Visit to Mrs Bland’s Infant School in Burghfield

I recently called in with local Councillors to meet the Head, pupils and staff at the school.
The school is in need of some additional money for decorating and improvement works, which the Councillors agreed to assist with.
The children were enthusiastic about what they were doing and the teachers engaged with their pupils. I would like to thank all involved for the work they do.

Project Fear caricatures itself

The latest round of Project Fear stories are usually re runs of past versions of the same thing. This time they are often repeated in even shriller and more apocalyptic tones, as the clock ticks down to our exit in March 2019.

Let’s deal with a few of them:

1. They said ” The UK will lose the advantage of the EU policy removing roaming charges for use of mobiles around Europe.” This was often mentioned in the Referendum campaign as one of the few examples of a positive from the EU. This week the main mobile companies confirmed they will not be imposing new roaming charges when we leave! There is enough competition in the market to keep prices down. A company like Vodafone anyway offers free roaming for non EU countries like Norway and Turkey as well as Iceland, a country which has left the EU. It is always wise to check your contract, as the so called EU free roaming may well have a usage limit.

2. They said ” The trade deals the EU has with other countries around the world will cease for us when we leave”. Six countries have already confirmed in an international Agreement they will continue these more favourable terms with the UK after we have left. No country who has signed an EU trade deal has said it intends to cancel it for the UK.

3. They said “There will be delays and queues at the UK ports leading to food shortages”. The UK government has made clear it is not going to impose a new range of delaying checks and procedures at our ports to hold up food we wish to buy from the continent after we have left. Why would we want to do that?

4. They said “The NHS could run out of medicines and we need to stockpile before departure”. No EU pharmaceutical company that currently supplies the NHS has said it wishes to cancel its contract the day we leave the EU! They will be legally bound to carry on supplying us. The NHS and UK port

authorities have not announced any new checks or delays they wish to impose on medicines approved here for use here and imported from the continent.

5. They said (Treasury and Bank of England) that we would have a recession in the winter after voting to leave, with 800,000 job losses and a house price collapse. None of this happened, with continued economic growth, record levels of employment and a stable house market.

6. The press say the Bank is now forecasting a 35% house price fall if we just leave without a Withdrawal Agreement. This has recently been denied by the Bank, which is relief, as there is no way just leaving the EU could lead to any such house price fall.

7. Some still say airlines will not be able to fly into London after we leave. The leading continental airlines are busy selling tickets for trips into the UK after March next year, and assure those buying the tickets they will be flying.

How much more of this nonsense do we have to listen to? When will more journalists push back on these absurd stories?

Ten years on from Lehman – there was an alternative to buying shares in the banks

I reproduce today a post I wrote almost ten years ago, as one who saw the banking crash coming. I urged lower interest rates on March 10 2008, March 28 2008 and finally proposed halving rates on July 18 2008 to relieve the fierce squeeze and the difficulties rates were imposing on borrowers. I argued against the severity of the money squeeze administered in 2008, and argued that shareholders and bondholders should take the hit of the losses incurred, with private sector refinancing of the strengthened banks. RBS, for example, had plenty of assets and trading businesses to sell to generate cash and slim its bloated balance sheet. This approach was finally adopted for future crises, with the living wills idea for banks, but was not adopted for the crisis we were living through. As a result it took longer to sort out the banks and additional resentment grew against them given their easy access to taxpayer investment in shares.

We need a better recovery plan

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It is usually dangerous when the Establishment unites behind a single policy and says there is no alternative. The last time that happened in the UK we were lumbered with the Exchange Rate Mechanism which gave us a rapid inflation followed by a recession.

Recently in the USA the Republican and Democrat leadership united with both Presidential candidiates behind the Paulson plan. That plan turned out to be bad politics, failing its first vote in Congress, and bad economics, leading to subsequent modification by its own author.

