

US policy set out in London

I attended the lecture by the US Secretary of State, Mike Pompeo, yesterday at Lancaster House. Arranged by the Centre for Policy Studies, it was a good event reminding us of the closeness of the Atlantic alliance as seen by a senior member of the current Administration.

The Secretary of State repeated the US offer of an early free trade agreement just as soon as the UK is an independent country again able to negotiate and sign one. He stressed the important contribution the UK makes to the 5 country intelligence grouping that underpins our security and US security. He praised the UK for its support in promoting democracy and better government worldwide, and for the substantial humanitarian aid supplied to trouble spots.

He called for us to support the US view that Germany is undermining western security by undertaking the second gas pipeline from Russia, making the EU far too dependent on Russian energy. He thought the UK could do more to ensure its own energy self sufficiency as the USA has now done through its shale gas revolution. He reminded us of the tough diplomatic response the US made to the Salisbury poisonings. He also warned the UK of the dangers of using a Chinese company which also acts for the Chinese state in 5G networks, suggesting that it will limit US ability and willingness to share with us if they feel the Chinese have access to secret data and messages between allies.

His visit was a preparatory visit for the President's on the occasion of the NATO Summit. He told us how the new US Ambassador who arrived in London in 1941 at the nadir of our fortunes in that war opted to live in a modest flat and to live under the rule of the UK ration book to share the dangers and deprivations faced by Londoners fighting for our freedoms. It was a moving address from an important ally. It was also good to hear from a country that has the full range of powers for self government, and a country willing to use them for what it sees as its national good and for the wider causes of freedom and democracy worldwide.

Wider ownership and Margaret Thatcher (first published in House magazine)

Everyone an owner was the central slogan I put to Margaret Thatcher when I became her principal policy adviser. She liked the idea. I worked up ways to promote home ownership, small business ownership, share participation in larger companies, employee share schemes, popular shareholdings from nationalised industry sales, more identification of an individual with their pension or insurance savings, portable pension plans and strengthened

shareholder democracy. It was an exciting time. We wanted many more people to have a stake in the country, to own their own piece of land, their own home, a share in larger enterprises or their own business. Whilst the socialists worried about the concentration of ownership and wealth with a view to taxing the few that did enjoy the benefits of ownership, we wanted to do something positive to empower the millions in the economic life of the country and to spread wealth much more widely.

I wrote about the revolution in "Popular Capitalism" and in pamphlets on promoting wider ownership. Each privatisation sale of a nationalised business contained special provisions for free and discounted shares for employees. My favourite government asset sale was National Freight. This nationalised road freight business was sold to its employees who immediately set about transforming it into a more modern more profitable and successful logistics company. As one of the lorry drivers explained to me when I interviewed him for a film about it, becoming a shareholder changed his approach. Where before if the lorry did not work in the morning the driver might give it a kick and decide he could not take it out, as a co-owner he helped coax the vehicle back into life so it could generate revenue again that day. The truck driver owners opted for professional management on the grounds they wanted their investment looked after by people who knew how to do it. Later I was able to help the miners of Tower Colliery in Wales buy out their pit which the Coal Board said was no longer economic and wanted closed. The miners proved the Coal Board wrong and kept it going for many years afterwards successfully.

The movement needed lower taxes to make it cheaper to acquire assets and to hold and enjoy them. Income taxes were lowered generally, leading to a big overall boost in revenue, whilst savings were given special treatment to boost them further. Council house sales were developed with bigger discounts to make them more affordable. Labour argued strongly against it on the bogus grounds that it reduced the supply of housing. We pointed out the same person lived in the home after sale as before, but the state had a capital receipt it could use to build another home. Soon we found Labour party members and Councillors buying their own Council home, undermining their party's statement of principle against the idea.

Some Unions wanted to oppose employee shareholdings in former nationalised industries, as they opposed privatisation. They found most of their members wanted to take up the free shares on offer to employees, and many wanted to buy discounted shares on top. Why wouldn't you want to have a share in the profits of the business you worked for? How did the employee share schemes for former nationalised industry staff differ from the co-op approach to ownership which the Labour party supported?

