

## [UK growth rate revised up](#)

Once again this week we have seen the UK growth rate revised up, both for 2016 and for 2017. I drew attention to the strange downgrade of 2016 from 2% to 1.8% in the official figures at the time and queried it. Now I see they have put it back up to 1.9% so far. There never was a shred of evidence that the referendum vote led to any loss of output growth in the second half of 2016.

The latest figures for the five years to end 2016 make interesting comparisons. Top of the pack was the USA at 13.1%, followed closely by the UK at 12.7%. Germany was the best of the larger continentals, at 10.8%, followed by France at 6.1% with Italy actually down by 1.8%. In 2016 with half the year after the vote the UK was the top performer of these countries.

The UK this year is likely to finish the year at a higher rate than many forecasts. There have been various reports of how our growth rate is now the slowest of the G7 but this looks likely to be untrue and has definitely been based on unduly gloomy figures. It is the case as I have pointed out that the tax increases on property and cars have had an adverse impact on sales and activity of these items, the official concerns about diesel cars in particular have depressed sales substantially and the Bank is seeking to reduce consumer and car loans. None of this has anything to do with Brexit.

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## [More money for local hospitals to deal with winter pressures](#)

The government has announced up to £1.71 m extra cash for the Royal Berks, and up to £2.56m for Frimley to deal with pressures of demand this winter.

I am pleased they have made this announcement before Christmas, as I wish to see our local hospitals properly staffed and financed.

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## [Little Red white and blue riding hood – a topical Christmas story](#)

One day Little Red, white and blue riding hood decided to visit her grandmother. She was told by her Mum to gather together a fish they had

recently caught, some vegetables they had grown and some beef left from their big roast meal and take it with her to her Grandmother's cottage in the woods.

She told Little Red, white and blue riding hood she needed to be very careful not to encounter the big EU wolf who these days prowled freely in their local area. She was to rush to her Grandmother's without delay.

Little Red, white and blue riding hood thought this fear of the wolf was all a bit exaggerated. So what if she met the wolf? Other people said he was quite a nice wolf, and was likely to be friendly if you met him. No-one had ever been eaten by him and some said he wanted to help people grow food and look after their neighbours. So she set out with plenty of delay, pausing on her way to pick some wildflowers to add to her basket of goodies for Granny. She was secretly hoping she met the wolf, so she could tell everyone it was fine.

Before long Mr EU wolf appeared. He seemed quite polite, though his accent was a bit gruff. He told her she need not be afraid. He also said he now controlled the local woods, and needed to check her basket before she went on to her Granny's. Little Red white and blue riding hood thought that sounded possible, and decided anyway as he was a lot bigger than her she had better co-operate.

When the Wolf saw the fish he was very cross. This fish is not the sort we let you fish he said. You must throw it away, as we have to conserve our fish stocks.

"How does throwing away this dead fish help conserve the fish?" , asked Little red white and blue riding hood. "Well if you can't see that" said Mr Wolf "I can't help you. It's obvious. More importantly it's our policy, so you either throw it or I have to arrest and fine you."

Little Red white and blue riding hood decided there was no point in arguing, so she threw away the fish. There were plenty of other goodies left in her basket, after all. When the Wolf saw the wildflowers he wanted to know where they had come from. He thought maybe they came from a special site of scientific interest where the wildflowers needed protecting. .

The Wolf then spied the vegetables. Goodness, he said, you usually import these vegetables from the continent. I did not know you were still growing them around here. Anyway, in order to trade them you have to pay a large contribution to the EU, so I will need proof of payment before I can let you take these to someone. As he looked round to see how she responded, he realised he was talking to himself and she had run off in the direction of her grandmother's house.

Not to be outdone Mr EU wolf knew a short cut and bounded to the cottage before Little red white and blue riding hood arrived. He knocked and pretended to be the old lady's granddaughter, to get access. Once inside he demanded a substantial payment for the EU and proceeded to rifle the money from the old lady's purse and from the stash under her mattress.

A little later Little red white and blue riding hood arrived. She was horrified to see the wolf taking money from her granny. Before she could escape the wolf told her he was not like the story book wolf. He was a nice EU wolf who did not go round eating people's grannies. He did however govern the wood and both Little red white and blue riding hood and her granny had to follow his rules.

He was busily inspecting the vacuum cleaner to see if it complied with EU regulations to limit the power. He also sized up the bananas before joking that it was of course a myth that the EU wanted them to be straight. They were just fine, bent as they were.

Granny took on the wolf. She told him they had recently decided not to be in the EU any more so she had no need to obey its rules. She wanted to know what had happened to all the things she had been promised. Surely, she said there could be no rule that applied to her granddaughter just trying to help her out? The wolf told her it was not so easy getting out of the EU, and in the meantime all the rules still applied. Granny told him what she thought of the rules, and told him to mind his own business.

Whilst the argument was going on Little red white and blue riding hood slipped out and rushed to the local woodman to help. He immediately came, slipped an instant sleeping pill into the wolf, and got the money back the wolf had been seizing. He then took the knocked out wolf far away from the cottage and his own home, into a deep foreign wood where he could no longer demand money with legal menaces of anyone or anything in red white and blue land. They all lived happily ever after, including the wolf who found lots of other woods to wander in, and plenty of new rules to enforce there. They got on better once Red white and blue land was out than they ever had before.

