

# The German and UK elections – some political arithmetic that affects the talks

The pro EU media and papers in the UK wrongly reported both the UK and the German elections. They told us Mrs May and the Conservatives lost the UK election, whilst Mrs Merkel won the German election. It is a good idea instead to consider the actual results, now we know the final tally of top up seats in Germany.

Let's take the popular vote first of all. Mrs May and the Conservatives won 42.4% of the popular vote. This was up by 5.5 percentage points from 2015, and was the highest proportion of the vote taken by the Conservatives since Mrs Thatcher in 1983. That was a Conservative win.

In contrast, Mrs Merkel's combined vote for her CDU party and her coalition sister party the CSU fell by 8.6 percentage points to just 32.9%, a new low. Mrs Merkel's own CDU only polled 26.8%.

Mrs May stayed as Prime Minister, with many more seats than the next placed party. Mrs Merkel may stay as Chancellor, but has a lot of work to do to get the votes in Parliament to support her

Then let us consider seats lost. The Conservatives in the UK lost 13 seats, taking them down from 330 to 317. The CDU/CSU lost 65 seats, taking them down to 246. The CDU alone lost 55 seats.

As a result of the German system Mrs Merkel with her CSU allies control just 34.7% of the seats in the newly expanded 709 seat German Parliament. Mrs May and the Conservative party control 49.4% of the seats in the UK Parliament. Mrs Merkel's own CDU only has 26.8% of the seats.

Mrs May and the Conservatives in coalition with the DUP have a majority of 14. Mrs Merkel needs to sure up her relationship with the CSU, and persuade the Greens and the Free Democrats to enter an arrangement with her in order to construct a coalition.

It is commonly assumed that the May-Merkel exchanges will be very influential over the outcome of talks about the UK's future relationship with the EU. Doubtless Germany, as the largest country and economy in the EU and the largest paymaster of the EU, will continue to be more influential than its overall percentage of EU Council and Parliament votes. However, it is also likely to be the case that Mrs Merkel will find it much more difficult to offer decisive leadership given the need to make more demanding and more frequent compromises over the German position to keep a coalition going, assuming she is able to form one. In contrast Mrs May's DUP partners are likely to be solid on Brexit, as they were a pro Brexit party in the last election.

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## Meeting with West Berkshire Councillors

On Saturday I met the Conservative group of West Berkshire Councillors. We discussed planning, housing, Council tax, Council funding, schools and school budgets, social care and other relevant issues.

I explained that I am continuing to press for a better deal for West Berkshire and Wokingham on schools funding, the overall levels of Council funding, and social care money. I also advised them of my view on Grazeley. I do not think the Councils should actively support a substantial settlement at Grazeley without promises about government money for the infrastructure that would be required, and without some reassurances about resisting other major sites on appeal.

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## Cheaper energy

Amidst all the drama of nothing happening in the Brexit talks the government announced it is going to legislate to place a price cap on energy prices. It wishes to instruct Ofgem to control prices of standard variable tariffs. It argues that the energy market is very damaged already by a range of government interventions and by the behaviour of some of the companies involved. As many customers do not switch from standard tariffs to the cheaper ones on offer, the government thinks the Regulator should step in and force prices down where they are high.

The companies respond that the market has plenty of competitors and people can shop around for lower tariffs if they wish. They also say they will abolish some of the lowest tariffs in response to any price cap on standard tariffs to limit their loss of revenue from these changes. The Regulator is unlikely to be able to stop them doing that.

So what do I think about all this? I welcome the aim of getting prices down for people. The legislation is likely to prove very popular in the Commons, with Labour liking the approach. Cheaper energy is a necessity both to boost people's living standards, and to foster an industrial revival which would thrive on cheaper fuel.

I think the longer term solution to cheaper energy is to promote more market competition, and to reduce the number of government interventions in the market that favour dearer energy solutions. It would also be good to revisit

VAT on domestic fuel once we are out of the EU, as this tax is a further cause of expensive energy. We should get on with producing more of our own gas, as at the moment gas as feedstock and fuel for industry has to be imported.

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## Reception and dinner with Wokingham Conservatives on Friday 6 October

I would like to say a big thank you to the organisers of the very enjoyable Conservative dinner last Friday. 200 people came. The Prime Minister joined us for the reception and spoke to us before dinner. I gave a short talk after dinner. There was a successful auction conducted in an entertaining way by Councillor David Lee. The staff at St Anne's Manor looked after us well.

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## Mr Juncker stops the talks

Mr Juncker is trying to lay down the law to the UK. He says unless we agree firmly to send the EU a vast sum there will be no talks on trade.

He might as well have said there will be no talks on trade.

The UK must not give in and offer a large payment. We have no need to pay for talks they are meant to hold. We do not owe them any money after we have left.

Mr Juncker says if you order 28 drinks and then one drinker leaves, he must pay. Yes, but only for his drink, not for all the others. That is exactly what the UK will do. We will go on paying for our own drinks and for a proportion of the other's drinks up to departure. Once out we will buy our own drinks, and they will only need 27.

If the EU wants to trade with us on WTO terms this is the way to secure it. If they want to keep tariff free access to our market then they need to start talking about how we might do that.