

## Well done the voters

The deliberate log jam created by the last Parliament was preventing good government, undermining us abroad and seeking to subvert the results of the EU referendum. We had to ask the voters to make a decision.

They have done so in a clear way. There was a big choice to make. Did they want a Corbyn led government with massive promises to increase spending, borrowing and taxes, or did they want a moderate reflation of the economy with some spending increases for important services and some tax cuts? Did they trust Labour or the Conservatives with the security and future of our country. They gave a convincing answer last night.

There was also the question of how many voters did wish to go back on the referendum to leave the EU. Prime Minister in waiting Jo Swinson offered the country the choice to revoke our application to leave by a simple repeal vote in Parliament. It was a bold and radical proposal. Just 11% backed it, and her own voters instead asked her to leave Parliament. I hope those who keep telling us people want to remain will reflect on this result.

Labour says they lost because they failed to back Brexit, having done so in 2017 when they got a better result. Doubtless there was some of that in the poor results they achieved, but there was also the prior questions about economic management and direction and style of leadership which dominated in many discussions.

Now this new Conservative majority government has two immediate tasks. It does need as the PM says to "get Brexit done", which means taking back control of our money, borders and laws, and means negotiating that Free Trade Agreement the EU has promised in principle. It also means an early budget, as we are in urgent need of a stimulus, at a time of world slowdown and worldwide manufacturing recession.

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## General election day

May you all vote wisely. It's your decision.

I have said all I wish to say about this election and now look forward to the results tomorrow morning.

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# Why the USA grows faster than the Eurozone

The USA has for some years put in a much better economic performance than the Eurozone. Thus year its growth rate is around double that of the Euro area. Part of it stems from the monetary policy being pursued, some of it from the fiscal policy and much of it from the enterprise policies.

The Fed has twin objectives of keeping inflation down and promoting growth. It has been pragmatic about pursuing these objectives. It made bad mistakes at the end of the last decade like other advanced country Central banks, but has done much better since 2010. It did tighten too much at the end of 2018 but has now corrected for the mistake. Despite over 2% growth in the economy the Fed has recently pumped \$150bn extra liquidity into markets to facilitate bank lending and continued growth.

The ECB has ostensibly followed a more dovish stance than the Fed with lower rates and more recent Quantitative easing. It has, however, failed to get all the main commercial banks in its system to address their balance sheet and bad debt problems, so there is still difficulty in transmitting cheap money into more well based loans to get the economies moving faster.

The President of the USA put through major tax cuts which acted as a substantial boost to US growth in the last two years. At the same time the Congress also put through various public spending increases. As a result there was an expansion of the fiscal deficit, which helped generate more activity. In the Euro area the strict application of the Maastricht rules with tough controls on debt as percentage of GDP has left little or no room for fiscal expansion.

The USA has a more enterprise oriented culture, with a very strong technology sector that has been leading the world. Lower taxes, more business and start up friendly regulations and a more plentiful supply of equity and credit for new business has ensured the US has grown faster and dominates the western digital world.

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## Radio Berkshire debate

I did not get my wish of a debate between all 5 candidates. I held out to try and get such a debate but two candidates apparently turned down all offers. I compromised with Radio Berkshire and joined two of the other parties for a three way.

In the hour long exchanges no questions were asked about many of the local

priorities I have been working on. There was nothing on traffic and congestion, or road safety and jammed junctions. There was nothing on planning and the need for a slower rate of development in the next plan period. There was nothing on the need for more and better rail services, and nothing on plans and budgets for our schools.

We did get to discuss poverty, NHS staffing, an individual migration case, climate change, as well as fake news, participation by electors in the election, participation by candidates in debates and other media oriented topics.

The programme opened with quite lengthy interviews with us over Brexit, and our past and present views on how this should be handled. I made sure we also discussed the crucial issue of the economy, setting out briefly Conservative plans for greater prosperity with a budget to boost growth early next year if there is a Conservative majority.

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## **We need a majority government who can boost our economy now with the right budget**

As feared and forecast here UK growth in the latest figures has slowed again, as has growth in most parts of the world.

I have been recommending for sometime that we need both a monetary and a fiscal stimulus. Monetary change awaits a new Governor of the Bank of England, which in turn awaits a government with a majority. Fiscal change also is waiting on such a government. The outgoing minority Conservative government did not think it could get the tax cuts through the Commons that the economy now needs to give it a boost and was apparently unable to agree with officials about a suitable new Governor.

The hung Parliament that did so much to create uncertainty and delay over Brexit did other damage as well. It diverted attention from big matters like the need for an economic boost, and made officials minded to avoid changes on the grounds that there was no Parliamentary majority for anything worth doing.

The new government formed by a change of PM has clearly signalled they recognise the need for a budget which boosts incomes, activity and public services. We need it as soon as possible. It is a fundamental reason why we need a government with a majority on December 13th so we can get on with the changes we need. The USA has recently seen a \$150bn injection by the Central Bank into markets to give things a boost even though the USA is growing much faster than the EU or UK. The ECB is administering a Euro 20 bn a month

stimulus. The UK does not need more Quantitative easing but it could do with facilities for banks prepared to lend against good projects and to consumers to buy homes and cars. Consumers could do with a post Christmas present of keeping more of their earnings to spend on their priorities.