

# How the world is changing

The advent of Mr Trump on the world diplomatic scene is making some big changes.

Mr Trump has in many ways a very conventional US view of the world . He sees his main allies as the UK in Europe, Japan in the Far East, and Israel in the Middle East. He tells Israel he wants them to reach a settlement with the Palestinians, but he no longer insists on what that settlement might look like. He warns China on trade, and is friendly towards Taiwan. He condemns the harsh words and warlike gestures of North Korea. He is keen to tackle the persistent large trade surpluses run by China and Germany, which he sees as disrupting the world economy and fair commerce. He wants a world of bilateral relations between nations, rather than complex diplomacy between jostling regional power blocs. The US has traditionally been suspicious of international bodies taking too much power, and has often found itself in disagreement with the liberal consensus that tends to dominate in those institutions.

The biggest change he is proposing in US foreign policy is the reappraisal of the strength and helpfulness of the EU. Where Mr Obama saw the EU as a benign force, and looked to Mrs Merkel to be his best ally in return for his support for the supranational body, Mr Trump is concerned. He sees the dangers of an inadequately resourced European defence activity that weakens NATO further but still expects US military capacity to be the guarantor of the peace. He is concerned about the low level of the Euro allowing Germany to build a colossal export surplus. He sees how the current level of EU integration is creating a force against it in rising independence movements around the continent. He is doubtless not impressed that the IMF has run up large bills lending to the weaker member states of the Eurozone, when the zone overall is rich enough to be able to handle its own financing.

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## UK retail sales up 4.6% in volume and value (excluding motor fuel)

The figures for the last three months compared to a year earlier still show good growth and no retail price inflation, with both volume and value figures up 4.6%. Add in motor fuel where oil prices have soared and volume growth is 3.8%.

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# How I am a good European

One of my main arguments for the UK to leave the EU was to allow the rest of the members to complete their union free from the UK seeking to hold them back. Anyone looking at the state of the Eurozone can see that the poorer parts of the zone need larger financial transfers from the richer parts. The way the system works at the moment is through the so called Target 2 balances. The latest figures show that Germany now has a huge deposit of Euro 796 billion with the European Central Bank. This is lent out interest free for as long as it is needed to the large deficit countries. Italy, Spain, Greece and Portugal are the main beneficiaries. In a normal currency Union the equivalent region to Germany would simply send more grants to the parts of the Union needing more money. These balances may well become an important part of the German election debate over how much money Germany should share with the rest of the Union, and how that should be organised.

David Cameron felt he had to keep the UK out of the Fiscal treaty that wanted to start to address this issue. The UK always made clear as a member it did not wish to see a bigger EU budget and did not wish to send more of its cash to the poorer high unemployment regions of the south of the Eurozone. The rest of the EU with the possible exception of a few richer Northern countries did want a growing budget with more solidarity recognised in higher transfer payments. It was increasingly difficult to be in the EU but not be in the Euro, the central feature of the EU. The UK was also reluctant to work on a European defence identity or common armed forces, was out of the Schengen common borders and an opponent of the planned political Union with an EU Treasury and more common taxation. The UK public had always been told the EU was just a glorified free trade area which should be good for our exports. In practice it was a customs Union with many and growing features of a full economic, monetary and political union, which was better for their exports to us. It stopped us having free trade agreements with many other parts of the world.

One of the strange things about the UK debate since the decision to leave is the wish of some to argue both that the UK will lose out badly from leaving, and that we have to be punished to make sure we do lose out. The Commission and some in other member states who keep on saying they need to demonstrate we will lose from departure argue a contradiction. If, as they say, belonging is such good news, leaving is punishment enough. If, as they imply, belonging is such bad news, then of course they need to replicate as many of the undesirable features of belonging as they can on the departing state to stop it doing better! It makes it a highly negative approach. Pessimism rules, and a few suggest revenge is their favourite dish. They will of course discover revenge is a boomerang. They cannot hurt us because we are shaking off their controls but they can hurt themselves by imposing high tariffs on their agricultural exports to us and higher taxes to make up for our lost contributions. They should also remember that their own Treaty makes it clear they have a legal obligation to get on well with a neighbouring state and to trade with it.

I find the delay in the EU acknowledging that all UK citizens legally settled in the rest of the EU can stay there is shocking. Surely these officials and politicians understand that no decent country expels legally settled law abiding citizens from its jurisdiction? The UK has no wish to expel EU citizens legally here in the UK. What is holding back the rest of the EU saying the same? This should not be a negotiation. This is not something the UK wants and has to pay for. This is just basic decency, and international law.

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## Shinfield Eastern Relief Road

I had previously taken up the question of delay to completion of the Shinfield by pass. The Council has now provided the following explanation:



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## Social care and the prudence paradox

If you buy your own home and save for your old age you end up paying for your own stay in a care home should you need one. If you rent your home and spend all your earnings the state will pay for your time in the care home at the end of your life.

All parties in government have wrestled with this paradox. The prudent pay more tax, and end up losing their capital if they need long term care. All parties have so far concluded it is too dear to offer free stays in care homes to all who need them. All have rightly concluded if someone without any assets needs looking after in old age the state needs to step in to help.

The resulting structure is complex and cumbersome. All individuals have a right to free health care from the NHS. The amounts and cost of NHS care usually escalate dramatically in the final years of a long life. Any time a person spends in hospital provides them with free board and lodging as well as health care. The aim, however, is to enforce a rigid distinction between health care – drugs, doctors time, operations – which are free, and social care including board and lodging which is only free if you have no money of your own. The elderly person staying in hospital has an adjustment made to their state benefits and pension to reflect their reduced living costs.

The children are third parties in the struggle between elderly person and the state over what the state will and will not pay for. With elderly people living into their 90s, the children are often pensioners themselves by the

time the issue gets intense. Some seem to think they have a right to inherit the "family home" or the home of their parents. This is not normally the actual family home they lived in 60 years earlier, as people usually move on. Others say that if the elderly person has moved into a care home and is not going to move back to his or her home, it is only reasonable the property is sold and the money raised is used to pay the care home bills. No-one argues the children have to pay the care home bills of any elderly person who does not have the money to pay, though some chose to.

With social care back on the agenda, I would be interested in further views on what is the right balance between private payments and state assistance. Should prudence be better rewarded? If so, how?