We encountered opposition from unlikely quarters in business and the Conservative party. Harold Macmillan, a former Conservative Prime Minister complained in a very patrician way we were selling the family silver. I countered we were returning the silver to the family members. Some in the nationalised industries did not like the way we introduced competition into unresponsive monopolies when we sold off telecoms or energy businesses. It was giving customers choice and allowing challengers to emerge to the

traditional businesses we sold that added much of the economic gain and helped fuel the UK economy to better performance.

Privatisation solved the bedevilling problem of capital shortage that nationalised industries faced. All their investment counted as public spending and it often got cut to give priority to the NHS or schools. Once out in the market they could raise much larger sums based on the need and the prospective returns. In the case of electricity generation it allowed the change from fuel inefficient and dirty coal driven power stations to much more thermally efficient and cleaner gas stations. It was the greenest policy any UK government has followed.

Our telephone system was modernised rapidly once out of state hands. It moved from electro mechanical old fashioned equipment to electronic and digital. It moved from copper cable to fibre optics. It moved from only allowing a handful of phones and add on equipment from the monopolist to a profusion of choice from worldwide suppliers. Out went rationing of phone capacity by delay in installing a line and line sharing through so called party lines, to modern levels of service and availability. The mobile phone revolution became possible thanks to privatisation and the end of the monopoly. It would have been very difficult for the UK to build the amazing success in financial and business services which followed if we had continued with a monopoly phone supply with rationing and out of date equipment.

Popular capitalism did create many more homeowners, share owners, business owners and employee share holders. It did transform whole industries from phones to electricity. It was part of Margaret Thatcher's great success and enduring legacy.

[The future of Mrs May](#)

People write in to tell me the Conservatives need to get rid of Mrs May as PM. Others write in to tell me to leave the Conservative party altogether because of the way she has handled Brexit.

I intend to remain a Conservative MP. I was elected as one, and wish to influence the future course of the present government as I was elected to do. I am trying to get the government to stick to the sensible approach to Brexit we jointly set out in the Manifesto in 2017. Any Conservative MP who resigns the party whip loses a vote over Mrs May's future and loses a vote to choose the next Prime Minister. The fact that the Brexit party has been formed to agree with the line I have been pursuing throughout, seeking an exit without signing the Treaty, does not mean I have to join them. My vote is secure in the Commons for the outcome I have always said may be our best option and they now want anyway.

I voted No confidence in Mrs May when the issue was tested late last year. I

had argued against holding such an early Confidence vote as I thought it difficult to win it, but other colleagues wanted to go ahead and did so.

Today there are two movements underway to get the PM to go. The voluntary party has expressed its displeasure and has demanded a special meeting on the subject of her leadership, which is likely to take place soon after the Euro election. An unknown number of MPs have written to the Chairman of the 1922 Committee making clear their lack of confidence in the PM and urging him to tell her to go. If and when he gets to more than half the Parliamentary party it is difficult to see why the PM would continue to hold out against naming the departure day. He is likely to get there quite soon if Mrs May persists with her wish to do a deal with Mr Corbyn to force through the Withdrawal Treaty with even worse terms attached for the future negotiation over our possible exit from the EU in due course. The 1922 Committee would doubtless change its rules and turn a majority of MPs into wanting her to leave into a requirement she leaves. The only way I think she could save her Premiership is to get us out of the EU without signing the Treaty.

Iain Duncan Smith has been leading the movement to get her out, asking in public for a date for her to leave in all circumstances. She has hinted she would leave after getting the Withdrawal Treaty through the Commons, without precisely naming a date. I do not believe she would leave as soon as she passed the Treaty, were that to happen with Labour votes. It would be seen by her and the pro May parts of the press as a great triumph to have got it through against all the odds and against the overwhelming opposition of the voters. Why wouldn't she then say she was needed to handle talks with the EU based on the Treaty?

That is why my best option is she takes us out this month, cancelling the European election. If she fails to do so the pressures should become overwhelming for her to go.

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Questions for the government

The government has failed to negotiate an exit that people want, uniting Remain and Leave voters against their so called Withdrawal Agreement. There were many opportunities along the way to negotiate something better which they failed to take.

1 Why did the government surrender early on over the issue of negotiating the Withdrawal and the future partnership questions together? That was the clear promise in the Conservative Manifesto which the PM ditched for no good reason.

