[What a Brexit budget would look like]

This will be the last budget before the UK is an independent country again, if we end up with no deal. It is the time to set a new course. We need to be optimistic. We need to promote more growth and more enterprise. We need to grasp the ability of lower taxes to power prosperity. This should be the budget for prosperity, not austerity.

We need to cut Stamp duties, Capital Gains Tax, and Vehicle Excise duties as described before. Current rates reduce the tax take by deterring transactions.

We need to cut the rates of Income Tax from 20% to 18 % and from 45% to 40%.

We need to abolish VAT on Feminine hygiene products, green products and domestic fuel.

We need to boost spending on schools 10 % or more below the current national average per pupil amount.

We need to spend more on improving the road network.

We need to meet the costs of the planned increase in NHS spending, only releasing the money if there are good plans to spend it to raise the quality and quantity of care. We should remove car parking charges at hospitals from patients and visitors.
I read the Chancellor is going to cut business rates for smaller shops in High Streets, which is helpful.

All this can come from the £ 39 bn over the next three years we will save by not signing the penal Withdrawal Agreement.

There is £39 bn to spend over the next three years if we decline to sign the one sided Withdrawal Agreement. Thats a 2% boost to national income.

[Aircraft noise]

I had a talk with the Secretary of State for Transport last week to remind him of the issues about concentrated overflying and the noise it generates for some constituents with easterly winds. There are various ways of improving the situation which I have presented to his department and others which I rehearsed again.

We will be full members of WTO on 30 March and trading under their rules

There is some nonsense about the WTO going around. Its a rehashed Project Fear story which makes no sense.The UK is a member of the WTO and will be a full member trading under the WTO rules when we leave the EU.

Well done Chris Grayling. Calais trade will be fine after Brexit

The Transport Secretary went to Calais this week and nailed the Project Fear lie that Calais would mount an economic blockade or go slow on UK traded goods if we just leave on 29 March next year. The Mayor of Calais made clear they value the UK business, and will ensure the port runs smoothly after Brexit.They realise the Dutch and Belgian ports would love to lift the trade off them. It was good to see a Minister rebutting a Project Fear nonsense.

The Budget judgement

The UK economy grew well until the spring of 2017. Policy was then changed to slow the economy by a combined fiscal and monetary squeeze. In the year that followed money growth halved. The combined effects of the 2016 property tax rises and the 2017 car tax rises damaged activity levels in the two largest purchases people make, homes and cars. The tax effects were reinforced by the reduction of credit availability. Money growth slowed thanks to higher interest rates, the removal of special Bank of England facilities to the commercial banks, and the Bank guidance to lend less on car loans , mortgages and consumer credit.

It is time to lift the squeeze. There is no great inflationary danger lurking in the UK economy. There is only a modest increase in wages. The world background is not inflationary, with some monetary tightening in the USA and the Euro area. This budget should not strive to get the UK deficit down further, and should seek to repair the damage done to individual sectors by past tax rises. The forecasts should be more realistic, after a run of forecasts which exaggerated the deficit.

The Prime Minister has said she will end austerity. This then is the budget to do so. Austerity is not just something in the public sector. It was what Labour delivered with the falls in output, jobs and real incomes at the end of the last decade. It has dragged on for some thanks to the slow recovery and the poor growth rates in earnings since the banking crash. To lift austerity we need to spend a bit more on some public services, and take less tax off people in work so they have more of their own money to spend. The good news is we can afford to do both. The Treasury regularly under estimates incoming revenue, and ends up cutting the deficit more than planned.

The UK has a modest state deficit these days, but a rather bigger balance of payments deficit. I have been more worried about the balance of payments deficit than the state deficit for some time. That deficit needs financing by either selling assets to foreigners, or borrowing from overseas. It has resulted from the very large trade deficit we run with the EU, dominated by large imports of food and cars and by the huge payments we make in EU contributions and Overseas aid. We could grow more of our own food and buy more of our own cars. This will depend in part on what tariffs we put in place for next March – or for any later exit date from the EU.

Ending the EU contributions will make an important contribution to cutting the balance of payments deficit. Today we have to sell a lot of assets to meet those contributions, as it is all money we need to send across the exchanges into Euros. Spending more of the overseas aid on the set up costs of the asylum seekers and economic migrants at home would also be a helpful option. Ending EU contributions also frees up that part of the budget for domestic spending or tax cut priorities.