

## The established media peddle plenty of alternative facts

It is fascinating to see the traditional media wrestling with other ways of looking at the world. They don't seem to like competitive opinions. It is high time some of their own alternative facts were exposed to criticism.

The media regularly tells us that the Conservatives in government cut public spending. If you look at the figures you find that it climbed in real terms from £249bn to £292 bn under Mr Heath, from £326 bn to £437 bn under Mrs Thatcher and Sir John Major, and has risen again under Mr Cameron. (2011-12 constant price basis). The OBR forecasts further real growth this Parliament. The media instead usually takes a figure about the proportion of National Income, so that if the private sector grows faster than the state sector they can call this a cut! They never use the cash figures because these have surged.

The media also regularly tells us Sir John Major's government fell because the party was split on Europe. If you look at the polls you see the Conservative ratings plunged when the economic damage of the European Exchange Mechanism became clear when we were forced to abandon that crazy policy and never picked up. All the rows over Maastricht and the Euro made no difference to the poll ratings.

The media often present Treasury and Other consensus economic forecasts as if they were reality. They rarely ask why these bodies failed to forecast the Exchange Rate Mechanism recession, the Banking Crash recession or the Euro crisis. Now they should ask why these bodies did forecast a 2016-17 recession for the UK which visibly is not happening.

The media love running Big business threatens to pull out stories about their presence in the UK if we resist features of the EU. They ran these stories when we decided to stay out of the Euro and were wrong then. Now they run them about leaving the EU, and were wrong about the short term impact and will doubtless be wrong about the long term as well.

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## The collapse of Labour and Conservative sister parties in the Euro area

It looks as if neither the Republicans (Conservative) nor Socialists (Labour) will have a candidate in the last two to be French President. It looks as if

a third force party run by Mr Wilders will be the top performing party in the Netherlands election in March. Syriza came from nowhere to be the largest party and form the government in Greece. Pasok (Labour) have no seats in the present Greek Parliament. In Italy Grillo's 5 Star Movement is well ahead of the two old main parties in the polls. In Spain Podemos and Ciudadanos have made huge inroads into the traditional centre right and left main parties, making it impossible for either to form a stable government easily.

I find it extraordinary that these once great governing parties of the post war world in Europe have given up their pre-eminence so easily. It shows just how out of touch they have become. The main driver of their demise and of the popular discontent seems to be the bad impact of EU austerity economics and the Euro on their economies. When a country has half its young people out of work and around a fifth of its entire workforce laid off, it is no wonder voters seek a better way. The traditional parties are either deaf to the entreaties of those who want change, or impotent to change the things that matter because they have locked themselves into the EU and Euro schemes.

Whenever a country gets into a predictable governing crisis owing to its fractured party politics the EU proposes a technocrat led coalition government following the Brussels rules. When a country votes for decisive change, as Greece did when it elected Syriza to government, the EU works to ensure there can be no positive change and redoubles its efforts to enforce the very policies that have led to the political explosion in the first place. Economic failure can lead to a cry for strict controls on the movement of people, and a sharper nationalist rhetoric, as people hit out in search of a solution to a problem which their EU loving rulers scarce admit exists.

It is one thing for the traditional parties to decline, as they are. It is another for a single strong challenger party to emerge and take over government. That so far has only happened in Greece, though it could happen elsewhere this year. It is an even more difficult thing for that challenger party to break free from the shackles of conventional EU politics and improve the outlook. So far Syriza has been unable to do that, owing to voter ambiguity about the Euro project.

Marine Le Pen is made of sterner stuff than Syriza. Were she to win she would take France out of the Euro and run an economic policy she thinks would change France for the better. The AFD in Germany want to take their country out of the single currency, and have recently defeated the two traditional parties in Lande elections. They remain well behind Mrs Merkel's party in polls for a national election. Sgnr Grillo is playing on the growing unpopularity of the Euro in Italy and may want to exit were he to win.

The ruling elite of the EU, with its single currency and panoply of Brussels controls, is on trial in this years elections in the Netherlands, France, Germany and probably Italy too. The triumph of Brexit and Trump show there could be an upset for the ruling EU group in one or more of these. Meanwhile the Euro elite fasten their seatbelts and proceed with the same approach.

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## New houses and Grazeley

I was given some more information about the Council's possible project for a new town at Grazeley with 15,000 homes at a meeting on Friday. This is the project the Council is currently consulting about.

