

Mr Trump's economics

I am neither a US voter nor a Trump supporter, as I adhere to the view that it is best to stay out of other democratic country's elections. His visit to Davos was a surprise to many, given his previous views about such gatherings. His visit transformed the event into a highly newsworthy occasion. We read that the many members of the global elite and the media meeting there, mainly people who regularly express anti Trump views, were reduced to following him, seeking audience with him, trying to listen to him, and above all reporting him. So how did he do?

The President took the gathering seriously and led a large US delegation. He stuck to his mission, to make America great again. He stuck to his definition of that mission, which is to boost output, jobs and prosperity in the USA. He told the world the USA is open for business, and turned it into a global message by saying America first does not mean America alone.

Mr Trump made this trip now he has something to show for his first year in office. His economic policy has achieved a major simplification and reduction of taxes in the USA. Already a number of large companies have announced they will step up investments in the USA and pay their employees there more as a result.

His relaxation of some banking rules will help extend more credit to those wanting to invest or to bring forward major purchases which they can afford with a loan. His energy policy is boosting US output of oil and gas. The USA should overtake Saudi Arabia soon as the largest producer in the world. It looks as if US growth will accelerate this year to above 3%.

He repeated that he wants fair as well as free trade. The USA under Obama used to impose penal tariffs on imports that they thought undercut through subsidy or cheating. Mr Trump announced similar action against solar panels and some washing machines. He is not about to wreck world trade or to seek to tear up unilaterally and illegally the trade treaties the USA has entered. He showed a continuing willingness to talk about a Free Trade Agreement with the UK. The UK government should press on with the detailed work to bring that about.

The Darkest hour

I saw this film on Saturday. It was a moving reminder of how dire the UK position was in 1940, and how brave were the people and their new Prime Minister in deciding to fight on against the odds.

The film portrayed a very human Churchill. They saw him as a man who drank

too much, was often tough and thoughtless towards his staff, and who was capable of bad misjudgements. They also captured the strength of mind and character which grasped both how bad the position was, and how despite that knew ultimate victory was possible. He had consistently warned of the dangers from Germany during the 1930's and understood instinctively that you could not reach a friendly agreement with an evil dictator.

The UK establishment had once again let the country down. It had plunged it into a war with a small and insufficiently equipped army which they put at risk on the continent, just as they had done in 1914. As Churchill assumed office they told him the whole army was likely to be killed or forced to surrender. Having accomplished this dreadful feat, they switched to thinking facing defeat would be a good time to sue for peace. They thought Hitler might offer an enfeebled UK with no army a good deal, when the history of the previous few years showed you could not trust his word and should expect him to continue conquering and occupying countries including our own.

Churchill agonised over the pressures on him to seek a negotiated peace, before he realised that the public would back his belief that the only course was to fight for our freedom. Many of us are so grateful that Churchill and our parents and grandparents decided to sacrifice six years of their lives and to risk untimely death to driving the hatred and violence out of the world by defeating its authors. The film got across so well the common sense and determination of the people, in contrast to the rash stupidity of some of the establishment. It used Churchill's own wonderful words to show he spoke for the majority in a way which defeated or disarmed his many critics amongst the senior politicians and officials.

Trade again

I am amazed at how many people want to talk about trade and little else. Many of them have never sold an export in their lives, have never managed complex supply chains, and clearly have not read how the WTO works.

I have led large industrial companies in the past and never experienced difficulties with importing materials and components from non EU as well as from EU countries. I found it easier to sell the final products into non EU countries than into France and Germany. I was always using a mixed complex supply chain from non EU as well as EU sources.

I also handled Minister of Trade matters in the Commons when the Minister of State for Trade was in the Lords and I was a DTI Minister. I worked closely with Peter Lilley for a bit, who was the last UK Secretary of State to help negotiate a trade round before the EU took it fully over from us.

So let me just clarify a few points.

The first is the only worthwhile discussions to be had on trade with the EU will be those the UK holds with the EU itself. It would of course be easy if both sides were willing to design a trade system for UK/EU trade which was better than WTO most favoured nation status which is what we will have without agreement. Most of this debate about trade is a negotiation with ourselves, which gets us nowhere. The EU has deliberately wasted a year and a half since the vote by refusing to discuss trade.

The second is we know exactly how to trade under mfn status at WTO because it is what we do today in a number of cases. You do not need a bespoke trade agreement with another country before you can trade!

The third is whatever happens trade will continue . There are strict limits to how much damage government including the EU government can do when there are willing buyers and sellers of each other's goods. As a WTO member the EU has to obey their rules against tariffs and barriers other than those permitted. International law and the law of contract are also there to protect buyers and sellers to provide a framework that stops governments as well as others from impeding trade.

Most now accept that outside agriculture where we have a massive deficit with the EU most products have low or no tariffs and services are tariff free under the WTO scheme. Cars at 10% are relatively high but again we have a huge deficit in cars. Non tariff barriers are also limited by law and rules. We will benefit from the Facilitation of Trade Agreement which the WTO brought in last year , and from the important WTO rule that the EU cannot impose something against UK trade that it does not also impose against US and Chinese trade as well. In certain cases like aviation you also need other agreements – e.g. reciprocal landing rights. The good news is France and Germany, and of course Spain that owns our national airline , have no wish to get their planes banned from London.

[New policies please](#)

One of the advantages of leaving the EU in March 2019 is the ability it should bring to change policies we do not like. Many of us wish to see a new borders policy, a new fishing policy, a new agriculture policy, and the reduction of taxes the EU insists on where we do not agree. Because we wish to get on with improving these areas we do not want a two year so called Transitional period if that means we cannot take control of our laws, borders and money.

I will look again at these areas in turn to see what the opportunities are, and to stress how undesirable it would be to agree to any transition which stopped us getting on with making these changes soon.

Let us take borders for starters. I wish to see a White Paper soon setting

out the options and expressing a government preference on how we should control our borders and who we should invite in after March 29 2019.

I want a policy which is fair and even handed between people coming from the EU and from the rest of the world. We should move away from a priority system for EU citizens. I wish to see a policy which allows free movement of tourists, short term visitors, investors and people with the means to support themselves. I want to allow in people with skills and qualifications we need, using a visa permit system. I want our approved universities and Colleges to recruit as many overseas students as they wish.

The policy should be enforced by a combination of work permits and qualifications for benefit eligibility. That way we can have an open border as at present, whilst reducing the numbers of people coming here to claim benefits and to take lower paid jobs.

Money for Wokingham and West Berkshire Councils

I had a meeting with the new Local government Minister yesterday, Rishi Sunak.

I explained the poor deal both Councils received when social care funding was reorganised, and asked that DCLG and the Health department considered it again as part of their current review of social care finance. The Minister reminded me that the Councils should respond to the current consultation which ends in March, and was aware of the way the Councils lost out through the 2014 Care Act changes.

I also raised the issue of negative rate support grant, where the Minister again said he was well aware of the difficulties. I have lobbied for no move into negative grant, as our Councils have similar needs to Councils that remain in receipt of grant.

The Minister reminded me that we are part of the Business rates retention pilot which should offer more money. I pointed out that we would want that to continue after the pilot year.