

Independence day

Bring it on. There was no need to wait three years. The Withdrawal Agreement was an elaborate snare to try to stop us leaving.

“We don’t believe you” briefing to foreign press in London

“We don’t believe you” thunder the people as the EU tells them that their international rules based system is right for people’s lifestyles and aspirations. Populist movements around the EU are voting into office new parties that challenge the EU orthodoxy on austerity, the Euro, climate change, international relations, migration, control of the media and much else. Today there is a row over who should lead the EU as President of the Commission, given the very fractured party base within the new European Parliament.

There is a feeling amongst many voters that the EU does not advance living standards quickly enough. Its insistence on austerity economics through the Maastricht controls coupled with the statement there is no alternative produces the reply “We don’t believe you”

Its failure to control its external borders is allied to a foreign policy that supported Middle Eastern wars that displaced more people. The Dublin Agreement is breaking down, where the original member state offering asylum or a place for an economic migrant is meant to be responsible for housing and looking after them. The issue of migration reveals a growing gap between what the elite think and what the populists want.

The EU dislikes the social media which carries growing criticism of its policies as well as fake news and cyber attacks. The populists are suspicious of the extent to which the EU wants to regulate and control the media, and are scornful of any traditional media who just accept EU spin.

This gulf is not unique to the EU. Similar feelings in the USA led to the defeat of Mrs Clinton and to victory of Trumpism. The UK avoided the collapse of the major parties experienced on the continent in the 2017 General election, thanks to their joint support for Brexit which saved Conservative and Labour. When these parties delayed or deviated from Brexit they collapsed in the European election. In Brazil there has been a populist tide as well.

In the EU it is remarkable how most of the great centre left and centre right parties of the twentieth century have allowed themselves to be wiped out or blown away by new challengers owing to their rigid adherence to the EU and

Euro policy mix. French politics is now a contest between En Marche and National Rally, with the Republicans and Socialists also rans. In Italy Lega and Cinque Stelle dominate. Even in Germany, the one big winner from the Euro and EU policy, the SPD and CDU command less than half the vote between them these days.

What has led to this huge destruction? The collapse of living standards at the end of the last decade and the slow growth since has not helped. The mass migrations were unpopular, brought on by backing Middle Eastern wars which displaced many people from their homes. The insistence on the Maastricht criteria and the austerity policies of tax rises and spending cuts have jarred over such a long time period. Ask Gilet Jaune protesters what they want and they will probably say tax cuts. The concentration on dear energy and restrictions on personal mobility to tackle global warming have also caused issues with the populists, visible in the Gilets Jaunes attack on speed cameras and demand for cheaper vehicle fuel.

Throughout the continent many voters disagree with the priorities of European government as well as with its policies.

John Redwood “ We dont believe you” book available through Amazon

[Wokingham Choral Society concert](#)

I attended the Wokingham Choral Society concert on Saturday evening. They sang “Songs of travel” which included the first performance of the revised “Didcot Haiku” by Paul Burke. The composer attended and received a good round of applause for his composition. 9 Vaughan Williams songs concluded the programme, following a spirited duet on the piano of the Ride of the Valkyries. James Morley Pötter, Conductor, joined the accompanist Benedict Lewis-Smith for this item.

The choir sang well, tackling the complex chords and soaring with the bird flights, sunrises and dreams described in the poems. I am grateful to the Society for their invitation top what was a most enjoyable evening.

[The EU confirms it is ready for UK exit in October without the Withdrawal](#)

treaty

In the run up to our exit planned for 29 March 2019 the EU passed a number of measures to ensure continuity if the UK left without signing the Withdrawal Treaty. Measures included an aviation agreement to ensure the planes fly, a haulage agreement to allow road transport to continue, a rail agreement, "legal certainty for ship operators", compensation for EU fishing businesses if they lose access to UK waters, continuity for students currently in the Erasmus programme, and more time for the Peace and Interreg programmes for Ireland and Northern Ireland.

In the update produced for the recent EU Council they also noted that rights of UK citizens currently legally settled in the rest of the EU will be protected. They are ensuring medicines and Reach approved chemicals can continue to be traded, and have increased customs capacity at UK facing ports and transport centres to handle any need to introduce tariffs.

This of course all goes largely unreported by the Remain facing UK media, who carry on with silly scare stories based on an imaginary exit with none of these agreements in place.

The Bank of England gets it wrong again

The Monetary Policy Committee is struggling. It perseveres with an out of date notion of national capacity, thinks it can judge where we are against it, and then threatens us with interest rate rises and more monetary tightening if it thinks we are at or near capacity. They have been saying for some time that we will get too close to capacity within the next two years and that therefore they need to tighten money to avoid too large an increase in wages and prices. They point towards a further 25bp rate rise after the two so far since the low point.

This month they accept that they have slowed the economy more than their previous forecast, and they accept we may stay below their idea of capacity going forward. Despite this they say they want to tighten consumer credit more, and think the next change in rates will be upwards. This comes at a time of world slowdown, with a nasty manufacturing recession on the continent and elsewhere. The Fed, the ECB and the Chinese Central Bank are all talking of relaxation or additional stimulus owing to the world slowdown and car industry meltdown.

The old Bank of England forecast said they wanted "an ongoing tightening of monetary policy over the forecast period". The slightly lower forecast of

growth this time round makes that less clear. Core inflation was just 1.7% in May, below the symmetric 2% target. They have halved the rate of consumer credit growth since 2016 by FPC action, hitting car loans hard and now wanting to curb credit card debt more as well. They now say 2019 growth could be " a little below its potential" yet want to do nothing to correct that.

It appears the Bank is out of step with the rest of the world and the reality of the world economy and markets. The Bank says it stands ready to move rates either way in the event of a kind of Brexit it does not expect. None of this is quantified or precise and seems to be another case of the Bank adopting a stance from a pro Remain standpoint, like all those wildly too pessimistic forecasts it made for 2016 – 18 prior to the referendum vote.

UK capacity is augmented daily by big imports of things we cannot make or grow for ourselves, and our workforce is constantly being increased by inward migration. The Bank's forecasting model needs to take better account of that. Many in the markets do not believe the UK can hike rates when the rest of the advanced world is going the other way. The Fed had a row with the market view that rates had to come down late last year, and lost.