

Mr Brown's candid self assessment

It was good to hear some candour from a former Prime Minister. The main reason of course that Mr Brown's tenure came to an abrupt end in a General Election was the failure of his economic policy, and the disaster of banking regulation by the FSA and the so called independent Bank of England. Mr Brown put the UK economy through a cruel boom/bust cycle. First they let the banks expand far too much, as many warned at the time including the Opposition parties. Next they collapsed the credit by withdrawing too much liquidity too quickly, leading to a deep and damaging recession as a few of us predicted.

In this he did on a larger scale what John Major did by adopting the European Exchange Rate Mechanism. They both achieved the same outcomes. They delivered a recession to UK households and businesses. People lost their jobs, and businesses closed down. This in turn led to huge and understandable unpopularity, and to the end of their respective parties in power for a long time. In John Major's case it kept the Conservatives out of power for 13 years, and without a majority for 18 years. In the case of Mr Brown it is 7 years out of power for Labour so far, and at least 12 years assuming this Parliament lasts the Statutory five years.

The second order issues of Mr Brown's handling of the social media, his attitude to the softer side of politics and communication, are minor in comparison to the economic damage. It is true he was no Tony Blair or David Cameron when it came to making a friendly presentation of what they were trying to do. Those two had a considerable amount in common.

Both Mr Blair and Mr Cameron were well presented, intelligent and articulate. They "looked the part" of PM. Mr Cameron came to the job with great self confidence born of apparently effortless success in his life to date. Mr Blair acquired great confidence from his large majority and from his ability to take to the corridors of power with enthusiasm. He especially seemed to enjoy the relationships with foreign leaders.

They both had a fixation about following the EU and avoiding disagreement with it. This led Mr Cameron into terminal trouble when he failed to stand up to the EU to negotiate any kind of good deal to stay in. Mr Blair got away with his feeble approach to new EU Treaties and aggressive accumulation of powers from the member states because most in his party did not want to fight him over EU matters and agreed with him to keep it all quiet and pretend the Nice, Amsterdam and Lisbon Treaties were unimportant.

Both wanted to use UK military power to intervene in a number of Arab states, and were impatient with critics in their own parties who thought such interventions ill judged or even illegal. Both liked disagreeing with their own parties in the hope that this would attract voters from other parts of the political spectrum. In the case of Tony Blair he did convert a number of Conservative voters to his cause in the first two elections. Mr Cameron remained stuck some 7% lower in the popular vote than Margaret Thatcher, and alienated a chunk of his voters by his pro EU stance.

Assessing a good deal

The best way for the government to negotiate from here with the EU is to remind them what No deal does for us, and then ask what they would prefer to that No Deal. An Agreement needs to be better than No Deal for them and for us.

No Deal ticks four of the five boxes to provide us with a good deal.

1. It means we pay them no money over the legal requirements for regular contributions up to departure in March 2019.
2. It means from March 2019 we can make our own laws, with the ECJ no longer having any sway over our legal system which will be under the control of the UK Supreme Court.
3. It means we will regain control of our fishing grounds and territorial waters
4. We can set out our own borders and migration policy with a system which is fair for the whole world

The only box it does not tick is our preference to have a full free trade Agreement with the EU instead of relying on WTO terms and rules. If the EU understands our intent to leave without an Agreement, it is still possible – as it is massively in their interest – that they will want to take up our offer of free trade as well.

The Deals which some in the UK and on the continent are sketching do not do as well as the No Deal/WTO option. They often envisage large sums in payment to the EU after we have left in March 2019 which would be unacceptable to many UK voters. They seek to keep some EU involvement in our law making, with a continuing role for the ECJ. They do not immediately restore either our fishing grounds or control over our borders. They may offer tariff free trade in goods, or go further and offer a service sector package as well.

Many versions of this kind of Deal would be a bad deal. The Prime Minister is right to be positive, warm and enthusiastic about a more all embracing Agreement, with the UK continuing to make an important contribution to Intelligence, security, defence culture and much else besides. She is offering a full free trade agreement in goods and services. She has hinted that for a good deal she would consider an Implementation period where the UK might make further financial contributions and accept some temporary joint or independent influence over our courts and laws.

If the government goes beyond this it soon reaches the territory of a bad deal which many people in the UK will not accept. We voted to leave. We do not want a full two years further delay after March 2019, we do not want to pay them large sums of money beyond the £30 bn leaving present we are giving by paying full contributions during the waiting period to exit and we do not want to still be unable to take back control 2 years nine months after

the vote.

