

A new economic policy?

It's time to hear from the government a new economic policy. As we leave the EU we should abandon an economic policy based on the twin requirements of EU policy, the reduction of the running deficit of government and the reduction of state debt as percentage of GDP.

I know when I have mentioned in the past the importance of the Maastricht debt and deficit controls to UK policy some have written in to deny this. Let me remind you of the extent of the EU requirements on the UK since 2008.

The UK was under EU budget control from 2008 when Decision 2008/713 stated the UK was running an excessive deficit and had to take action to reduce it. The deficit worsened thanks to the great recession, so they reinforced the requirement. They required us to make spending cuts and tax rises worth 1.75% of GDP a year (£38.5bn a year at current values) from 2010/11 to 2014/15. In 2015 they reviewed the position and renewed the requirement to cut spending or raise taxes as they remained concerned about the level of state debt to GDP. They set specific reducing deficit targets of 4.1% of GDP for 2015-16 and 2.7% of GDP for 2016/17. The UK government always filed the relevant figures and submitted to the discipline imposed, as it is required to do by Treaty .

In 2017 they decided the UK had complied and lifted the excessive deficit plan after a nine year programme of cuts. They however said "As from 2017-18 the UK is subject to the preventive arm of the Stability and Growth Pact and should progress towards the minimum medium term objective at an appropriate pace...and comply with the debt criteria in accordance with Article 2(1a) of Regulation EC No 1467/97." (i.e. the aim of economic policy had to be to get state borrowing down to 60% of GDP from around 87% over the medium term).

As we come out of the EU this ceases to apply. The UK needs a new fiscal framework which helps us promote growth, jobs and higher real incomes. We need a purpose and guides to economic policy based on these good outcomes for people, not a policy based on getting state debt down as a percentage of GDP.

Of course there needs to be a prudent control on extra debt incurred. There is nothing unstable or unaffordable about current levels of state debt, especially taking in to account around one quarter of the state debt is owned by the Bank of England which in turn is owned by the state!

A sensible rule could be that additional state borrowing should not exceed the levels of public sector investment. The government will ensure the current account of the government is in surplus or balance. On 2020-21 figures from the last Red Book this gives the state the opportunity to borrow 3% of GDP, the forecast level of investment, which would allow a sensible fiscal expansion. Tax cuts of around £10bn on top of the spending increases announced should be possible. There could be a recession override allowing fiscal stabilisers i.e. a bigger deficit to apply were there to be a nasty downturn at some time in the future. I am not currently forecasting a UK

recession

references

European Council Decision 2008/713/EC

2009/409/EC Council decision

2015/1098 Council decision

14852/17 Council decision

[Update on Wokingham Borough Council's highways programme](#)

I have received this update from Wokingham Borough Council:

Wokingham Borough Council takes another step forward in its fight against congestion as its major highways project reaches another milestone with the final section of the North Wokingham Distributor Road (NWDR) receiving planning permission.

Once complete, the full NWDR, which is scheduled to open in its entirety to traffic in autumn 2021, will connect the A329 near the BP garage on Reading Road, with the A329(M) Reading to Bracknell motorway near the Coppid Beech roundabout junction. It will provide a link from Winnersh to the A329(M) enabling road-users direct access without the need to go through Wokingham town centre which will also help to alleviate congestion in the town centre.

Sections of the NWDR are already operational, with other sections due to commence construction shortly. The construction on the final section of the NWDR, referred to as Ashridge Farm, planned to start in Autumn 2020 and detailed design work is already underway. Site preparation and utilities re-routing works begin later this autumn.

When complete, the new road will provide access to the developments at Matthewsgreen, Kentwood Farm and Keephatch Beech and provide these areas with convenient and direct access to the motorway network giving access to both the A329 (M) and the M4. It will also provide a link from Winnersh (A329 Reading Road) to the Coppid Beach Roundabout with the A329(M).

"We are building vital new strategic roads and carrying out significant highway improvements which will help facilitate growth in the borough and alleviate congestion," said Cllr Pauline Jorgensen, executive member for highways and transport.

"We are committing substantial investment, secured from developers, in a wide

range of infrastructure, including new schools, open spaces, sports, leisure and community facilities, and roads, amounting to nearly £1 billion of investment”.

NWDR is part of the council’s major highways project that also consists of South Wokingham Distributor Road, Winnersh Relief Road, Arborfield Relief Road and Barkham Bridge, as well as the completed Shinfield Eastern Relief Road, all of which are being built to minimise the impact of traffic growth around the new housing developments and surrounding areas.

For further information on the major highways project visit the council’s website and search major new roads

My speech during the Second Reading of the European Union (Withdrawal Agreement) Bill, 22 October 2019

John Redwood (Wokingham) (Con): This Parliament is letting the public down. Three years and four months ago, I and 17.4 million people voted to leave the European Union. We voted to take back control of our laws, our borders and our money, and we are still waiting for that to happen. We were told by the then Prime Minister that he would send a letter announcing our decision immediately after the result, and under the treaty we expected to be out after two years with or without agreement by the European Union.

Instead, we find ourselves today having yet another debate after so many groundhog days in this place, with the same people rehearsing the same arguments, as around half the Members of the House of Commons—we will find out whether it is more than half—are still trying to stop any kind of Brexit, and are forcing those of us who believe in Brexit to dilute what we are trying to do and delaying our enjoying the fruits of our Brexit vision.

Let us look at the agreement, because it is far from ideal from the point of view of a leave voter. I am delighted that the Prime Minister has today reassured us that we will completely take back control of our fish, and that we will decide how that amazing resource is nurtured, looked after and used by our country. That is very welcome. I also accept that the documents show that we will not have to go into battle with our troops on a vote that we have lost, and that we are not about to be sucked into losing the sovereign control of our Government and Parliament over our foreign and defence policy.

