

The world recovery will be fine

There are many fears and alarms expressed about the state of various economies around the world. The curious thing is in recent years none of these has come true. The world economy has continued to grow at a modest pace, with contributions from all the advanced countries led by the US and UK growth rates. China too has kept a steady growth of over 6% going, with many critics claiming it is about to end. This year we may also get some turnaround in Brazil and less of a drag from the oil and commodity based economies which suffered in recent past years from low oil and commodity prices.

The background with the Euro area continuing to create extra money and buying up sovereign bonds, Japan doing the same, and the persistence of ultra low interest rates outside the USA, is favourable for more growth. It is true there has been an uptick in US, UK and Euro area inflation this year. This owes much to the higher oil price, aided by some Chinese price rises on exported goods to reflect the higher input prices they are paying for energy and raw materials. This may well abate later this year, as oil and commodity prices have been weaker recently. Higher inflation has not so far impeded reasonable growth in consumer spending in all these affected areas.

Mr Trump's new found ability to get a Healthcare reform through the House of Representatives means he may be able to get through some reflation as well. He still has to get the Healthcare Bill through the Senate, who may wish to amend it and cause difficulties. Getting some kind of healthcare reform through is an important first step prior to tax cuts which will be easier to achieve if healthcare reform delivers some expenditure savings. Serious tax cuts in the USA would power more growth, which would benefit the rest of us as well.

Promoted by Fraser McFarland on behalf of John Redwood, both at 30 Rose Street Wokingham RG40 1XU

Fanciful figures

This week we saw a couple of sets of fanciful figures intrude on the debate. There was Labour's 10,000 police at £30 a year salary, hastily adjusted to £8000 a year, still way below what we normally pay our officers. Then there was the FT's take on the EU bill for the UK leaving the Union, at Euro 100bn.

The first sets of numbers were mistakes, and have been adjusted upwards as much Labour spending will need to be to make it realistic. £300 m a year is nearer the mark.

The second story that the UK owes up to Euro 100 bn is just silly. There are

no legal obligations to pay beyond the sums we owe for our regular contributions over the next twenty two months before we leave. If they want a political deal on money, then of course they would need to knock off our share of the assets. I don't see that is a sensible or attractive way to proceed for them. They should just accept the Treaty that allows for no special bill.

The UK should continue to be friendly, outward going and positive about it all. We should continue to stress the great deal we are proposing for our future relationship. Free access to our market for all their exporters. Guarantees for all their citizens living and working in the UK. Continued large UK contributions to the defence, security, research and culture of Europe.

Stable and strong leadership is needed by the UK, to be optimistic but to be firm in resisting silly proposals that have no basis in law or political reality.

The EU disobliging briefings sound as if they are coming from people who suddenly realise their negotiating strategy of pressurising a member state into seeing it their way is not going to work. The EU thought the UK would want to stay in the Single market Custom Union. They could then seek to charge us for that. It was always a silly assumption, as the UK clearly wants to make its own free trade agreements with the rest of the world which means leaving the Customs Union. The UK was also clear it wanted to stop paying the money. It is the Commission who are most worried about the loss of the UK's contributions, as it's their budgets and salaries that will suffer.

The way countries pay to trade with other reluctant countries is via tariffs. If the EU wants to put tariffs up against us, it can only do so to a limited extent under WTO rules. It would be a lot cheaper than the bills we are hearing about. In return we can impose more tariffs on them given the nature and volume of their exports to us. That is why I have always thought it likely in the end they will want tariff free trade. It is, of course, always possible they wish to self harm. However, it seems it is more the EU Commission that favours a tough approach as the harm is to the member states, not to the Commission itself. The member states are more likely to wake up to the harm it could do their export companies and especially their farmers and want a more sensible approach.

If the EU seriously thinks we need to give them money to be able to sell their goods presumably they would need to give us money to sell us goods. I can't see that idea catching on.

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The French debate

The debate between Le Pen and Macron was by all accounts fiery, personal and intense. There may have been less policy detail than some wanted, but the big divides over policy were nonetheless clear.

They both are running as anti establishment candidates who want change. That is more difficult for Mr Macron as he was until recently a Minister in the socialist government. Agreeing with his opponent that unemployment is too high and new economic measures are needed, he had to deal with why he had not done that as Economy Minister. He now wishes to liberalise the labour market, making it easier for companies to take on people. Madame Le Pen for her part wants to place barriers on the movement of people into the country and workforce, and to protect French trade and jobs by direct intervention. She was asked repeatedly for more detail of her measures and how they were supposed to work. They put the respective cases for a global and EU based approach versus a protectionist France first approach.

They differed strongly on the Euro and EU membership. Mr Macron is fully committed, and stressed the central importance of belonging to the Euro in his vision of the world. Mrs Le Pen argued that the Euro is the bankers' currency, not the currency of the people. She wants a French currency again.

Madam Le Pen attacked the powerful role of Germany in the EU and jibed that either way in this Presidential election France will be governed by a woman – herself or Mrs Merkel. Either when elected as President will need to construct a majority of representatives in the Parliament to help implement their programmes, which will make the Parliamentary elections most important after the choice of President.

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[The General Election.](#)

The 2017 Parliament needs to see through the twin tasks of economic recovery and the successful negotiation of a new relationship with the EU.

Both these mighty tasks were started before. The task of economic rescue began in 2010.

We have seen through the first long part of the recovery, cutting the deficit and creating conditions for many new jobs to be generated. Today many more people are in work, and more have better paid jobs. We now need to raise our sights, to work smarter so more people can be better paid. We need to continue the good progress to getting more people into work. Once in work we need to help them train, improve, and gain promotion. We also need to be encouraging of enterprise, making it easier for people to set up their own businesses, and to grow those businesses.

The task of leaving the EU whilst improving our relationship with Europe began last summer after the vote. We now need to bring people together to back a vision of what an independent UK looks like. It can be so much better. We want to be open to the world and a leader of freer world trade. We want to increase our collaborations on research, culture, investment and enterprise with the whole world, not turn our backs on European joint ventures. We do not wish to close our borders, but to welcome students, tourists, people of talent, executives of large global companies and those with the skills we need at home.

The overriding task is to get the law through to complete our exit from the EU, and to negotiate a friendly Agreement on our future trade and relations with the EU that helps them as well as us. The new Parliament will then need to move on to make those changes to our laws we need to make so that our newfound freedom leads to some improvement. The Conservatives have made clear we do not intend to remove any of the employment rights or environmental protections that have come from the EU, but to incorporate them in UK law. There they are safe, unless a party in the future with a majority wants to amend or change them having stated so in a Manifesto.

We do wish to plan for changes to the current EU laws over fishing and farming. We think we need a fishing policy that is kinder to both our fish and our fishermen than the present policy. We want an agriculture policy that helps UK farmers produce more of our food, and supports landscapes where the farmer has costs to maintain them.

I am conscious that people who voted Remain were worried about possible economic damage. So far the UK economy has continued to grow, to generate more jobs, and to only suffer the same uptick in inflation that Germany and the USA have suffered, mainly owing to oil prices. I will work tirelessly in the new Parliament if elected to see through policies that put continued growth and prosperity first.

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