Why are house prices so high?

The government wants more houses to be affordable. There is a particular shortage of affordable homes to buy in popular areas. The government has developed policies to help people save a deposit for their first house and to raise the mortgage finance necessary to purchase. This has now helped a lot of first time buyers. Its critics say it is a further self defeating boost to the prices of the properties people want to buy, though this is an unfair exaggeration.

House prices have been driven higher by the interplay of four main forces. First, the pursuit of easy money policies through QE and ultra low interest rates has allowed people to borrow much more relative to their income, allowing higher prices.

Second, the big boost to demand, as the country finds housing for a large number of new arrivals in the recent years of high net inward migration.

Third, the relatively low level of new building as a result of the crash at the end of the last decade and the cautious recovery from the slump by house builders concerned not to overcommit again.

Fourth, the concentration of demand for rent and for ownership in London, the south east and a few other locations of fast job growth.

A slower rate of advance in house prices, maybe encompassing a slow reduction in real prices, might help. A sudden house price fall would be bad for confidence and would set back building more homes.

In order to bring potential supply and demand into better balance the government does need to make progress with a new migration policy, and with its initiatives to get more homes built. There is some progress with more factory based manufacture and assembly of systems and parts of homes. The more that can be done in the factory, the less the time needed on site. It can raise quality, reduce weather interruptions and speed total construction time.

Slower money growth and higher interest rates could curb prices but would also prevent more people buying a home at all. Spreading new jobs and prosperity more equally around the country would help, as there are more affordable homes in the less pressurised parts of the UK.

In many locations there is plenty of scope to adapt old retail and commercial property to residential. It can be done by demolition and rebuild, or by adaptation and improvement. Many places need to change the shape and size of

their shopping and business areas given the changing face of retail and business in the age of the internet.

The tragedy of Spain

The Spanish government has decided to double up its strong arm approach to the Catalan independence movement. The first time it used force, trying to close down the unofficial referendum, it shocked the democratic world and made its position worse.

Once again the Spanish government has decided to take tough unilateral action. This time they plan to close down the Catalan government. What if the Catalan government refuses to be closed? What if it meets in exile? What if some of its employees decline to do the bidding of the Spanish government? Will there now be a struggle to get control of the governing machine in Catalonia? Will this make martyrs?

The Catalan leadership has been careful to let the Spanish state make the tough moves first. Presumably it thinks that will lead to more local and international support for its cause. The Catalans have consistently sought dialogue and requested legal ways of assessing and responding to Catalan opinion.

It is true the Catalan leaders are acting outside the constitutional law. It is also the case that a democratic state has to keep most of the people most of the time in support of the constitutional framework. If a state loses the consent of a large number of people to its rights to pass and enforce laws, it will not be able to govern democratically but will need to resort to using force if it wishes to impose the law without dialogue or compromise.

Universal credit

Wokingham will soon be part of the Universal credit system, as its phased introduction comes to us. The system comes to the Reading office in December and to the Bracknell office probably in February next year. So far the rollout around the country has not produced too many difficult cases. The government I am assured is monitoring responses very carefully and is willing to amend where there are problems in the system.

There has been active debate recently about the time it takes for someone to get their first benefit after applying. It is true that it can take up to six weeks from the first application. The benefit is paid monthly in arrears, and

it is the full amount of state support for those who rely on it. This would be unacceptable for people who are out of work and have no other income or savings without a system of advances.

To deal with this the government makes available advances or loans to cover the period before the first benefit payment is received. Anyone who is out of money and applying for Universal credit should apply for such an advance which can be paid promptly. The advance is repayable with no interest charge over the following months when the individual is in receipt of the benefit following assessment. The benefit paid covers the assessment period of four weeks and any waiting period after assessment, which is paid in arrears. There is a possible seven waiting days before assessment.

The government is looking at whether the assessment and waiting period can be reduced. The reason it is relatively long is the complexity of the calculation and the need for evidence of circumstances, as the benefit covers housing, unemployment, family needs and any disability. It replaces a number of benefits with their own forms and application systems. Any reduction in time taken would be welcome, but the calculation needs to be done accurately based on good information to be fair to everyone.

I am of course willing to take up any application that is causing problems when the system is introduced locally, as I do not wish to see anyone without money to buy their food and cover their basic living costs whilst awaiting the outcome of the application.