

## Euro elections confirm Brexit view

The derisory vote of under 10% for the Conservatives is a fitting epitaph for the Withdrawal Agreement. Only the Conservatives offered the Withdrawal Agreement. Anyone who wanted it would have voted Conservative. Some who didn't want it voted Conservative out of loyalty or for other reasons.

Whenever I have said in media interviews that the public have rejected the Agreement by a large majority this has been queried. This election provides more proof of the obvious. Mrs May united the country against the draft Treaty she wrongly proposed.

The Brexit party on the majority of results so far announced as I expected won more seats than the three Remain parties, the Lib Dems, Greens and Change UK combined. These new MEPs need to come to Westminster to tell MPs there how to be popular, by just getting us out of the EU with no lock back in Treaty.

The BBC seemed to think the main news of the night was the Lib Dems coming second! Once again they missed the obvious and made little of the winning view.

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## The Euro elections should deliver a major message to Westminster

I am expecting a surge of support for the Brexit party in the results of the Euro elections. Now the polls have closed after 10 pm our time all across the EU we can look forward to some results.

I expect the Brexit vote and the residual UKIP vote both in favour of a so called No deal exit to be ahead of the combined Lib Dem, Green and Change UK Remain vote, parties disliking Brexit and pledged to try to reverse it in a second referendum. I expect the Conservative and Labour votes to be greatly squeezed. Whilst both these parties said they wanted to honour the referendum result Labour was still flirting with Remain, saying it backed both sides, whilst Mrs May dominated the underwhelming and brief Conservative campaign with her Withdrawal Agreement.

Assuming this is what happens we can conclude

- 1 The UK meant its decision in the referendum and wants us to leave. We need to do so by October 31 at the latest. It would be good if a new PM agreed an earlier departure with the EU.
2. Mrs May's Withdrawal Agreement has tiny support and needs to be binned immediately. The fact that she made the WA central to her leaflet and speech

put off millions of former Conservative voters. It lets us say the Conservative vote in this election is the limit of support for the Withdrawal Treaty. Anyone who wanted a negotiated way to a so called comprehensive partnership with the EU on these terms would have voted Conservative.

3 Both main parties have a big task to get back into favour with a majority of the voters. Only a clean and early Brexit will buy them that right.

4. The current Westminster Parliament by delaying and seeking to dilute or reverse Brexit has gravely misjudged the public mood. It can only start to redeem itself by getting on with the earliest possible WTO Brexit. The UK should offer free trade talks and no new tariffs and barriers which the EU might well want, but we should just leave anyway. There are already important agreements reached to ease our early departure without signing the draft Treaty.

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## We need a new economic policy

One of the advantages of Mrs May's resignation is it will allow a rethink over the government's economic and enterprise policies.

Mr Hammond has continued to tighten the fiscal and monetary stance , squeezing and slowing the economy. He has continued with Mr Osborne's tax attacks on particular sectors and groups of people, damaging the housing and car markets in particular. Some of the tax hikes as with Stamp Duty and vehicle Excise Duty have done such damage to transactions and output that it has hit overall revenue adversely.

The world economy is slowing. The Fed overdid the tightening late last year, shocking the markets. That in turn is forcing a rethink at the Fed, who are spending the summer on a kind of study leave to think through a new approach to monetary targeting and interest rate selection. The Chinese authorities also erred on the side of toughness, slowing their economy. Mr Trump's trade war has added to the gloom. World governments generally have hit out at the production of diesel and even petrol cars, taking actions which have created a car industry recession. As the UK economy has a large overseas trade sector, where the majority of our trade is with non EU , we need to be sensitive to changes of mood and growth rates worldwide. The UK needs to offset some of the gloom and slowdown elsewhere.

Instead we have seen a Treasury very hostile to Brexit spread gloom and negative stories whilst running a policy designed to slow things down anyway. The new government needs to take a sensibly positive view of our prospects on exit. We can afford a stimulus now to our economy, with more spending on priorities like social care and schools, and lower taxes, especially where the current rates collect less revenue. France has just had some tax cuts. France and Italy are trying to woo rich people away from London to their jurisdiction to invest and spend with them instead by offering a better tax

deal. The USA has enjoyed a major tax cutting programme which has boosted that economy to be the fastest growing advanced economy in the world. China has offered some tax cuts to boost consumption. The Italian government is trying to expand its budget to help reduce unemployment. Only the UK seems wedded to the Maastricht EU rules to get the stock of government debt down as percentage of GDP to the 60% level.

It was symptomatic that Mrs May in her exit speech claimed reducing the debt was a great success of her Administration, when she should have said reducing debt as a percentage of GDP. If you are going to claim something like that as a success, then do show you understand the numbers.

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## **“We don’t believe you”**

I talked to a meeting of Conservative students at Oxford yesterday about the themes from my book. I mentioned the growing strength of public opinion and engagement, and suggested the current polls are underestimating the numbers of voters, especially former Conservative voters, now giving support to the Brexit party. A large majority of Conservative members want us out of the EU in accordance with promises made in the 2018 election and afterwards, and have no fears of leaving without signing the dreadful Withdrawal Agreement. The Conservative party can only hope to woo back lost voters once it has got us out of the EU properly.

I found, contrary to the views of some senior Conservatives, that the students loved a clear Conservative message based around ownership, free enterprise, lower taxes, and opportunity for all. They either welcomed or accepted we needed to just put Brexit behind us by simply doing it. There was particular interest in the sections of my book on the revolt of the motorist and how to handle green issues, and on opportunity for home ownership. There was no agreement about future leaders, with a majority undecided, but the most pro Brexit candidates got the most favourable mentions.

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## **Sterling and stock market rise**

Yesterday sterling and the stock market rose after the resignation of Mrs May made leaving without the Agreement a bit more likely. That’s a blow to those who think No deal is bad, or those who think markets mainly respond to the endless Brexit wrangles rather than more normal considerations about interest rates, growth etc