

Postings to this site

Some people are sending in far too many posts each day, and some are still sending in very long posts. This is an exceptionally busy time with Parliament trying to complete necessary business and people preparing for the election to come, so my time for moderating is reduced. I will have to delete more.

The French election

We all mourn the death of a policeman in Paris. I send my condolences to his family.

The untimely death shortened the political campaigning, but could not derail the election.

Last week-end French electors faced plenty of choice. The opinion polls held close to election day correctly predicted that voting intentions were very split, and many were still undecided. One of the most fascinating features of the polls was the collapse of support for the socialist party, the Labour party equivalent, and the difficulty for the Republican candidate, the Conservative equivalent, to catch up three others.

Whoever becomes President of France will not belong to either of the two traditional main parties. He or she did not gain more than one quarter of the votes on the first ballot. This means that the uncertainties created by such a wide open election will continue after we know who the President is. The Presidential election will be followed by an election to the Parliament. If the Parliament votes are more strongly for the more traditional parties the new President will have limited powers and have to get on with a Prime Minister who does not agree on some big matters.

Mr Macron is the front runner to win in round two. A former socialist party Minister, he is now a reborn self styled centrist with a movement, not a political party. He might face a Parliament to his right. There could be clashes on economic reform and security. Were Mrs Le Pen to prove the pollsters wrong and emerge as the overall winner, she would probably face a Parliament to her left, with an inbuilt majority to keep France in the Euro and the EU when she wishes to leave.

It is a fascinating commentary on modern France that two of the top four candidates were outsiders, and one was an insider dressed up as an outsider. The only pure political establishment candidate was damaged by his past use of public money to run his office. It implies that many French voters are unhappy with the terrorist attacks, the high unemployment, the lack of growth

in living standards and the lack of control over their borders. Some voted for a more left wing alternative who wants to take back control and go for more socialism in one country. Some voted for the National front to leave the Euro and assert national borders. Some voted for the independent who promises to do politics differently without being too precise how.

If the French people fail to give a decisive mandate to a new President, and then fail to give their President a decent level of support in Parliament, the anger and anguish will continue.

US tax cuts – saving Speaker Ryan

I had the pleasure of hearing Speaker Ryan of the US House of Representatives when he was in London last week talking about the new Administration's strategy.

He came across as able, engaging, well informed and keen to get on with the job. He wore power well, and handled deftly the questions of those in the media and think tank world who wished to trip him up or drive wedges between the House and the President.

There was surprisingly little reporting of his remarks on the media. He was warm and positive about the US/UK relationship. He constantly stressed its special nature and its long history, joked about the time the UK burned the White House and made a clear offer of early progress on a US/UK trade deal just as soon as the UK was in a position to do so. Given all the comments we hear reported on possible complexities in confirming our current free trade arrangements with the EU in a new format, it was odd we did not hear a lot more about a likely free trade deal with our single largest overseas country market.

He explained in a response to my question that both House Republicans and the President are keen on tax reform and reduction. Both agree on the shape of the simplification and reduction of personal income taxes. The differences over reform and reduction of corporate income taxes he thought to be easy to overcome, as both want the same direction of travel. Healthcare reform has been given priority because the spending reductions it produces are helpful in working out the budget impact of the tax changes. However, if they cannot secure an early healthcare reform the tax reform can still proceed.

He repeated that Republicans understand the current mood of scepticism about political establishments. They understand they need to deliver on both healthcare reform and tax reductions to keep their promises and to speed the US recovery. Getting things through the Congress even when a party has a majority in both as the Republicans do is never easy. Speaker Ryan seems determined to achieve something before the year is out.

Happy St George's day

Today we celebrate England's day.

We remember our greatest dramatist and poet, William Shakespeare, who was born and died on or about this day.

I wish you all a happy April 23rd.

Deficit reduction and EU rules

In a recent debate in the Commons the UK government presented its report to the EU over the UK's progress in meeting the debt and deficit rules of the EU Treaties.

Every year the UK has to report to Brussels on how far it has got with getting its running budget deficit down below 3%, and its stock of national debt down to below 60% of GDP. These rigid requirements have been an integral part of EU policy ever since the ratification of the Maastricht Treaty. Most EU states have conformed with the budget deficit rules, but few have got anywhere near reaching the stock of debt requirements.

Euro area members are subject to possible financial penalties for failing to comply. The EU authorities seem to take a much stricter approach to supervising the annual budget deficit rule than the stock of debt rule. They seem to recognise that making states repay large quantities of debt would be very deflationary, whereas curbing annual deficits they judge to be less so. The EU does not have the same power to fine non Euro members, but it still makes the UK go through the business of submitting its plan for deficit reduction, and can respond with a statement on whether it approves or disapproves of the approach being taken.

The issue arises as to how much impact this requirement had on the previous Labour and Coalition governments? They said they took the exercise seriously, and they have always faithfully reported their position against the Maastricht obligations. The Coalition always pursued a policy of trying to get the annual deficit down, as did Labour after the crash, and have always looked forward to a time when they will also be reducing the stock of debt as a proportion of GDP.

During the debate I found it fascinating that the SNP and Labour, parties who dislike deficit reduction and the spending cuts that often accompany it, could not bring themselves to condemn the Maastricht requirements and the

policies they have clearly led to on the continent. Apparently plans to cut the growth in spending or to raise taxes on anyone other than the rich are not desirable if home grown, but are just fine if in pursuit of compliance with the Maastricht Treaty, You would have thought parties of the left especially would welcome freedom from these debt and deficit controls when we leave the EU.

Free of them I do not suggest we let rip with larger deficits and faster build up of debt. I just want us to make rational decisions of how much to borrow and for what purpose, given the state of the economy and the ability to invest sensibly. It does not seem likely that most EU countries will get to below 60% any time soon, yet the requirement still sits there unamended.