

## Getting people out of poverty

The ambition of improving people's living standards is shared across the UK political spectrum. Our debates are not about what we are trying to achieve. All sensible people want their neighbours, friends and relatives to do well, to find worthwhile jobs, and to earn a decent living. The arguments are in practice all about how we achieve that, though some seek to misrepresent the views of others by implying some do not want people to succeed.

The good news is it is not a zero sum game. Someone doing well should not make it more difficult for someone else. As more people set up businesses they create more jobs. As more large companies sell more product and pay higher bonuses, so there is more money to spend on other things, in turn creating more employment.

Nor is the world of school and university a zero sum game. We have expanded educational opportunity substantially, by effectively raising the school leaving age and increasing the number of university places on offer. There is no ceiling on how well any individual can do, no firm limit on how many good degrees are awarded.

Today we read that some places appear better than others at assisting and mentoring people from low income backgrounds so they can succeed in education and go on to well paid jobs. We need to study what has worked best and what has not worked so well, and spread best practice from place to place. Schools need to be properly funded and good teachers valued and supported. It is also a task for the wider community and for the families concerned. Individuals are motivated and assisted by different things. It may only take one comment or expression of support to make the difference for a young person, but as we can never be sure what that is so those in the local community need to try what they can to show more people that there is opportunity for all and effort can be rewarded.

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## More proof that the UK is a good place for inward investors

The news that two major pharmaceutical companies are to commit £1bn to investment in research in the UK is further proof that the UK is a good centre for knowledge based businesses. Investors can recruit a well educated workforce and can establish a good business presence in the UK.

The UK also now has the opportunity to set up its own Medicine Agency as we leave the EU. Given the high regard for UK science this could be well received by the world community, and could attract other countries to want to

use its facilities and adopt its standards.

The government yesterday set out its vision to assist in the growth of knowledge and technology based activities in the UK. The pursuit of excellence in education and training does involve government spending, standard setting and encouragement. Continuing to attract investors also requires more work on improving road and rail links to ensure sufficient transport capacity, high speed broadband, and other utility provision.

The Industrial Strategy document contains proposals for people, ideas, infrastructure, places and the business environment. It rightly states that ensuring a competitive market is the best to promote growth and innovation. There is some additional cash for transport links between cities, more investment for Broadband, additional money for an Industrial Strategy Challenge Fund and for a general Investment Fund.

The government has expressed an especial interest in Artificial intelligence, clean energy, mobility including self drive vehicles and the issues from more elderly people in the population. It will be interesting to see what they come up with and how this will complement what the market is doing already. The government's best course would be to apply the digital technologies more consistently and positively to the public sector which it runs. Given the emphasis on raising productivity, it would be a good place to start.

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## Winter Carnival

I enjoyed my visit to the Wokingham Winter Carnival this year. The works in the Town Centre meant we had the pleasure of a laser light show set to music to replace the normal parade of carnival floats. The lasers conjured us Father Christmas, reindeers, presents, and much else that define the start of the Christmas season.

I was grateful to the St Sebastian's brass band for playing to us and accompanying the carols. The Mini Mayor officially switched on the lights. During the day there had been plenty of good music from local bands and singers.

Well done to all who managed and participated in a great event. The organisers adapted well to the temporary disruption of the town centre by the renewal works.

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# The collapse of traditional parties on the continent

Mrs Merkel's bad loss of votes and seats in the 2017 German election was part of a continental pattern. In practically every Euro member state there has been a similar collapse in support for the two traditional parties of the centre left and centre right that alternated in government in the last century. Their vote has been lost to challenger parties of the right and the left. Some say the rise of the so called populist parties is the result of the financial crash and the poor economic performance since 2007.

This explanation does not seem to be correct, as the USA and the UK also suffered from a similar banking crash and recession in 2007-9. It is true that we have made a bit better recovery than many parts of the continent since then, but the similar problems with real income growth and productivity characterise most of the advanced world. In the USA the two main traditional parties continue to dominate US politics. In the UK following the Brexit vote there was a sharp improvement in the vote share going to both the Conservative and Labour parties in the 2017 UK election, giving the UK a very different political path to that on the continent. Between them Labour and Conservative commanded 83% of the vote.

The extent of the decline of the parties similar to Labour and Conservative in the rest of the EU is very marked. In Greece, Pasok (centre left) recorded just 6.3% of the vote in the last General election, and New Democracy (centre right ) 28.1%. A left inclined Syriza has taken over as the main governing party.

In Belgium The Socialist party polled just 11.7% in the 2014 election, and The Christian Democrats 11.6%. The vote has splintered to a range of regionally based parties. In the Netherlands in the 2017 election the socialists claimed just 9.1% of the vote and the VVD (centre right) 21.3%.

In Spain the PP (centre right ) managed 33% with PSOE (socialist) on 22.6%. The PP is in minority coalition government.

In France En Marche swept all aside in the legislative elections, leaving the Republican party (centre right) on 22% and the Socialists on 5.7%.

In Germany the CDU polled just 26.8% this autumn and the SPD 22.6%.

The challenger parties that have captured much of the support have several similar characteristics. They often campaign to relax the austerity controls of the Euro scheme on their economies, favouring higher levels of public spending and borrowing than is permitted. Some of them also campaign in favour of ending freedom of movement within the EU, wanting some controls on migrant numbers into their countries. Some of the parties are Eurosceptic, seeking exit from the Euro. Others merely campaign for a very different type of Euro with a subsidy union to back it up. Some of the successful challenger

parties are wanting regional independence or autonomy, as with the Catalan nationalists, the Belgian regional parties and the Lega Nord in Italy.

It looks as if the collapse of the old main parties on the continent is a Euro area phenomenon related to economic pressures within the zone, leading to identity issues affecting national and regional politics. It is curious how the grand old parties allow this decline to happen, and how none of them so far have found a way to recover. One of their main problems is they cannot offer much change in economic policy given the way the Euro scheme works. Locked into policies which electors do not like, voters turn instead to new parties and noisier parties in the hope they will break out of the EU consensus. Normally democratic parties change policies that make them unpopular and fight to keep their voting base. The EU has changed all that in the Euro area.

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## The Irish border with Northern Ireland

The UK government is keen to keep an open border similar to the present one after Brexit. It has set out how this can take place.

The Republic of Ireland and Northern Ireland have enjoyed a Common Travel area for many years. It pre dated our entry into the EEC. There is no wish to change this on exit. People will be free to cross the Ireland/Northern Ireland border as today. New UK migration controls are likely to rely on benefit controls and work permits if people wish to settle in the UK.

The current border is a VAT and currency border at the moment. Goods and services entailing cross border transactions require today paperwork or electronic filings to handle the different tax regimes and any currency adjustments. If we end up with the WTO model for Brexit, it will be possible to add a customs tariff line to the documentation that already is generated for a trade transaction across the border.

The likely approach will be for the larger importers and exporters to register as Authorised Economic Operators. They will be able to file electronic paperwork about truck consignments in advance of travel. Number plate recognition technology can be used at road border points to ensure the necessary registrations and payments occur without the need for physical barriers or stops.

Smaller consignments by small businesses living near the border can be exempted.

The UK has offered a friendly and sensible approach to preserve the advantages of the current border arrangements. The EU could adopt the same or could suggest other improvements for mutual agreement.