

Retail growth and shop distress

In the USA and in the UK there has been great growth in internet retailing, overall growth in retail sales, and some hard knocks for some traditional retailers. In the US levels of distressed debt for retail companies, and the rate of bankruptcies is high against a background of an expanding economy and growing disposable incomes. In the UK too there have been some recent casualties, traditional High Street shop sales overall are disappointing, and internet sales are growing well.

Some say the playing field is not level. The traditional retailers of course need shop property and plenty of in store staff which the web retailers do not need. That is their choice, and they are trying to persuade shoppers that works for them as well. It also means they have to pay more tax, incurring substantial property taxes on top of their additional cost base. Critics of the success stories of the digital age often allege the main companies do not pay a high enough tax charge.

The EU is saying it wants to make internet shopping dearer by imposing a turnover tax on digital companies on top of other taxes. Some say the internet companies need to pay some additional levy to allow for the property taxes they do not have to pay because they are on a different business model. Some traditional shop groups would just like some rate relief, to make it a bit easier for them.

I am inviting contributors to say what they think should be done, if anything? Is it just a case that the internet model has many attractions which will continue to win market share? Why do some large shopping centres attract more footfall than High Streets? What is the role of parking charges, access and the attitude of local government in settling which types of shops and shopping are popular, and which are in retreat?

Syria in perspective

Many people in the country agreed with the Prime Minister when she said she had no plans to involve the UK in the Syrian civil war. We also agreed with her achieved aim of not adding to the death toll by the limited and targeted military intervention she authorised.

It would be wrong for us to seek to engage in the civil war at this late stage when Assad supported by Russia is close to victory. No clear Opposition force has emerged that could displace the current regime by force and then go on to establish a decent democratic government in its place. Arming rebels and offering them military support against Assad would pitch us against Russia as well, add to the length and violence of the war and offer little

prospect of a good result.

The truth is President Obama decided to leave the Syrian crisis to Assad and Russia. If the West had wanted regime change in Syria as they tried elsewhere then it should have been done years ago. Russia has occupied the space the West left, and now has a strong military presence there in its own right and as advisers and supporters of the substantial conventional forces of the Syrian government. The West's more recent interventions have been air based engagements against the forces of ISIS, which Assad is also fighting intensely on the ground along with Russian help. The West makes sure Russia knows what they are doing to avoid a clash.

The West wishes to enforce the world ban on the use of chemical weapons. Mr Trump has led short targeted strikes against chemical weapons use on two occasions following particularly bad atrocities with their use, but otherwise has confined US action to a supportive role against ISIS. It is true he has also worked with the Kurds, which is a difficult complication in the north of Syria. The Kurds want an independent state. Neither Turkey nor Assad's Syria wishes to give them independent territory and self government, and both see them as enemies.

The recent strikes were against just three installations connected with chemical weapon production and use. There are more such facilities which were not attacked. The UK government argues that it has helped "degrade" the chemical weapons ability of Assad, without ending it. It also argues that the use of "appropriate" levels of force against some of these chemical weapons facilities should act as a deterrent against their future use, as of course the Western Coalition could target other chemical facilities should the regime use them again. Clearly the Western coalition did what it set out to do, destroying three facilities and avoiding any civilian or Russian casualties.

The West has intervened extensively in Iraq, Libya and Afghanistan. It has mainly been there to fight extremist groups like Al Qaeda and Isis and has wished to help establish democratic regimes to replace the dictators it has helped pull down. It has not sought to be taking sides in the Sunni-Shia religious war, though it has often been closer to Sunni Saudi Arabia and her allies than to Shia Iran and Syria. The USA has a network of allies including the Gulf States, Qatar, Saudi Arabia and now Afghanistan and Iraq. Russia has strong links with Iran and Syria.

It is not easy to see any negotiated peace in the violence ravaged country of Syria, but it is to diplomacy, negotiation and to talking that the allies should now turn. If killing more people solved Syria's problems they would be solved by now. There have been all too many deaths. The future of Syria is not in the West's control. That decision was taken some years ago.

UK inflation tumbles, real incomes rise

On the government's preferred measure of inflation, CPI(H), March brought the figure down to 2.3%. On the CPI measure excluding housing it fell to 2.5%. This means real wages and incomes are rising faster than many commentators realised.

It is a reminder how competitive conditions are in retail, with continuing downward pressure on prices from excess conventional shop capacity and fierce discounter and internet competition.

More good news on jobs, whilst sterling rises

The pound drew level with the rate it reached prior to the referendum, hitting \$1.43 again. The only negative forecast of the Remain campaign that they kept repeating after the event because they thought it had more chance of success has now joined the others as wrong.

During the Referendum campaign I was frequently asked by interviewers to defend why I thought jobs would go up, housing would be unaffected and the economy would continue to grow, as the Remain camp with all the official forecasters behind them said the opposite. They told us with all the authority of establishment error and malfunctioning models that in the first year or so after the vote we would have a recession, jobs would fall, unemployment would rise, the pound would fall and house prices would fall. I said the opposite of all of those save for the pound. There I said after we vote to leave the pound will go up and down depending on our policies compared to other countries policies, as it has done for many years all the time we have been in the EU. The Bank decided on loose money in 2016 so the pound fell, and has decided to tighten money this year so it is rising.

Yesterday we learned that another 55,000 jobs were added to the total in the three months to February. Employment is up by 427,000 compared to a year ago, with most of the new jobs being full time. This takes unemployment down again to 4.2%, way below the average levels in the Eurozone. Pay went up by 2.8%, so we are back with real increases in pay now inflation is subsiding. There has been no fall in real incomes since the vote. Unemployment is well below the levels prior to the vote and pay in money terms is rising faster now than in 2016.

The UK economy is good at generating extra jobs. Now we need to encourage

businesses to put more capital into boosting productivity, so we need fewer new people to come in to the UK to take low paid jobs, and so we can boost pay more for people already working and living here.

The relentless drive to political union

The EU rests on the four freedoms – the free movement of goods, people, capital and ideas. Its central political driver is now the Euro. The UK has never been willing to join the Euro, with around 80% of the public opposed and both major political parties against in practice. Many UK voters also have reservations about freedom of movement, which has meant successive UK governments have kept us out of the Schengen common border arrangements and have sought derogations or opt outs on other features like access to benefits.

The UK is therefore being a good European by withdrawing from the EU, because it is unable and unwilling to join two of the crucial founding policies of this Union. Our position has become extremely difficult, seeking to hold up or dilute policies designed to promote greater union. We have also been consistently unwilling to pay more into the budget to help the development of the Euro area.

A single currency needs a sovereign state with its taxpayers to support it. It needs large transfer payments from the richer parts of the zone to the poorer parts. It usually needs a common benefits system, large transfers through such a system, and further large transfers through local and regional government financing from the centre. The Eurozone has not yet been able to develop all of these mechanisms or to route sufficient cash through the mechanisms it does have to transfer money from rich to poor. The UK leaving will allow the Eurozone members to have a better debate over how far they need to go and have a wish to go to buttress their currency with proper arrangements to transfer cash and to even out minimum income levels around the zone.

Currently the Eurozone manages to live with a huge surplus run up by Germany, and large deficits incurred by Greece, Italy, Spain and Portugal through financings via the European central Bank. This Bank accepts an interest free deposit from Germany and lends it on to the countries and their banks that need the extra money. It would be wise for the zone to consider longer term and more usual ways to handle the need for large transfers within a currency zone. Free of UK membership there can now be a much closer identity between the EU and the single currency it sponsors.