

Wokingham Fun Day Saturday 26 June

I joined the Mayor and various Town Councillors at the Fun Day. It was well attended in good sunshine. I am grateful to the Council for putting it on to provide family entertainment.

Italy to challenge Euro austerity

The new 5 Star/Lega government agrees about more than its critics thought it would. The two parties both think Italy has faced too much austerity from the EU and needs to spend more and tax less. They both think there are too many migrants entering their country, and want to see tougher controls over migration. They both think the Italian state debt is too high and some of it should be cancelled. Both want to put Italy first. Both challenge the German view of the Euro scheme, which refuses to transfer money from the rich parts of the zone including Germany to the poor parts of the zone. As a result we have had a series of Euro crises in stressed countries.

The worst of these crises so far were in Cyprus and Greece. In each case the commercial banks were unable to honour requests to withdraw Euro deposits, because the Central Bank refused them the cash they needed. In the case of Cyprus the Euro there was slashed in value if you held a deposit over a certain size. The Euro has been more stable and its value stronger more recently thanks to the Target 2 balances. Germany and the other surplus countries now deposit their surpluses at the Central Bank for zero interest with no repayment date. The ECB lends the money on to the stretched banking systems of the deficit countries for zero interest. The ECB also helps countries like Italy by buying up large quantities of their state debts to keep their costs of borrowing down.

Italy has now hinted that the ECB should write off the state debt Italy now owes it. The ECB disagrees. Italy thinks there should be some sharing system around the zone, allowing her to spend more and tax less. Germany disagrees.

It is likely Italy will set a budget which challenges the rules of the zone. The row may then lead on to doubts about the Target 2 system and the sustainability of this borrowing based model. Within the UK currency zone the rich parts send large amounts of money to the poorer parts. They pay more taxes, and the lower income areas get more in benefits, Council grants and general public spending per head. The Eurozone has no such mechanisms. Italy may be about to wobble the consensus which is based on extend and pretend. The ECB lends on surpluses from rich countries to poor countries, claiming it is temporary and will be repaid. It is best not to probe this too much.

Funeral of Amy Redwood

The funeral will take place of Amy Redwood at 9.45 am on June 8th 2018 at Easthampstead Park Crematorium near Crowthorne. Her friends and relatives will be most welcome to join us on that sad occasion to remember her and commemorate her life .

Does the EU favour No Deal?

Reading the spin coming out of Brussels from the talks, it sounds as if the EU favours No Deal. Their rejection of every helpful and sensible proposal to let them export more easily to the UK is bad enough. When coupled to their demands that we pay them money we do not owe them, obey laws we might want to modify, and avoid trade deals with faster growing countries elsewhere it means No Deal will be better than the Deal on offer.

I regularly stress to government to need to be ready to leave on 29 March 2019 given this background. If that turns out to be the answer we can start spending the £12bn a year saving immediately, we can sign early trade deals with a number of countries that have been keen to get on with it, take back control of our fish and put in a UK migration policy that works for us. Any Deal has to be better than this. The EU seems to think a Deal has to be a punishment. As an independent country they will not be able to punish us, so the sooner we are out the better.

Green policies and producing food

Defra is keen that our new farming policy should be ultra green. If that means we value and look after our fields and farmland, and protect our forests and wild areas, I am all in favour. The good news is we can do that at the same time as expanding the food we produce and meeting more of our own food needs.

I trust the Defra Secretary will take on board from his current consultations a strong feeling in the rural community that we need a farming policy that puts food production into a more central role than it achieved during the years of the Common Agricultural Policy. There are good environmental reasons

to cut down the food miles, as well as good economic reasons why it would be better to cut the balance of payments deficit.

Over the last winter I was pleased to find I could largely rely on home produce. There were good home grown potatoes, carrots, cauliflowers, leeks and onions available most of the time. For much of the winter there were excellent English coxes and varieties of pears. More recently I have turned to New Zealand for their fruit when English has not been available.

It was difficult to find oranges from anywhere other than Spain thanks to EU tariffs, though some citrus fruits from Israel, North Africa and South Africa did find their way to UK supermarkets. A new agriculture and tariff policy after we leave could be a big boost for our farms and a bonus for our consumers.