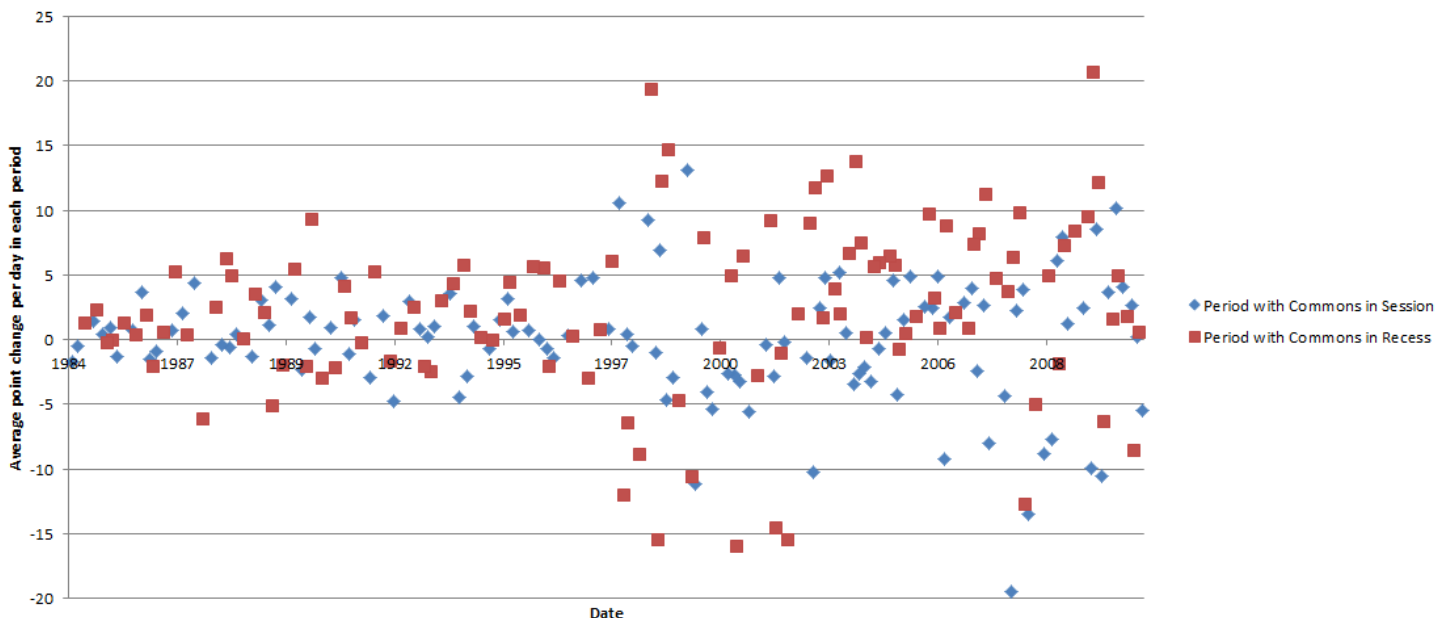




Boost the Stock Market: Send the Politicians on Holiday

- Recently the UK's FTSE 100 stock market has taken a significant downturn in the light of the US government having its credit downgraded.
- As well as being **bad news for economic growth** and for investment, **pensioners will suffer** as they see their annuity rates fall, since pensions are linked to the stock market.
- The stock market tends to do worse when there is uncertainty; but when investors can be confident about the future, they are more likely to invest.
- A major reason for uncertainty is that investors are **fearful that the government could at any time pass anti-business legislation** of more regulation and taxes – which may increase costs and decrease profits.
- We find that in the 6,439 days that the House of Commons has been in session days since the opening of the FTSE 100 in 1984, the stock market has had a **net increase of just 30 points** – essentially flat lining. But during the 3,476 days in recess, when the Commons couldn't pass legislation, the index experienced a **net rise of 4,704.3 points** – an average of **1.35 points per day**.
- Hence, if we want to up the stock market, increase much needed investment and stop reducing pension funds, we need to **send the politicians on holiday** – or at least get the government to credibly commit to a **pro-business policy** of reduced red tape and lower taxes.

Average Point Change per day in each session/recess period since opening of the FTSE 100



Excluding incomplete sessions/recess periods, and sessions/recess periods with fewer than four trading days in.

Source: Yahoo Finance, Parliament website.