

May day

On 1 May 1707 the Act of Union between England and Scotland came into affect. Today, 310 years on, what is the state of the Union?

It feels from the polling that Scotland is happy with the way she made up her mind in the recent referendum to stay in the union of the UK. The polls to remain have been fairly steady ever since the vote.

The case for Independence floundered on three main worries. The first was what currency would an "independent" Scotland use? Those in favour of independence strangely wanted to stay dependent on the Bank of England and retain access to the liquidity and credit lines of that central Bank, when the rest of us said if you leave the Union clearly you can no longer be an inside member of the Bank of England system with full facilities for all your banks. There was a marked reluctance to accept the Euro and no fervour for an independent currency to make Scotland properly independent.

The second problem was the financial arithmetic on spending, taxing and borrowing. The referendum took place against a background of oil over \$100 a barrel. Even at those prices the fast run off in the volumes of oil thanks to the maturity of the Scottish oil province meant a strain to afford all the present spending levels. Since the vote the price of oil has halved, meaning there are no oil revenues to take back from the Union. This would leave Scotland with high increasing borrowings and or in need of tax rises on some scale.

The third problem was quite a lot of the SNP seemed in reality to be in favour of Devo max, more control over law making and spending in Scotland whilst remaining a member of the UK. Their idea of Devo Max went beyond what any of the Union parties thought feasible or sensible.

Many Scots have now decided they are Unionists. Others have decided now is not the time to cut loose. They see there are no plans they believe on currency and finance that make sense.

We may discover the state of the Union is healthier than the SNP wish. It is interesting how the SNP attempt to use the EU referendum result to shift opinion does not seem to have worked. It has also left them arguing both that leaving the EU is economically damaging, but leaving the UK is not, which is quite a contortion to bring off.

The EU mellows its negotiating

position a bit

The formal statement from the EU 27 after their Brexit discussions this week had some sensible and positive points in it. They talk of their "wish to have the UK as a close partner in the future". They ask for a single financial settlement but do not put any figures in it. They wish this to include sorting out the shareholdings we have in the European Investment Bank and the ECB which must be our credits. They say they are ready "to initiate an agreement on trade, to be finalised and concluded once the UK is no longer a member state". They want agreements that go wider than trade, to include security. They seem to accept in principle reciprocal rights for EU citizens in the UK and UK citizens in the EU.

They make much of how unified the EU is and will be over their negotiating position. The UK is not trying to cause division, as we are well aware that it is easier if there is one negotiator for them and they will all sign up to anything the central team agree. They seem unsure that they can hold it together as single voice and view, so they tell the other member states that they are not to talk Brexit with the UK individually. This seems both petty and unenforceable. A willingness to talk to partners is important, but does not mean the EU position will automatically fall apart. It might just be better informed and better reflect its member states views.

There are still some less helpful statements from the EU point of view in the official words. We are told at the beginning "Citizens who have built their lives on the basis of rights flowing from the British membership of the EU face the prospect of losing their rights". It is difficult to see how this can be true, as the UK has made clear it wishes to ensure full rights to stay and work in the UK for all EU citizens who have legally done so, as long as UK citizens get the same treatment. Further down the document it implies that will be the EU's view. We are told a trade agreement cannot be discussed until the leaving agreement has been hammered out, yet they also say there can be talks about it in parallel to the second phase of the leaving Agreement. They also say nothing is agreed until all is agreed, so the UK could require preliminary agreement on trade or countries in the EU at risk of high farm tariffs might want the EU to sort that out. Clearly the EU wants to run the risk of damaging its exports to the UK by tariffs.

The language on Ireland, Cyprus and Gibraltar is not as inflammatory as some reports or interested parties seem to suggest.

All in all it seems to me to be a working document that the UK can respond to. Both sides accept the UK will be leaving the EU, its internal market and customs union. Of course the UK should pay its bills on leaving, but no-one has set out any bill with financial and legal credibility that goes beyond our regular contributions up to withdrawal date.

Wokingham's Marks and Spencers

Yesterday I visited Marks and Spencer to talk to the Manager, members of staff and some of the shoppers.

I was told of the Company's consultation about possible closure. I understand employees have not yet been offered jobs in nearby Marks stores, as the closure is still under consideration.

The shoppers I met were pleased with the store and keen to see it stay open. There were plenty of people in it on a Friday morning. The Company will not share its trading figures for the store. It is possible in the weeks during the demolition of the central area of Wokingham between Peach Street and Rose Street and the construction of new shops there will be some adverse short term impact on town centre footfall. It is highly likely that as soon as the new shops are available more people will come to the town centre to shop, have a coffee or have a meal.

I will let you know the Company's response and my follow up. I will stress the support for the shop from many Wokingham town centre regulars.

This site during the election

At midnight on Tuesday next I along with all other MPs cease to be an MP. Parliament will be dissolved.

Any references on this site to my role as an MP will become historic.

Government Ministers remain as Ministers, but are very restricted in what they can say and do as Ministers.

I will be busy with the election but will keep a website going.

The election campaign period starts officially on Wednesday 3rd May with the receipt of the writ.

This website is paid for by me.

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GDP up 2.1% on the year

UK GDP continues to advance faster than most advanced countries, at a pace well up with the new official forecasts of 2% growth. In the first quarter of 2017 the economy grew by 0.3%, the same rate of growth as in the first quarter of 2016 before the Brexit vote. The annual rate was 2.1%, a figure some are reluctant to report. Real incomes were up, and manufacturing and production were up by more than the rate of general growth, thanks to exports and import substitution.

Pessimistic commentators focus on how first quarter growth was lower than fourth quarter 2016, which was a great figure which none of them predicted. Indeed many of them found it uncomfortable given their forecasts of winter recession. Retail spending was weaker in the first quarter 2017. Easter was later this year so there may have been some problems adjusting the figures for that effect. Food and beverage spending was well up in contrast.

There is a perpetual spin line that weak sterling will lead to price rises which will squeeze consumption which will damage the economy. Those who think this need to answer why it is that UK inflation has not gone up by more than Germany and by less than US, and to acknowledge that a large part of the UK price rises so far has come from a much higher international price of oil. They should also now be saying that given the pound has risen 8% from its low against the dollar and the Euro, the two main importing currencies, there should be some improved effect on their analysis as imports get cheaper again.