

Why we will be better off out of the EU

Prosperity, not austerity.

That must be our aim.

Prosperity will be easier won once we are out of the European Union.

Restoring the freedoms of a once sovereign people.

That is the overriding task we face.

On June 24 2016 17.4 million voters gave a great mandate to Parliament

To take back control.

During the referendum campaign I was asked one of the questions designed by Remain to damage the cause of freedom.

Would you, the media avidly asked, accept being poorer in order to regain lost freedoms?

I replied that fortune meant there was no such choice before us.

The very right to govern ourselves that we wished to reclaim

will allow us to follow policies that made us richer, not poorer

As an optimist I anticipate we will do better out than in.

No-one can be sure what loss there might be in store if we remain in the EU

Or how many gains we will seize out of the EU.

What we do know is our fortune will rest more on our own decisions once we are free

So let me begin my account of life after Brexit by explaining how we can be better off.

I appreciate this will be at variance with several modelled forecasts put out by an establishment afraid of freedom and scared of change.

It is an establishment that has a proven track record of error. They told us the ERM would bring us a golden scenario of more growth and low inflation. Instead it brought a deep recession.

They told us if the UK stayed out of the Euro it would be deeply damaging to our business. Instead our business flourished with the pound and the Euro area had several years of crises and low or no growth.

They said the big build up in debts prior to 2007 were fine because banks had found new ways of managing risks. That forecast didn't work out too well either.

My forecast will be criticised, for it is not backed up with a model nor expressed in precise figures. It does however come from someone who did forecast the ERM crisis, the problems in the Eurozone and the banking crisis.

I must warn that no-one can deliver a precise and accurate 15 year economic forecast. I have no intention of trying to deliver one.

Too many things will change.

I can, however, point to the opportunities and the favourable changes that we can expect in the few years that follow Brexit that will boost whatever our growth rate then is. I do not expect a sudden fall in growth or income thanks to Brexit. The Treasury's short term forecasts of such an outcome for the year after the vote have already proved wide of the mark.

In future as in the past the main forces shaping our growth rate will be the pace of innovation, the monetary and fiscal policies being pursued, and the state of the world economy.

The most obvious gain that the anti-Brexit forecasters rarely put in to their models is the chance to spend our tax money on our priorities.

The £12bn we send every year to the EU and do not get back is lost money to the UK.

Worse still it is a large drag on our balance of payments every year.

To pay that bill we either have to borrow more money from abroad to pay it or we have to sell more of our assets to overseas buyers, cutting the investment income we earn on those assets.

Stopping that drag will boost our economy.

Spending the £12bn at home each year will mean more jobs and more items bought from UK suppliers.

That will boost our economy with extra growth of 0.6% of our total income. That's a one third increase in the current growth rate in the year we start it, with the same extra output in every year that follows

In the referendum campaign I set out a draft budget to illustrate how we might spend the money

I recommend it to the government.

I also recommend that we advise the EU that if they do not offer a wide ranging and sensible free trade agreement anytime soon we should discontinue payments to them on March 30 2019 and start the benefits for us.

There is no need for a Transition or Implementation period if there is no good deal to transit to.

We know we can trade well under WTO rules and with WTO tariffs, as that is what we do today with most countries outside the EU.

Out of the EU we will be free to fix and levy our own taxes.

We were told by past governments that tax was a red line issue

That we would always be able to decide our own taxes

That proved to be untrue

Out of the EU we can take VAT off feminine hygiene products

We can remove VAT from green items ranging from boiler controls to draught excluders.

Promoting fuel efficiency without the drag of extra VAT will help us keep warm and be better off. We could do more to combat fuel poverty by cancelling the VAT on domestic heating.

We can also levy the amount of tax we wish from larger companies.

EU tax judgements on UK corporation tax have made us repay tax we thought had been fairly and legally levied.

Lowering taxes, spending our own money and boosting industries like fishing and agriculture which have been damaged by EU membership should add more than 1% to our output, which is more than belonging the single market has ever done.