

# Manufacturing gloom

The latest figures from German industry point to a continuing recession, with substantial falls in orders from the peaks last year. The US is still stronger, but even there the forward indicators are now in negative territory suggesting a downturn. As forecast here we are living through a nasty world manufacturing downturn.

I do find it bizarre that a few people write to tell me the UK share index has gone down this week owing to Brexit, when all the world share markets are flashing red over global events led by EU manufacturing figures.

What can the authorities do about it?

The first thing they need to do is to review their policies towards the vehicle market. There is a gap between what the governments want people to buy and what they are prepared to buy. The big transition from diesel and petrol to electric is proving difficult to achieve at the pace the governments want, leading to a shortfall in demand. As the governments want to intervene extensively in this market they need to help the industry adjust.

The second thing is to examine other areas where demand is falling short or capacity is too extensive and see if government itself can speed transition to new products or can stimulate demand for things that are still needed and valued.

General demand for industrial products is affected by numbers in employment, by levels of income, and the impact of taxation. India is now joining the USA with a large reduction in company taxation to act as a stimulus to investment and activity. China has introduced some tax cuts to boost consumer demand. The US and UK have good recent records at increasing employment and real incomes, which should help.

Some believe further monetary activism could assist. Clearly if home loans, car loans and other consumer credit is readily available to those who can afford it, at low interest rates, it should help demand. The US car market looks as if it is improving following interest rate cuts. However, in the Eurozone and Japan official rates are already at or below zero so there are limits to how much monetary action can achieve. The UK does have a severe monetary squeeze which is helping slow our economy.

Those who write in saying we should not borrow more should remember that borrowing is an important part of an enterprise economy. Of course it should not be taken to excess, and lenders need to satisfy themselves that practically all of their borrowers will be able to repay. There is everything to recommend a business borrowing to expand where there is a profitable market to serve. There is nothing wrong with an individual borrowing to buy a home or a decent car if they have reasonable prospects of continuing employment with future pay rises.

The manufacturing fall probably means Germany is now in overall recession, given the salience of manufacture and the car industry to her economy. China is still growing, but as the world's major manufacturer it too has been slowed by recent trends.

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## [The UK offer for talks](#)

The Prime Minister's letter yesterday to Mr Juncker offered sustained talks for a new Agreement in the next few days, and proposed a way through the difficulty of the Irish backstop.

It also said something more significant that has enjoyed scant attention. It said "the backstop acted as a bridge to a proposed future relationship with the EU in which the UK would be closely integrated with EU customs arrangements and would align with EU law in many areas. That future relationship is not the goal of the current UK government. The government intends that the future relationship should be based on a Free Trade Agreement in which the UK takes control of its own regulatory affairs and trade policy"

The government seeks a major rewrite of the Political declaration to reflect this different future relationship. It leaves open the other issues surrounding the existing Withdrawal Agreement, which would need to be changed to avoid its provisions stifling the intent of a genuine Brexit with a possible Free Trade Agreement for the future relationship.

The government is right that the most objectionable feature of the old Withdrawal Agreement is the way the Irish situation is used to lock the UK into large areas of EU law for the future, alongside the close subservient relationship envisaged. There is a long way to go to get an Agreement which does allow a proper Brexit, but the very different approach to where we wish to go is most welcome. I have urged successive governments to just table a Free Trade Agreement and then leave, with GATT 24 allowing tariff free trade on departure if the EU agrees to such talks.

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## [So what is Parliament doing now?](#)

Yesterday afternoon Parliament moved early to its Adjournment debate at 4.47 pm. The House had been given four Statutory Instruments to scrutinise and talk about on Brexit matters. Practically no Opposition backbench MPs turned up to do so. The SIs were hurried through without a vote. The Speaker had

granted three Urgent Questions which used up much of the time that was spent. These were about the situation in Yemen, homeless people and the endlessly discussed Irish border.