Today I suggest a threefold aproach to the crisis.
The first is to amend the government’s way of handling its approach to the banking crisis.
I fully support the provison of liquidity and longer term loans to the banks. They must take full security for these advances to protect the taxpayer. The withdrawal of too much liquidity at times over the last fifteen months has intensified the crisis.
The government should not spend £37 billion it cannot afford on buying bank shares. It should refuse to finance the HBOS/LLoyds merger, leading to LLoyds going it alone in the private market for its capital needs. The Regulators should give HBOS and RBS time to increase their capital ratios, whilst the government makes it clear it stands behind both banks with loans and cash if needed. They could both improve their capital ratios by stopping dvidend payments, cutting very high pay and bonuses, reducing staff through natural wastage and other cost reducing measures, and reducing their loan books. It should be their choice which combination of these measures they adopt.
The government and Bank are right to experiment with other ways of lending and using guarantees to get the banking markets moving again.

The second is to get control of the public finances. Cancelling the £37 bllion will help. There are many other ways of starting to control pubic spending, whilst keeping every nurse, teacher, doctor and teacher and other important public service workers.

The third is to take action to stimulate the private sector, which is crashing downwards rapidly. That means cutting interest rates by 200 basis points or 2% immediatey, with the prospect of more to come if needed. It means working with the energy, water and transport industries to see which larger investment projects can be brought forward to provide some work for the construction industry. It means redoubling efforts to help people back into work who lose their jobs as the redundancies build up this winter.

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Visit to Burghfield on Friday

Yesterday I spent the afternoon in Burghfield accompanied by there West Berkshire Councillors to talk to people about local and national issues.

Mostly people wanted to talk about local matters, including the state of pavements, overhanging trees, the future for local shops and questions about local schools.
I promised to take up again the level of business rates and its impact on retail businesses, where rates have got up following the revaluations at a time when retail competition is intensifying from new stores and more particularly from the internet.

[In search of an agriculture policy]()

This week the government produced an “Agriculture Bill”. That is welcome, as farmers need to know what rules will apply and subsidies will be paid after March 29 next year if we just leave the EU then.
On reading the Bill, it emerges that it is not such much an agriculture bill as a Land management and environment bill. It seems to assume a 21 month delay in exiting the EU, which may or may not happen. Great emphasis is placed on the state paying taxpayers money for public goods which include public access, upholding heritage , protecting or improving the environment and action which “mitigates climate change”. There is an added provision which is welcome which says “The Secretary of State may also give assistance for and in connection with the purpose of starting, or improving the agricultural productivity” of a farm.

An Agriculture Bill, and the agriculture policy, should primarily be about food production. That after all is the main purpose of farms and market gardens. There is a huge opportunity awaiting us as we leave the EU. Our market share for home produced temperate foodstuffs has slumped from over 90% to under 70% during our time under the CAP. A well designed domestic policy could reverse that. There is no good reason why Holland outcompetes us in a wide range of temperate vegetables and flowers, nor why we should be so dependent on Danish bacon, French dairy products and Irish beef. These are all things we can do more of ourselves. It would be a good environment policy to cut the food miles and satisfy more demand with local produce. It would also ensure good landscape gardening by farmers. Many of us find well tilled wheatfields or lush grazing meadows with herds of cows a great landscape where the farmer provides a good view free to the onlooker whilst also producing the food we need to eat.

I have made representations that more needs to be built into the policy to promote UK home grown food. Mr Gove needs to liaise with Dr Fox at Trade to ensure we have early sight of a good new tariff schedule for an independent UK. Products from farms and fishing vessels are the main items that attract high EU tariffs against the rest of the world. The UK needs to optimise its tariff schedule to provide lower tariffs on some world foods to help the consumer, whilst imposing sensible tariffs against continental competition for the temperate foods we could produce in bigger quantities for ourselves.

The second thing Mr Gove needs to do is to set out in more detail what grants and subsidies will be available for UK farmers wishing to improve and expand in UK food production to assist them with a substantial uplift in capacity that we need as we leave the EU. I was delighted to see recently Chapel Down Vineyard announce its search for an additional 400 acres for new vines, such is the demand for its product. Wine growing adds a lot of value to the basic grapes, and offers scope for much greater import substitution. It will also save a good few drink miles on the transport system, as lugging cases of wine in glass bottles around is costly and generates a lot of exhaust gases. There are many other specialist agricultural areas where we can expand production and add value.