(Some versions of this story have a different ending. They say the Wolf had some powerful friends in red white and blue land who helped him carrying on taking money from people for many more years after he had gone. They say he persuaded people to carry on obeying his rules and importing their food. The poor old woodman was prosecuted for assault and Little Red Riding Hood's granny had to accept his rules after all). I like happy endings so I don't believe this second version.

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## Catalan independence

I am of course neutral over the issue of whether Catalonia should be independent or remain part of Spain. It does not help for outsiders to express voting preferences before elections or referendums in other countries.

I did, however, find the BBC coverage of the Catalan election amusingly

inaccurate. Before the poll they were running the Spanish government line that people were switching to parties that wanted Catalonia to stay in Spain, in response to the economic Project Fear campaign that the Spanish government were pursuing. Now we know the result, nothing of the sort was happening. I loved the irony. The BBC was busily giving credence to the views of the Partido Popular (a right of centre party it is alleged) that leads the Madrid government and has followed a thuggish policy of trying to suppress enthusiasm for devolved government and independence within Catalonia. That self same Partido Popular itself slumped from 11 seats to just 3 seats in the 135 seat Parliament”!

The one view I do hold is these matters of identity and democratic accountability are best settled by democratic means. If Spain had let Catalonia have a referendum to decide the issue the public may well have voted to stay with Spain, as Scotland did when we rightly offered them the choice. Instead, the unpleasant ways used to try to extinguish nationalist feeling has ensured the independence parties won this latest election. The EU, which used to encourage regional identity and regional political movements now seems ashamed of what it has helped unleash and will not speak out for a democratic way of resolving the tensions.

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## [The paradox of how the EU destroys traditional major political parties](#)

Numerous commentators are interested in so called populist parties. These are challenger parties of the right and left ranging from Syriza to the Austrian Freedom party, including Podemos and Ciudadanos in Spain, and Five Star in Italy. No-one apart from me seems very interested in why the traditional Centre right main party in each country, often Christian Democrat, and the traditional centre left party, often Social democrat, have collapsed or shrunk badly in so many places.

Just look at what has happened. Two main parties used to alternate in government in continental countries like Labour and Conservative in the UK ,depending on how well they did with their domestic economic policy primarily. Today few of them are left in power and none has a majority. In Spain the PP leads a minority coalition which can scarcely govern. In Germany and the Netherlands no majority coalition has formed. In Greece the two main parties were swept away by Syriza. New Democracy (centre right) has recovered to second place whilst Pasok (centre left) remains on 6.3% of the vote. In France both main parties were demolished by Macron’s new movement in Parliamentary elections. Mr Macron beat the National Front to take the Presidency. Neither former main party had a candidate in the second round.

It is true many of these places have systems of proportional representation

making it more difficult for a main party to get a majority. It is also true that Greece and Italy have systems with offsets that give extra blocs of seats to first placed parties to try to create majorities. The French two round system allows a main party to get a majority through ballot by exhaustion.

The underlying problem seems to be EU and Euro economic policy. The traditional parties in each country are wedded to EU and Euro requirements. The policies often do not work out well economically for many people, so frustrated voters decide to challenge the orthodoxy by voting for a challenger party. Many of the challenger parties are explicitly Eurosceptic. Wilders in the Netherlands, Le Pen in France and Grillo in Italy are hostile to the Euro scheme. The Austrian Freedom party is hostile to EU migration policies, as is the National front in France, the Freedom party in Austria and the Freedom movement in the Netherlands. The AFD in Germany began with opposition to the Euro and has moved on to be in favour of more restrictive immigration policies.

Meanwhile in the UK the opposite movement has happened. In the 2017 election the Conservative vote share rose by 5.6% and the Labour share by 9.6%, taking the two main traditional parties to a combined 82.4%. In Germany the equivalent was 47.3% combined share for the CDU and SPD, in the Netherlands 30.4% combined, and Greece 34.4%. Why did this happen?

There were two main reasons. The first is both UK parties decided to accept the verdict of the referendum and became Eurosceptic. The UKIP vote collapsed as a result. The second is Labour cut loose from the austerity policies of the EU budgetary system and offered to spend and borrow much more money. This proved very attractive to young voters who were told they would get all their large student debts paid off, a promise which Labour only admitted was impossible after the election.

By offering to take back control, and by having a genuine difference of economic policy and approach, the two main parties in the UK re captured most of the vote. On the continent the refusal of main parties to criticise any aspect of the EU approach left voters looking around for ways to change a consensus that does not work for them.

It is the oddest situation I have ever seen in politics. Normally old well established and successful political parties adapt and change, altering policy when the electorate want change. Instead on the continent party after party is being slimmed or demolished by sticking with Euro austerity policies. As the member states governments get weaker, so the Commission gets stronger. More powers will inevitably gravitate to the centre, making the task of national pro EU parties ever more difficult.