But we are still in trouble with the powers of the European Court of Justice over our laws. I am grateful to my hon. Friend the Member for Stone (Sir William Cash) for contributing to the Bill, because there is now a sovereignty clause, and I hope it works; it is a definite improvement.

However, I am extremely worried by the situation in Northern Ireland.

Jim Shannon (Strangford) (DUP): Does the right hon. Gentleman not understand that Unionists believe that our sovereignty has been removed by this agreement, and that being a Unionist in Northern Ireland is very different from being a Unionist in the rest of the United Kingdom, including the right hon. Gentleman's constituency? Does he not feel that Unionists have been duped and deceived in how this agreement has been brought forward?

John Redwood: I do not like the provisions on Northern Ireland for the reasons that the hon. Gentleman and his colleagues have set out. I want the whole country to leave, and Northern Ireland to be a full part of the United Kingdom under the same arrangements. If there are any different arrangements, I certainly want a consent mechanism that is acceptable to the representatives from the Democratic Unionist party and the people they represent.

I am also extremely worried about the money in this set of proposals. We never talk about the money, and so many MPs seem to think that giving billions away to the European Union is just fine. Taking back control of our money was central to the campaign. Indeed, it was very contentious, because people argued about exactly how much it was. I do not think it has been properly quantified. The liabilities are potentially large and long lasting, and there is no attempt in the agreement or the Bill to control them.

Owen Paterson (North Shropshire) (Con): Could my right hon. Friend give us his best estimate of what he thinks the bill will be?

John Redwood: Well, we are told £39 billion, but I think that is a very low estimate; I think it will be considerably more than that and will stretch many years into the future under some of the headings that we are providing for. My worry is that the EU will be the main driver in deciding what the bill is because there is not a satisfactory dispute resolution procedure. That means that the EU could levy the bill, saying that it is European law and that it knows best what we should be paying. We have to be extremely careful.

If the Bill does make any progress tonight—that is not looking very likely from some of the things people are saying—I hope that there will be considerable concentration in Committee on whether there are mechanisms for having better discipline over the money, because we voted to take back control of the money. I want some of that money for hospitals, schools and other public facilities in my constituency, and I hope that many other Members of Parliament take the same view. It would be very galling indeed if we found that we were technically out of the European Union but were still paying it a great deal of money.

I approach this agreement in a spirit of disappointment, but I think the Prime Minister was deeply damaged and undermined by the European Union (Withdrawal) (No. 2) Act 2019, which greatly reduced the bargaining leverage of the United Kingdom Government, and I think people recognise that. It is strange that that legislation, which might as well be renamed the “breaking

the Prime Minister's promises" Act, is permissible because surely we either have confidence in our Government and in the Prime Minister to be able to keep his word, or we do not have confidence in our Government collectively, in which case we can get a different Government. This Prime Minister has said that he will take us out on 31 October. There is a lot of support for that in the country, and I hope that we can find a way to make it take place. The Prime Minister has said that we would preferably leave with a deal, but that if we cannot get a decent deal we will leave without a so-called deal.

I think the language is totally misleading. There is no such thing as a no-deal Brexit. There is either leaving and signing a withdrawal agreement or leaving and not signing a withdrawal agreement. Were we to leave not signing a withdrawal agreement, there is an aviation agreement and a Government purchasing agreement, there are haulage and customs arrangements, and there is a general agreement on facilitation of trade through the WTO, so we would have a managed WTO exit, which I think would work extremely well.

I want to spend that money in Britain to promote growth and a stronger economy. I want the free trade agreements that I think we might be able to generate with the rest of the world. If we just left, the EU would want to negotiate a free trade agreement with us, but all the time it thinks it has a chance of our not leaving it is not going to offer anything or be positive about that, because it thinks it might, from its point of view, do something better.

Leave on 31 October

As I expected yesterday the Commons voted for the Withdrawal Treaty Bill to have a second reading, then voted down the Timetable motion needed to allow further progress on the Bill.

Some MPs voted for the Bill, then switched and voted against its early proceeding. They did so knowing the PM has promised we leave, with or without a deal, on October 31.

In order to leave with this unhappy "deal" the Commons needed to pass all stages by Thursday so the Lords could do the same, to complete the Bill by end October, just 8 days away.

The only way forward from here that might deliver a good Brexit on time is to leave on 31 October without signing a Treaty, offering a free trade deal as we leave. I have been trying to get the government to do this for sometime. Maybe more will now see trying to compromise with a Remain Parliament by offering a watered down Brexit does not work.

My intervention during the Statement on Preparations for Leaving the European Union, 21 October 2019

John Redwood (Wokingham) (Con): There is no such thing as a no-deal exit; if we leave without the withdrawal agreement, there would be all sorts of agreements and arrangements in place. So will the Government do more to tell the country about the 2017 facilitation of trade agreement between all World Trade Organisation members to ensure smooth borders, the government international procurement agreement to allow Governments to transact business, and the customs, haulage and aviation arrangements and agreements, which are all in place. People should stop scaremongering.

Chancellor of the Duchy of Lancaster (Mr Michael Gove): My right hon. Friend makes a very fair point. If we leave without the withdrawal agreement being ratified, we will leave without that deal. “No deal” is sometimes used to cover that specific outcome, and it is with respect to that widely accepted description that I use the term. He is right to say there are other agreements, and there will continue to be agreements, that we have concluded, both with individual EU member states and with the EU overall, which will govern our relationship. However, I am strongly of the view that a withdrawal agreement which has been ratified in this place will be the best possible way in which we can ensure both that we recognise the Brexit referendum vote and that we continue to have free trade and friendly co-operation.