2. When the issue of money was first raised the UK had a good counter that it did not owe them most of what they demanded. Why did the UK surrender on the money when there is no Treaty base requiring them to do so? Why didn't they follow the logic of their own mantra, "Nothing is agreed until everything is agreed", and demand things in return for offering any ex gratia payments?

3. Why when the issue of the Northern Irish border was first raised, didn't the government explain how this VAT/Excise/currency/anti terrorism border works today, and explain there was no need to impose new barriers at the border to slow down trade in future? Why didn't the UK say it would not itself be imposing new barriers at the border, and advised the EU to make a similar declaration?

4. Why didn't the government ever get round to tabling a comprehensive free trade deal? We know from official EU statements they were receptive to that, but could not negotiate one if the UK refused to table one.

5. When Parliament voted for the Brady compromise, a substantial concession by the Eurosceptics who voted for it, did the government fail to table any of those proposals for dealing with border issue in its talks with the EU?

6. Why now the EU Trade Commissioner has repeated the EU's willingness to have a comprehensive free trade agreement if we just leave will the government still not get on and table one and leave as originally promised? This after all was the MALTHOUSE 2 proposal under the Brady compromise, with considerable support across Conservative MPs.

7. Why did the government abandon the pledge that No deal is better than a bad deal?

8. Why did the government tear up its promise that we would leave on 29 March 2019?

I – and others – offered good advice throughout these negotiations urging the government to be much firmer, to hold to its positions that nothing is agreed until everything is agreed and no deal is better than a bad deal to maximise the UK's negotiating leverage. Instead the government at every turn ignored this good advice and sought to weaken or undermine the UK position by making needless concessions too early. The EU soon realised that as long as they refused to budge the UK would surrender on all the things the EU wanted to insist on.

It is because the negotiations have been so poor from the UK side that we now must just leave without signing the Withdrawal Treaty. The public understood only too clearly how the UK had to argue its corner and dig in over what we thought was fair. Only the government seemed unable to grasp the basics of how to negotiate.

Ease the squeeze

I have urged this government to ease the double squeeze on the economy. They are hitting it with ever higher taxes, and squeezing it with tighter money. The squeeze has been particularly tough on the housing market and the car market, with the twin tax and credit attacks throttling transactions and hitting jobs in car manufacture, estate agency, removal firms, garages and furnishing businesses.

I have advocated a Brexit bonus budget. I had anticipated this in April following our exit on the promised date of 29 March. Now the government has delayed this, they need to review their economic policy anyway. Staying in the EU does not produce a lift in confidence and activity in the way they seem to think. It certainly does nothing to ease the money and tax squeeze they are deliberately imposing.

The action they should take includes

1. Cutting tax rates where the tax rate now collects less money because it is too high and acts as a deterrent to activity. Stamp Duty has to be brought down. The increased taxes on Buy to let should be cancelled. The rate of CGT on housing should be reduced. Vehicle Excise Duty rates should be returned to pre 2017 budget levels. These measures would bring in more revenue because they would stimulate more activity.
2. Cutting tax rates where there could be a short term loss of revenue. The government should cut all Income Tax rates by 5%, as our Income Tax levels are no longer competitive with the best in the world.
3. Cutting rates where there will be a permanent loss of revenue. The government should legislate to remove all VAT from all green products, in the spirit of Parliament's concerns about environmental matters. The law would have to say we were deliberately and unilaterally derogating from EU law ahead of leaving the EU, given the importance of these environmental issues.

The government also needs to increase spending on schools and social care as a matter of priority.

The Bank of England should reconsider its too tight money policy. The Fed, the Chinese Central Bank and the ECB have all admitted they were over tightening and are taking offsetting measures. Meanwhile the Bank of England takes delight in threatening further tightening. It needs to re introduce facilities for the commercial banks that allow ore lending, and alter its advice on car loans which is damaging the car industry.

The combined effect of these measures will be to increase the deficit compared to current forecasts, as unfortunately my plan to spend the savings on EU account will not be possible all the time our exit is delayed. Assuming we leave in October the extra cost will not be great, as long as we then pocket full savings from the EU programme. I would also use Overseas Aid

money for the housing budget to provide the homes new refugees and economic migrants need. This could offset the entire increase in the budget deficit if done on a sensible scale.