Many Conservative MPs stayed at party conference correctly predicting the Opposition would not that day do anything interesting or challenging in the Commons. We were left wondering why Labour voted down a brief recess for the Conservative conference when Labour and Lib Dems had enjoyed the traditional recess for their conferences. They said they wanted to scrutinise Brexit, but not when it comes to detail about farming and trade.

Parliament needs to ask itself some simple questions about how it wishes to handle the next few weeks. Will it now do what it can to facilitate Brexit, to fulfil promises made by all Labour and Conservative MPs in 2017, or will it continue to do all in its power to stop it?

Will it continue to undermine the Prime Minister's efforts to negotiate a better Agreement with the EU, or will it at the last moment recognise that the loyal opposition should reinforce the government's requests for a better outcome to EU talks in our and their mutual interest?

Do MPs seriously think Parliament should try to enforce a requirement on the Prime Minister to act against his judgement to break his promises over Brexit?

Do a majority of MPs think whether we leave or remain in the EU this autumn should fall to be decided by 11 Supreme Court judges, after the massive public debate, referendum and General election we have held to settle this matter in the high court of public opinion?

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## Abuse of language

Remain propaganda is often used by the mainstream media to describe features of Brexit.

We are told we need to avoid a No Deal Brexit. No-one is proposing one. If we leave on 31st October as promised without signing the Withdrawal Agreement it will be a multi deal Brexit. There will be a Customs Agreement, an Aviation Agreement, a Government Procurement Agreement, a Haulage Agreement and many others. Remain muddles the Withdrawal Agreement which does not offer anything by way of a future partnership with things that can help.

We are told we will fall off a cliff edge. Why? Most nations trade successfully with the EU without being members. Calais has assured us the vehicles will flow with their exports to us after we have left, just as we import easily today from many non EU countries.

We are told we will be short of medicines and food. No main continental supplier wants to cancel their contract with us. Our border is currently a VAT, Excise and currency border. The calculations and payments are done electronically. So can tariffs be handled if we end up with some on food.

They say they are defending Parliamentary sovereignty! They mean they are holding the government hostage to try to perpetuate the mighty EU powers to legislate over us, to tax us and to direct us in many ways. These are the MPs who gave away massive powers of self government over the years whilst telling us they had not done so.

Their use of words like cataclysmic or a car crash is wild and untrue. They are trying to create negative feelings, and out to depress investment optimism. They have no confidence in our country and scorn the people for our decision.

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## Prosperity not austerity

I go to Manchester today to make the case again for prosperity as the driver of policy. Ownership for everyone, tax cuts for all should be the aim.

The Economy day needs to set out how we can have a more prosperous UK after our exit from the EU. Taking control of our money allows us to spend more on our priorities. Taking control of our taxes will allow us to remove VAT from items like green products and fuel. Taking control of our laws allows us to repeal damaging regulations like the fishing ones which destroy jobs and damage our seas. Taking control of our trade policy allows us to cut tariffs, taxes on imports we need from the rest of the world.

We need a green policy which is friendly to prosperity, not an unrealistic one centred on many more taxes and regulations to price people on lower incomes out of personal transport or a holiday. We need ownership policies to make it easier for more people to own their own home. We need tax and employment laws which encourage setting up your own business, working for yourself or growing a small company.

We also as Conservatives need to explain why Labour's 2030 net zero carbon target entails unacceptable levels of tax and regulation over our lives, with many job losses in traditional activities that require energy use. We need to ask why the Lib Dems call themselves democratic given their main aim is to overturn a democratic majority in the UK's largest ever democratic vote, and why they call themselves Liberal when they propose a vast raft of higher taxes and extra regulations to stop people doing what they want to do.

Both these parties want to tax us into personal austerity and regulate us into their idea of enforced lifestyle. They run down the UK, think we cannot govern ourselves, they seek to stifle innovation and want to block

enterprise. Labour now want to steal shares and properties from people who have worked hard and saved to own them. They want us all subservient to their state, and wish to enforce equality by preventing people doing well by working hard.