

# India and China will help the world economy this year

There will be no campaigning today in the General election. Parties wish to respect the memory of those killed so cruelly in Manchester. I provide a blog today about an unrelated subject.

Between them India and China account for almost two fifths of the world population. Both have in recent years been growing quickly. China enjoyed a major growth spurt based on industry, exports and heavy investment. More recently India has moved ahead of the slower Chinese growth rate based on a more balanced growth, coming from a lower average income level.

China is now the world's second largest economy thanks to the size of her population and the dominance of her industry. She makes half the world's steel and similarly large proportions of many manufactured goods. There are constant fears expressed in the West that China will experience a hard landing. Commentators who missed out on predicting the western banking crash think China might have one of her own. It's an odd argument.

They usually compare total economy debt in China with state debt in the West. If you compare total debt with total debt as a percentage of GDP China is still below a number of western economies. It is true there are potential bad debts within the Chinese nationalised sector. As the Chinese authorities own both sides of the transaction they can sort it out without bringing down the banking system.

Meanwhile India is getting the taste for modernisations and reform from Mr Modi. Following his successful conversion of a lot of cash into bank account money, he is now turning to sales tax reform. He wishes to sweep aside numerous complex transaction taxes imposed on a state by state basis and replace them with one GST India wide. It will greatly simplify doing business across borders within the country.

It looks as if this year again both India and China will make important contributions to world growth.

Published and promoted by Fraser Mc Farland on behalf of John Redwood, both at 30 Rose Street Wokingham RG 40 1 XU

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## Manchester bombing

I send my condolences to the families of those who died in the explosion, and my wishes for a speedy recovery to the injured. This is reported as a

senseless and cruel act of terrorism, attacking families just having a good time on a special evening of entertainment. Such evil violence wrecks the lives of those caught by it.

I have delayed the publication of the piece I had written for this morning and will not be campaigning in the election today.

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## [Social care](#)

I am glad the Prime Minister has confirmed that the social care policy will be set out in more detail in a Green Paper with a proper consultation, as I assumed when I first wrote about it. That was why I decided to consult through this site on the changes. She has also made clear that there will be a cap on how much social care cost someone has to pay. This means there are now two ways the proposals are more generous than current policy. There could be a £100,000 higher cut off for anyone in a care home having to spend their own money on the fees, four times the current permitted capital sum. There could be a ceiling on how much care cost someone living in their own home has to pay, where there is none for someone with substantial savings today. The Prime Minister also confirmed that under the proposals no-one living in their own home would have to sell their home to pay the social care costs.

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## [Why I am still optimistic about our future relationship with the EU](#)

Those who fear no deal or a bad deal are too pessimistic.

They exaggerate the importance of government, treaties and rules. They underestimate the energy, good will and positive approach of most people on both sides of the Channel.

The first thing to grasp is the UK will not be on her own. Under WTO rules which govern the EU as well as us, the EU cannot do anything adverse to us that it does not also do to the USA, China, India and the other major countries of the world. Similarly, under international law, the EU cannot pick on UK people, evict our citizens from their homes on the continent, or

impose special taxes and requirements on UK people and companies that it does not also apply to Americans, Chinese and all other non EU citizens and companies.

The second thing to grasp is many people and governments on the continent think it a good idea to get on with their neighbouring states, particularly where they sell lot of goods and services. Just in case they don't, the Treaty they all drafted and signed makes them pursue good relations and trade with the neighbours. I always find it odd that the people who most love the EU have such a low view of the way it will behave, expecting it to be petty, nasty and to seek to operate outside international law and outside the norms of civilised behaviour. I think many of them are better than that, and those who might fall short have self interest to push them to keep open their access to the UK.

The third thing to grasp is all those companies on the continent wanting to carry on selling us goods and services, all those individuals wanting to come to the UK to take skilled job or to study, will still be a pressure on the governments of the EU. Just as there are many people in the UK who value their ability to travel on the continent, to study there, or to trade there, so there are many people on the continent wanting the same access to the UK.

Of course the EU institution will try it on and ask for lots of money from us, as they will miss our large contributions. They also know there is no legal basis or political reason why we should pay them any special extra payment on leaving. They also know that in the end, after much huffing and puffing, they need a deal. We know we can get on fine under WTO terms, if they really do want to be difficult.

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## Grazeley issues

Yesterday I visited Grazeley to talk to residents. Three main issues came up.

The first was future development. I explained that I have not offered support for a major new settlement adjacent to the village. The Council is currently consulting on this possibility. I have urged them to consider how much infrastructure this would require, where the money would come from to provide it and what impact it will have on the local area. The Council's bargaining position on behalf of the local community is strongest before it offers planning permission.

I have also pointed out that there would need to be express guarantees of protection for other parts of the Borough if that is the idea, as under current planning rules seeking to place a lot of new homes in one place does

not prevent developers getting permission on appeal to build elsewhere in the Borough as well. I will help them negotiate with government over where future development should go and how much we should provide, and will back a sensible plan.

The second was the speed of traffic on the local road through the village. This is a matter for the Council, but I will also take it up with Councillors.

The third is aircraft noise from light planes out of White Waltham. I will also take this up with the airport.

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