

## Gulf tensions

Mr Hunt tells us we need more warships. He needs to concentrate on our relationship with Iran. UK forces helped the Gibraltar authorities seize an Iranian tanker on the grounds that it was taking oil to Syria against EU and US sanctions. In response Iran threatened to take a UK tanker. Iran or associated groups had already made unprovoked attacks on other tankers in the area. This week we saw a possible threat to a UK tanker in the Straits of Hormuz, repelled by HMS Montrose.

The first thing we need is the evidence from the Iranian tanker to demonstrate the legitimacy of the seizure, with appropriate treatment of the Captain who has been detained. Presumably a case will be brought against him. The second thing we need is confirmation of the arrangements for future UK tanker security near to Iran. The US is indicating their forces might be part of a general response to any Iranian threats. The UK normally has four minesweepers and an amphibious landing ship based at Bahrain, and clearly the frigate HMS Montrose is also available. All these ships have weaponry that could warn off smaller Iranian naval vessels of the types being deployed. If the UK works with other allies led by the USA, then there is the Abraham Lincoln carrier group in the area as well.

As the USA and the UK says, defending the rights of all to passage in international shipping lanes is important to world trade and to peaceful co existence between countries. Oil sanctions have helped drive up the price of oil internationally, but not excessively. The rapid expansion of US oil and gas output continues to offset the losses of OPEC production through sanctions against Iran and through governmental incompetence in Venezuela. We need to hear more from Mr Hunt of how the UK is going to seek resolution of this conflict in the context of the Iranian nuclear agreement and the division between the EU and the USA on this matter.

The US strategy is to force policy change on Iran by sanctions. Iran responds with military provocation. The UK should do what it needs to do to defend our shipping, seeking to avoid being drawn into any wider military conflict.

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## Wokingham works on 11 green areas

I am strongly in favour of keeping as many green areas of woodland, meadow and nature reserve as possible in our hard pressed area.

Wokingham Borough points out the following eleven areas as part of their green plans:

Keep Hatch woods, Binfield Road  
Kentwood Meadows Warren House Road

Old Forest Road Meadows  
Eldridge Park, Bell Foundry Lane  
Keep Hatch Meadows Binfield Road  
Buckhurst Meadows William Heelas Way  
Langley Mead, Hyde End Road Shinfield  
Mays Farm Meadows Hyde End Lane Shinfield  
Five Acres Field Shinfield  
Clare's Green field Ryeish Lane  
Hazebrook Meadows Arborfield

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## Easy money but not in the UK

On Wednesday the Fed chairman Jerome Powell signalled that US interest rates are likely to fall at the next Fed meeting. Whilst he was able to report continuing good growth in jobs and wages, he pointed to trade uncertainties and a slowdown in the rest of the world as a reason the Fed might want to ease a bit more.

Meanwhile the Germans have just issued a government bond with no coupon, to the delight of their fans in the market who dutifully bought it. You might have thought the only reason you would want to own a government bond is to enjoy a secure income on it, yet here we have one which guarantees you no income whatsoever. Presumably the people who bought it expect a further fall in interest rates and more buyers willing to pay more for it in due course. They will need to sell it again before maturity. If you think buying a bond with a guarantee of no income return is foolish, then the only justification is to find someone more foolish to sell it on to at a profit before the reality of the no return bond is confirmed by repayment at par. There is speculation in markets that the arrival of Christine Lagarde as President of the European Central Bank will herald looser money and rates going negative.

Why have interest rates stayed so low for so long? How much longer will this apparent madness continue? The great banking crash on both sides of the Atlantic impaired the ability of commercial banks to generate cash and provide enough loans to propel good rates of economic growth. Intense global competition, large reserves of unemployed and underemployed labour and the advent of digital commerce all reinforced the trend to keep prices down. Many people responded to the ultra low rates by saving more. Japan shows this situation can persist for several decades, where a worse banking crash ushered in a long period of zero rates and no inflation. The position in the west should not last as long, given the less intense crash and the higher propensity to price rises in some places. Indeed, the USA did get its interest rates up to 2.25-2.5%, high levels for an advanced country in current conditions.

The Bank of England looks increasingly isolated and cut off from central

banking trends elsewhere. The tight UK money squeeze has slowed the UK economic markedly, yet still the Bank presses on with it. If the Fed thinks the US needs more stimulus after a first quarter growing at 3.1%, surely the UK economy now scarcely growing at all needs a boost?

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## Clamping down on animal cruelty

I participated in the debate on the Animal Cruelty (Sentencing) Bill yesterday.

Several constituents contacted me to support it. I intended to, as I have long thought we need to do more to protect animals in our care and to punish those who think cruel abuse of animals is acceptable. We were told some harrowing stories of what cruel people have done to dogs in their care, deliberately injuring them for the warped amusement of the owner.

The Bill reinforces the Animal Welfare Act of 2006 giving the courts the right to impose a prison sentence of up to one year for a summary conviction and up to five years for a conviction on indictment. The aim is to provide a stronger deterrent to those thinking of being cruel to animals, and a more appropriate punishment to those who do serious and sustained harm to an animal.

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## What do we need from a new Ambassador to the USA?

The outgoing Ambassador was right to resign. His position was undermined by the leaker, who needs to be identified. He could no longer perform his role, as the President took his criticisms personally. The next Ambassador must be capable of good analysis in private communications, expressed in moderate and professional language, and be a great advocate of the United Kingdom. He or she will need to rebuild trust and regular exchanges with the Administration after this most unfortunate rupture. We need someone who likes the USA and respects the democratic decision of US voters.

The new appointee should be expected to regain access to senior officials and the President and to reassure them that the UK respects the Administration in office and wishes to work with them, whilst of course reserving the right of a trusted friend and ally to give unpopular advice in private and to disagree in public about policy where our interests as countries diverge. The first

report back home should explain the successes and aims of the White House as they set them out, and to remind us that we can learn from their economic progress. The US is growing considerably faster than the UK or the EU. It is enjoying considerable success in creating many new jobs and getting real wages up. The President's tax cuts have made people better off, promoted more investment in the USA and helped establish more and better paid employment. The President, unlike his predecessors has kept them and us out of difficult Middle Eastern wars. More background to US achievement would be helpful and provide essential political context to the long run up to the next Presidential election, which Mr Trump is in a good position currently to win.

Of course the Ambassador should also inform London of the Democrat critique of the Presidency to provide balance. Instead of siding with the Opposition the analysis should evaluate chances or probabilities of the Democrats finding a candidate for the Presidency who might be able to win, and in the meantime assessing what the Democrats in the House of Representatives can achieve on issues where the Congress has a say.

The diplomatic memo should not be cheer leading for the President's critics, giving a false sense of their chances of gaining control. Nor should it be propaganda for Mr Trump, whose policies should be reported and scrutinised professionally. The new UK representative needs to be proud of the UK and our decision to leave the EU, and alert to the many opportunities Brexit offers for the US relationship, not just in our minds but in the mind of the President.