one of those who asked for a self employed version of the furlough scheme for those banned from working. I think the VAT threshold could be raised to help. I want the public sector to turn to small business and the self employed for some of their work where the flexibility and price are helpful. So often public sector contracts are too large for small business, and the procurement process is biased in favour of the large companies.