

Project Fear now masquerades as a discussion of “No Deal Brexit”

The BBC were in overdrive yesterday peddling the same old arguments that if we just leave the EU they will not be able or willing to sell us all their exports. No critical questions to the usual suspects stating all this about how we manage to import so much from non EU sources today, or why would Dover and Calais wish to mess up their ports and their businesses by delay?

We go over and over the same absurd Remain arguments that we faced in the referendum campaign. I decided I had to divert today from my plan to carry on with the positives, by reminding myself just how wrong the Treasury and Remain were in the referendum with all their bogus forecasts. I spent much of my campaign refuting their forecasts of falling GHDP, falling house prices, falling share prices and rising unemployment. My replies on their argument that sterling would fall was “Sterling once we are out of the EU will continue to rise and fall as it has done all the time we have been in the EU. It has been very volatile”. That is exactly what has happened with for example a fall off against the dollar immediately after the vote, a rise back to the levels at the time of the vote, followed more recently by another decline. The strength of the dollar, UK money policy and other issues still affect this rate as before.

The main short term forecasts the Treasury made were specifically for the first couple of years or so after the vote. They said in their detailed published document on the short term outlook for after a Leave vote (not after exit)

1. There would be a recession, with unemployment rising by 500,000, or by as much as 800,000 in the worst case. The Unemployment rate would rise from the then rate of 4.9% to 6.5% or even to 7.3%.

Outturn Employment grew substantially, with the unemployment rate falling from 4.9% to 3.8%, a fall of 22%. There was no recession.

2. House prices would fall by 10%, with a worst case possible fall of 18%

Outturn House prices continued to rise for the UK as a whole, at a modest rate, despite the hikes in Stamp duty, restriction on mortgages and tax rises for Buy to let.

3. The “return investors would demand for holding longer term UK government debt or the term premium would rise by between 40bp and 100bp” driving up borrowing rates generally.

Outturn The 10 year cost of government borrowing has fallen from 1.09% to 0.52%, a halving of the overall rate of interest on such debt.

4. Shares would fall. Whilst no forecasts of the extent were in the document, Remain claimed the UK share market would fall after the vote, and then

modified this to saying domestically oriented shares would fall.

Outturn The All Share Index is up 17% since the referendum. The FTSE250, which excludes the 100 largest companies which predominantly earn profits abroad, is up by slightly more than 17%.

So we now know all but the Treasury's sterling forecast was wrong by large margins. Why doesn't the mainstream media revisit this and ask those responsible why they got it so wrong? Why should we believe their tales of gloom going forwards, when they made such a hash of these crucial referendum influencing forecasts?