

UK GDP growth slowed to zero in last quarter of 2019

As expected the twin squeezes on the UK from monetary and fiscal policy along with a weak world background produced no growth in the fourth quarter of 2019.

For the year as a whole the UK managed a creditable 1.4% growth, a bit higher than I expected given the policy background and a testimony to the underlying strength of the economy. This means the UK outgrew the Eurozone again last year. This happened despite the world car manufacturing recession and the impact of higher taxes on UK homes and cars.

Given the weakening world background the UK needs positive action from the authorities to support the uplift in confidence generated by the result of the election.

Interruptions to supply chains?

After years of being wrongly told UK supply chains will be disrupted when we leave the EU, today there is surprisingly little discussion of the impact of the corona virus on world output.

The Chinese had to extend their New Year holiday production shut downs this year. Yesterday there was some return to work, but there must still be many closed factories, and factories with reduced workforces. Some cities continue with restrictions on travel and activity, and some people in China are isolating themselves at home for 14 days after contact with someone who had the virus.

The South Korean car companies have announced periods of closure as they are short of Chinese components. It is highly likely other companies and countries face shortages which may entail closing their plants for a period.

Meanwhile the worries about the virus have led to a big decline in international travel, the loss of tourism business in China and other parts of Asia, some loss of luxury goods sales which accompany travel by the rich and other knock on effects from the epidemic.

The Chinese economy is the second largest in the world and was meant to grow at 6% this year, meaning it was forecast to provide the single largest boost to world growth of any economy. In the first quarter of 2020 it is very unlikely the Chinese economy will be able to achieve anything like this growth rate. The oil price is down 20% from its January peak as markets worry

about lost Chinese consumption and orders.

All this implies the western economies need a bigger monetary and fiscal boost to offset these negative trends from China. It also acts as a reminder that dependence on components from far away can be an additional worry or weakness in manufacturing.

[Campaigning against carbon dioxide](#)

The UK has many campaigners against carbon dioxide who worry about levels of man made gas being put into the atmosphere. I suggest today to them that the UK has been one of the most successful countries at getting its CO₂ emissions down. They should now divert their energies to cutting CO₂ in places putting out much more and not cutting in the way the UK has.

They should start with China. China adds around around 30 times more CO₂ to the atmosphere each year than the UK. It also puts out considerably more per head. At around 30% of world new CO₂ output it is surely the place to start, as its output is still increasing.

If that is too difficult then surely they could turn their talents to changing the EU. After our departure they account for around 8 times our output with a higher output per head. They still mine and burn a lot of coal, which we have stopped doing,

Germany in particular needs attention. At more than double our CO₂ output there could be quick wins. They might also like to campaign about the German motor industry which is still based around fossil fuels for most of its output.

Clearly it is much easier and cheaper to cut CO₂ output in a country like China where there are quick wins and easy changes the UK has already made. It should also be welcome to the EU if we offer them advice on how we got to much lower levels per head than them, as their whole new economic and regulatory policy is based around CO₂ reduction.

[Visit to Arborfield Green](#)

On Friday I visited new homes under construction by Crest at Arborfield Green, in order to accompany the Secretary of State for Communities and Local Government. He was on a visit to launch the government's new policy of promoting more affordable homes for purchase.

He used his visit to Wokingham to launch a new scheme which can offer a discount of up to 30% on the price of a new home for a first time buyer from the locality or a key worker like an NHS medical professional or teacher.

I also talked to the Crest staff about local issues connected to traffic, water management and pace of development.

Catching criminals

The new government is allocating more money to the police and recruiting more police personnel. At the same time figures have emerged showing a current low level of clear up of many reported crimes. I would be interested in your views on what the police priorities should be, as they set about deploying the additional police that become available to them.

Some say there is currently insufficient attention to burglary, breaking and entering and car theft. Others counter that social media hate crime can lead to crimes of violence, and that on line fraud is now a more serious source of theft than break ins. Given that the police cannot be everywhere and have to prioritise their energy and time, what would be a good balance?

How much attention should be given to traffic offences? How can the police prevent domestic violence without getting dragged into many family disputes that will not end in violence? Can we get better at spending the big sums the state as a whole spends on troubled families? Then there could be less need for police intervention as social services and welfare have found ways to get people through their problems that could otherwise spark anti social behaviour and worse.

Nationally there is considerable concern about knife crime, and a clear wish to see convicted terrorists kept away from harming the public more. There is also a strong wish to police our borders better once fully out of the EU so we do not admit additional criminals in the first place.