

The real economic threat is not Brexit – it's back to the 1970s with John McDonnell

"Practical men, who believe themselves to be quite exempt from any intellectual influences, are usually the slaves of some defunct economist. Madmen in authority, who hear voices in the air, are distilling their frenzy from some academic scribbler of a few years back."

John Maynard Keynes

As Parliament struggled last week to dominate and frustrate Boris Johnson's planning, there was one figure, largely speaking, conspicuous by his absence in the UK media: Nigel Farage. The Brexit Party may not have any representation in Westminster but, due to its strong standing in May's European Election, it is indeed 'the elephant in the room' driving the Conservative Party.

Discussing this with a colleague last Thursday, he observed that they must marry each other or they will kill each other. And this explains the extraordinary sight of people who have given their whole working lives to the Conservatives, both in Government and Opposition, getting summarily ejected for defying the whip.

So this week we look at the forthcoming clash of the titans in the light of a severe misjudgement in Brussels, we consider the uncertainties that the General Election will bring, and we ask why both Europe and the United Kingdom are allowing long-term economic stability to be eclipsed by short-term fears of Brexit volatility.

When we voted to join the European Common Market back in the mid-1970s, the major political issue was the struggle between capitalism and socialism: not Europe. Widespread strikes and a three day working week were the big challenges, and the opportunity to open up free trade with Europe was an attractive opportunity, not a threat.

Within five years, we had the Thatcher revolution upon us - and her agenda was a free enterprise transformation here at home. Argument with Europe - remember 'No, No, No!' - only emerged fairly late in her reign.

How things have changed! And not so much here, but in Europe whose [major strategic error](#) in imposing the Eurozone before integrating democratic political control (at least for the Eurozone itself) has, quite frankly, wrecked the European Union dream. Remember the 'Up yours, Delors!' headline in the Sun newspaper? How right they have turned out. It's changed the whole rationale for the UK being a member of the European Club.

As the lack of integrated democratic political control has allowed the mushrooming of EU regulation, the failure to share wealth across the Eurozone has destroyed economic growth - even in Germany. In place of currencies taking the strain, we see forced migration, probably the main driver for the Brexit vote here in the UK. Of course our membership hasn't helped: remember David Cameron coming back from Brussels in early 2016 waving a piece of paper, saying 'no ever closer union'? That's exactly what they need in the Eurozone.

Instead of seeking to beat the United Kingdom into submission by still insisting on a deal proposal which has been rejected by our Parliament three times, and by promoting a 'divide and rule' tactic by welcoming the Remainer rebels with open arms, the European Commission should look closely at its own economic dysfunctionality. When the Eurozone breaks up - when, not if - they will need London's financial expertise to construct a new set of currencies to sort out the ensuing mess.

Think ahead - if you generate so much rancour and bitterness that we stop describing you as our 'European friends and partners', we may not be so inclined to help when it all comes crashing down.

And what about our own election? Whether it takes place before or after 31 October is not the point. It will happen this year: when it does, the new realities of British politics look like totally shaking up the two-party system. The Liberal and

Brexit parties threaten both Labour and Conservative heartlands: little will be predictable, even though John Curtice made a [brave attempt at analysing it in last Saturday's Times](#) .

But the big threat for the United Kingdom is not a 'no deal' Brexit. If the European Commission is so stupid as to let that happen, the real threat is John McDonnell's extraordinary ideas on how to run an economy, which really do have the potential to ruin Britain: hence our quotation above, from John Maynard Keynes.

McDonnell's wealth confiscation and sharply higher taxes would drive businesses and entrepreneurs out of Britain faster than any GDP damage from Brexit, even if measured by the calendar quarter. Unemployment would soar, just as in those dark days of the 1970s. He has even been so foolish as to promise another independence referendum in Scotland: they would surely relish the opportunity to cut loose this time, faced by the spectre of Corbyn and McDonnell in Westminster.

And, lest you think that Boris Johnson's honesty may be suspect, it pales into insignificance compared with McDonnell's deception. Take, for example, his '[employee share ownership](#)' proposal: The Times published research from Clifford Chance last Monday which analysed this. They established that the transfer of wealth would be worth between £270 billion and £300 billion. However The Times' own analysis has shown that employees would only benefit from less than 25% of this handout: the vast majority would simply be a state raid on British business. Can you imagine anything which would drive businesses out of Britain faster?

So can we please, both in the EU and the UK, stop seeking to frustrate the democratic will of the British people, get the Brexit thing done, and, as we tweeted last week, give Boris and his new Government a chance?

Gavin Oldham OBE

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