

The Chancellor gets his big fiscal consequences of leaving wrong- we will have £39bn more to spend!

The Chancellor's re use of silly forecasts by the government this time admits that the model they use "is not well suited to analysis of short term developments". That as near as we get to an apology for the disgracefully wrong forecasts of the aftermath of the referendum they used to try to frighten people into voting to remain.

He just says in 15 years time there will be a bit less growth and tries to convert this into tax loss. Meanwhile he studiously refuses to argue the case in government which he should be arguing, that there is no way we should give £39bn to the EU when leaving! Now that would provide a great boost to our economy in the short term, as we could start spending it in April next year.

Deal to some means signing a dreadful one sided Withdrawal Agreement – why would we want to do that?

I am against us signing up to the draft Withdrawal Agreement. It is all take and no give from the EU. We do not owe them money after we have left. Why offer them £39bn for nothing?

Some in the government say they will only recommend signing the Withdrawal Agreement if there is at the same time a Future Partnership Agreement. Others in government accept under questioning that there will be no such Agreement drafted and ready to sign at the same time. The best they expect is some kind of Heads of Terms, or more likely an agreement to talk about such an Agreement. So why would anyone conducting sensible negotiations sign the Withdrawal Agreement without seeing a completed Future Partnership Agreement, or at the very least enforceable Heads of Terms which secure sufficient to justify the Withdrawal Agreement?

I do not see what in the proposed Partnership Agreement justifies the idea that we should pay them £39bn anyway. The essence of the Partnership Agreement is likely to be a Free Trade Agreement. That is in their interests more than ours given the imbalance of trade under the current tariff free model. No country pays another for a Free Trade Agreement. Canada did not pay the EU to sign its pretty full FTA with them.

The proposed Partnership from the UK side also ranges widely over Intelligence and Security, where we contribute more than the EU does, and over criminal justice co-operation where countries do not pay each other to enter into extradition agreements.

The debate about so called Deal or No Deal is a mis description on both sides. Deal as envisaged by the EU is not a deal. It is an insistence that the UK signs up to a penal Withdrawal Agreement, to be followed by 21 months more business uncertainty as the two sides haggle more about future trading arrangements. No deal is not no deal. It will be a series of decisions to carry on trading and working across the Channel using the World Trade Organisation, the Chicago Convention on aviation and other international agreements and bodies to ensure smooth passage under an internationally approved system of governance.

[The government taxed more than it spent in July](#)

This week the latest figures for UK borrowing showed that in July the UK government collected £2bn more in tax than it spent. As predicted here, the four month figures for the year to date also showed continued outperformance of the borrowing target, with borrowing so far in 2018-19 £8.5bn below budget. The favourable outcome was entirely down to a further surge in tax revenues as the government continues with its budget strategy based on big boosts to tax revenue. Tax receipts were up by 6.6% in July.

The position could be even better if the government would reduce some of the tax rates it imposes. It could collect more higher rate income tax, more Stamp Duty and more CGT if it lowered the rates.

What I would like it to do is to increase public spending in the priority areas I set out recently, increase tax revenues by cutting over high tax rates,, and reducing spending in other areas. The government's financial position could be transformed if it leaves the EU without a Withdrawal Agreement payment. It could be further transformed if it cancelled HS2. Just leaving the EU without a Withdrawal fee would save £39 bn, allowing tax cuts for all of the kind where there is a cost to revenue, spending increases on schools, NHS, defence, a universal digital signalling expansion of railway capacity, more and better road capacity , and elimination of the deficit.

My critics here complained I just wanted to spend more and didn't care about the deficit. It would be easy from here to cut taxes for all – as well as cutting tax rates that do raise more revenue – increase spending and have a lower deficit. That is what I am recommending.

Why is the Today programme losing its listeners?

“Today” is losing listeners (minus more than 800,000 last year) in part because its endless Brexit coverage is one sided and tedious. It strives to make most things as being about Brexit, when most things are nothing to do with Brexit. Yesterday morning a Minister was trying to talk about exports. She was regularly interrupted by an interviewer who just wanted to shout Remain propaganda at her, claiming that a No Deal Brexit would be a disaster without providing a shred of evidence. This is all too common. Where were the good questions about the UK’s capacity to export, about the changing nature of our markets and the growth areas of our products and services? There was no single question to challenge the Minister or to draw out some new material on the UK as a trading nation. How will the UK fare as the digital revolution advances? Will the big build up of technology businesses in the UK stand us in good stead? Have all the EU trade agreements been novated to us as well as to the residual EU? Apparently they will, we almost learned.

Most economic news items like currencies, jobs or balance of payments have the same explanations as before the vote. Interest rates go up and down thanks to actions of the Bank of England. Shares and currencies go up and down related to world economic changes and government economic policies. Most of us have no wish to hear recycled the same old Project Fear stories about how trade will be affected after we leave, as explained by the so called experts who wrongly told us to expect a recession in the winter of 2016-17 after the vote along with big job losses, rising unemployment, plunging house prices and a collapsing stock market.

For years we have had to put up with a Today programme which has eschewed serious criticism or commentary on the EU project of economic, social, currency and political union, and to put up with a refusal to properly balance the endless pro EU speakers with enough interviews of serious minded and well informed participants who have forecast the outcomes of the Euro , the ERM and the moves to political union accurately. Any party or movement anywhere in Europe that wins elections by challenging some part of the EU scheme is seen as “extreme right” or “populist” and unhelpful. Now they are taking the Today programme further away from being a sensible and well informed 3 hour consideration of the news by introducing quizzes, poor coverage of cultural matters , long commemorations of popular artists when they sadly die and genuflections to magazine lifestyle issues.

People used to tune in to Today to get a serious if not always balanced debate and commentary on the business of the nation and the business of business. That’s now hard to come by on a programme which often caricatures itself.

The UK Treasury makes a mistake and helps an industry grow

The 2016 budget is famous for the damage it did to the residential property market and buy to let homes for renting. Its high Stamp Duties and withdrawal of interest relief had the predictable effect of cutting transactions and investment, and reducing tax income as well. The 2017 budget did something similar to the car market.

The 2016 budget also cut taxes on North Sea oil production and profits. That has had the predictable and opposite effect to the tax rises. Output is now well up, as is profitability. And yes, the government will collect more tax from the North Sea operations this year than when the tax rates were higher. This has happened despite lowering PRT to zero, as a result of higher Corporation Tax receipts on higher profits given lower costs, no PRT and a higher oil price.

One expert firm is spreading the idea that the Chancellor might reimpose higher taxes on the North Sea now it is doing better again. That would be a great idea if his aim is to cut the output of the area and to reduce his own tax take, but a silly idea is he wants to promote UK prosperity.

How many more examples do we need to supply to get across to the government that lower taxes not only boost incomes and output, but can also lead to higher revenues?