

Democratic politics should be about the needs of voters, not the vanities of the media and politicians

In France many demonstrators have taken to the streets for the last six months to protest against taxes which are too high, government which impedes their lives, and politicians who are out of touch with the mood.

In Hong Kong hundred of thousands have peacefully demonstrated against a government which wants to remove their freedoms and place them more firmly under Chinese control in ways they fear.

In the UK voters resoundingly rejected the two main political parties in the recent European elections for their collective failure to implement the decision of the EU referendum.

All across the continent of Europe traditional centre right and centre left parties have been voted out of office for their failure to put the prosperity and welfare of people above the demands of the EU scheme.

The response of the out of sympathy elites in each case is different. In Hong Kong it is likely the authorities will ignore the views of voters and will seek to find ways of suppressing the protests. The damage done to the Legislative Council building provides a reason the authorities will use to clamp down, in reprisals that may go beyond just the few who did physical damage to the place. In France the President says he is listening and makes a few token gestures over taxes, but drives on with the same old agenda despite the reversals. In the UK the ruling party is trying to change leader and find one who will implement the wishes of the people with many members of the Conservative party conscious that it has no right to political success if it fails to do the people's bidding. In Italy Lega and Cinque Stelle strain at the leash of unpopular Euro and EU rules but so far have declined to break out.

Tomorrow I will look at what happens when the populists get into power. Are they absorbed and turned into establishment clones, or can they assert their different agenda? Does the agenda work?

Event today 12.30 at Oxford and Cambridge club (tickets from Politeia)

“Wake up politicians – the people are revolting”

with Matthew Goodwin Professor of Politics Univ of Kent

Robert Tombs Emeritus Professor of French History Cambridge

Sarah Elliott Chair of Republicans Overseas UK

John Redwood, author of "We don't believe you"

Politeia 0207 799 5034

The future of the Euro



<https://johnredwoodsdiary.com/>

Recently Mr Draghi, the outgoing President of the European Central Bank, gave a good lecture on the past and future of the currency he has defended and developed in recent years. He gave an honest account of the successes and failures of ECB policy and wider Euro policy by the EU since the foundation of the currency. He admitted that the EU had a bad banking crisis just like the USA and UK in 2008-9, but were slower to tackle the underlying weaknesses of their banks. He accepted that in its wish to be tough on inflation the ECB had been less helpful to output and jobs in the zone, with a measure of overdoing it. He rightly drew attention to the way unconventional measures including creating money to buy up government bonds saved the currency. He did not mention the Greek and Cypriot crises which are also an important part of the story.

The interesting thing he argued for the future was the need to create a "common fiscal stabilization instrument" as he thinks the overall fiscal stance of the Eurozone is too tight. His problem is that the countries that want fiscal expansion to boost their economies including Greece and Italy have very high levels of indebtedness which they cannot expand under EU rules. Mr Draghi recognises he cannot change these rules and maybe does not want to anyway. Meanwhile Germany with capacity to expand its spending, cut its taxes and borrow a bit more, does not want to.

It appears that Mr Draghi is proposing a bigger budget at EU level with borrowing at EU level as well. If the EU had a balance sheet that can be expanded by borrowing to offset overall fiscal tightness across the zone as a

whole, that would deal with Mr Draghi's worries about policy stance. There would, of course, be arguments about whether the zone should do any such thing, and if it did where the money should be spent and on what. A suitable scheme might for example allow the EU to borrow substantial sums for infrastructure investment, and then to orient them to the states in a weaker financial position or with lower incomes. This would provide a new mechanism to route some of the German surplus directly into the deficit states.

This is a big question for the incoming European Parliament and Commission. How far away are we from a bigger common EU budget, and a common EU balance sheet expanded to provide more demand and activity in the zone? Isn't it a backdoor way to a transfer union?

Meeting with Environmental lobby last week

I have heard from three constituents who say they were greatly delayed trying to get to the lobby last week. I am sorry the Commons authorities were unable to help people get in more quickly. I felt I needed to make the agreed time and place for the appointment, and was told by the constituent who did attend that he had got through OK and had not seen others. I was unaware of the delays as Westminster Hall was full with other people visiting their MPs. I stayed there for half an hour in case others turned up. I was not told whilst waiting of the problems getting people in.

Visit to High Close School

I visited High Close School Wokingham at their request on Friday 28th June. I was pleased to see the good work they are doing with children with a range of special educational needs. It was particular pleasure to meet Teresa Mason, one of their teachers who has won an award for excellence in Special Needs and who let me see one of her lessons. It was well prepared and engaging with a clear purpose.

The Principal of the School showed me around. The boarding facilities and the equipment for design and meal preparation were particularly good. I wish them every continuing success.