My comments included

1. Will the Council seek some guarantees that were it to go ahead at Grazeley there would be a direct reduction in pressure on other sites around the Borough?
2. What will the bid be for infrastructure investment? It would need to be large given the number of people who would go to live there.
3. What impact would 30,000 more cars have on the area? What extra capacity would be needed on our current highway network?
4. What would the impact of the railway plans be on Mortimer and on current rail use on that line?
5. How many primary and secondary schools will be needed – the indication is 5 and 2 – and is there provision for them?
6. What would the impact be on flooding and drainage patterns?
7. What extra provision will be needed for NHS and social care services?

Our infrastructure and public service provision is struggling to catch up with all the latest developments. Before committing to any major new project there needs to be detailed plans to tackle the extra required and to deal with the backlog.

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## Contemporary democratic revolutions

There is a mood to sweep away the old centre left and centre right parties on the continent in a desperate bid to have something better. In the USA and the UK there is the wish to force change on the body politic by voting for Brexit and Donald Trump, within the traditional party structures. On both sides of the Atlantic and the Channel there is that same impatience with politics as it has been practised for the last twenty years, and anger at the way the governing corporate, civil service and Ministerial elites have behaved.

The anger is justified. The elites told us they knew best. They assured us they had the expertise. On the continent Tweedledum and Tweedledee parties alternated in government but little of substance changed. In the UK a puppet Parliament pretended to be in control whilst shovelling through thousands of

pages of laws and many spending programmes that the EU required, with both parties claiming to support them without criticism or proper debate. In the UK we were made to live through the Exchange Rate Mechanism recession, the Banking Crash recession and the Euro crisis at one remove. The US was put through the Great Recession and the Iraq war. The Euro area had to endure the most economic pain with the ERM crash, the Banking Crash and the continuing Euro crisis.

People not very interested in politics, or pessimistic about their chances of changing anything for many years, have decided to take back control. In the USA Mr Trump first tossed aside all the serious professional well honed politicians of the Republican party to take their crown. He then went on to defeat the doyenne of political insiders, the darling of the elite, Hilary Clinton, who ran on a ticket of expertise and experience. The public said if it meant the expertise that had brought them the Great Recession and the Iraq war, they would rather try something new.

In the UK many groups of people with very varied political opinions united behind a campaign with the express slogan of Take Back Control. The more Remain paraded every great figure of the established governing and corporate bosses, the more the Leave case was supported. The experts who had led much of southern and western European economy into mass unemployment with their Euro currency were surprised when people did not believe their forecasts of gloom if the UK dared to vote Out. My belief Leave would win was strengthened at a big public meeting when many in the audience laughed and cried out their disbelief when the Project Fear forecasts were put before them.

If parties wish to run and support technocratic government it must at least be competent technocratic government. If they believe only they have the expertise to make the decisions and that the people just need bread and circuses, they must make sure everyone can afford the bread and get to the circus. The main reason the old establishment is being swept away is it failed to deliver.

Tomorrow I will look at the parlous light of the Conservative and Labour look alike parties on the continent.

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## [The IFS offers more gloom](#)

The IFS tells us in their latest forecasts that we can look forward to more years of tax rises and spending cuts. They expect the UK economy to slow this year, and slow again next year. They are out of touch with the mood to banish austerity and go for growth.

They are more pessimistic about the Eurozone than about the UK. They have lowered their 2017 growth forecast to 1.5% for the Euro area, whilst proposing 1.6% for the UK. They run one scenario which looks at what weak European banks and Brexit could do to their forecast – an unusual pairing

with no explanation of why they are lumped together or the relative contributions to their extra gloom on this basis.

They do confess that there are "increasing chances that the forecasts may be too pessimistic". They accept that the UK consumer carried on spending post the referendum when most forecasters said they would not. They admit that business investment rose a little faster after the vote, instead of falling off the cliff as in many forecasts. They agree that trade which had performed disappointingly last year might add a bit to our economy in 2017.

They confess that "real levels of day to day public service spending have actually fallen very little overall in the last three years". If they checked the Red Book figures they would see the cash growth in overall public spending actually rose faster than inflation over that time period. They now think removing the deficit should be the priority, which leads them to conclude political parties have to offer some combination of higher taxes and lower spending.

Politically it is much more attractive to square the circle with more growth. More growth brings in more tax revenue without tax rate rises. It cuts the costs of benefits as people move from no pay to low pay, and from low pay to better pay. The issue before us should be what more can we do to promote growth.

I do not accept that growth will be as low as they say in 2017 or 2018. That still makes me keen to find more measures which can promote more growth. A tax rate cutting budget could help, especially if we cut those tax rates that are damaging the revenue collected. Spending enough on social care and health is a cross party priority, and we have to accept these services will continue to need more cash in the future. Investing more when long term interest rates are still so low should make sense, though the state needs to show commonsense over projects chosen and where possible harness the private sector to ensure a proper profit test on the project.