

## Why is the Bank of England so far out of line on bond losses?

Four of the big five Central Banks have undertaken money creation and bond buying – the US Fed, the European Central Bank, the Bank of Japan and the Bank of England. The Peoples Bank of China thought it a bad idea. Three of them are sitting on huge losses on the value of their bond portfolios – US, ECB, UK. The same three are also losing money daily on the gap between the income the bonds earn and the cost of commercial bank reserves placed with them now they have raised interest rates. The capital losses on the bonds are much bigger than the running losses on the interest charges.

There is no need to accelerate and worsen the large losses by taking them early through market sales of the bonds. The Bank of Japan with the largest bond portfolio relative to the size of the economy has kept rates at zero so does not have the same problems. It intends to keep rates at zero to avoid these issues. It can still afford to do so as it did not balloon the money supply in the way the other three did causing excessive inflation, though Japanese inflation has reached an unusually high but probably temporary level of 3.7% recently. China has inflation at 2.1% showing that a large energy importer did not need to have inflation, because they had a money target for their Bank and kept it under good control.

All three Central banks with losses are sitting on negative capital were they to take the losses. This has led to a divergence in approach. The US Fed has ploughed on with aggressive rate rises and with sales of the bonds into a falling market, taking large losses as a result. The US Treasury refuses to reimburse the Fed for the losses and says it does not matter if the realised bond losses exceed the capital of the Bank, as they will quite soon. They rightly argue a central Bank cannot go bust, as it can always create money to pay its bills. The US Fed will account for the losses in a special way to allow the Central Bank to carry on as if nothing has happened. In contrast the ECB, alarmed by potential losses and the adverse impact of selling bonds into a falling market refuses to sell bonds at a loss. Meanwhile the ECB itself is telling the member states Central Banks that “own” the ECB they will be responsible for 80% of the losses made on repayment of bonds by governments as they fall due. The member states central banks will come to their own view of whether to ask for capital grants from their governments or whether to adopt the US approach of just leaving the losses within the accounts of the Central Bank.

Only the UK is burdening the Treasury and taxpayers with totally unacceptable losses for no good reason. Money policy does not need sales of bonds. They will run off at a slower pace and with lower overall losses if just held to repayment. There is no need to recapitalise the Bank from tax

revenues as this happens. You can follow the Fed. This has always been a policy controlled by the Treasury, with the Bank stating clearly on its website that it carries out the bond buying – and therefore selling – for the Treasury as agent. It has always needed Chancellor sign off.

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## Too many long posts again

I am deleting more of these without reading them.

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## Too many people

I have long been an advocate of growth. I have always been clear the growth I want is in income per head, not in the number of people. I have advocated the higher wage higher productivity economy. I have opposed illegal migration. I have opposed mass legal migration into low paid jobs. This suppresses labour saving investment, keeps wages down and impedes training and levelling up.

I have also been a long term and sometimes a lone voice pointing out if we keep on inviting more people into the country we need to put in a lot more energy capacity, reservoirs, roads, schools, hospitals and homes to provide for them. I have explained that cheap labour from abroad is dear labour for the taxpayers as it entails many more subsidised homes and public services.

The numbers for the last year are far too high. If we invite in 500,000 extra a year we need to build a city the size of Liverpool every year and provide all the supplies and facilities it needs. Where is our new city for last year's people? No wonder our hotels are being taken over for dwellings and so many fields are coming under the concrete mixer.

The government wants to cut CO<sub>2</sub> output. Then start with fewer migrants. It wants to solve the housing shortage. Then have fewer migrants. It wants to deal with the electricity shortage. Then have fewer people. What does it not understand about the current over the top migrant policy?

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# Lets grow more food

## **Question:**

To ask the Secretary of State for Environment, Food and Rural Affairs, what steps her Department is taking to encourage more domestic food growth to help reduce the level of importation of food and the consequent impact on the environment. (83505)

Tabled on: 09 November 2022

## **Answer:**

### **Mark Spencer:**

The UK has a highly resilient food supply chain. We produce 61% of all the food we need, 74% of food which we can grow or rear in the UK for all or part of the year, and these figures have changed little over the last 20 years.

The Government Food Strategy, which was published in June of this year, sets out what we will do to create a more prosperous agri-food sector that delivers healthier, more sustainable and affordable food. The Food Strategy includes a commitment to broadly maintain the level of food that we produce domestically and boost production in sectors where there are the biggest opportunities. As part of this commitment, we are providing support to farmers to help improve productivity. This includes investing over £270 million in innovation by 2029 to support agricultural productivity. In addition, the £48m Farming Innovation Fund is supporting more than 43,000 farmers by providing grants which will also improve productivity.

Our high degree of food security is built on supply from diverse sources; strong domestic production as well as imports through stable trade routes. Recognising the global impact of food production, at COP26 the UK COP Presidency launched the Glasgow Leaders' Declaration on Forests and Land Use. This declaration included the Policy Action Agenda for the Transition to Sustainable Agriculture which raised visibility of and mobilised action for transformation in agriculture, land use and food systems. Action in these areas is essential to ensuring sustainable food production for a growing population, whilst building resilience for farmers and a just transition to reduce emissions and reverse harmful impacts on biodiversity.

The answer was submitted on 21 Nov 2022 at 17:07.

Comment. This is too little and lacks the energy and determination needed to drive up our home market share to nearer the levels we enjoyed prior to joining the CAP in the 1970s. I will press harder to get the grant money spent on food production, not wilding.

## **Question:**

To ask the Secretary of State for Environment, Food and Rural Affairs, what steps she is taking to incentivise people to increase fruit and vegetable growing capacity by (a) using modern techniques to extend growing seasons and

(b) regulating water and fertiliser use. (83506)

Tabled on: 09 November 2022

**Answer:**

**Mark Spencer:**

The Government recognises the important role of high-tech growing technologies in ensuring a reliable and sustainable supply of fresh produce for much of the year. Innovation, such as the development of new plant varieties and growing systems, have already allowed growers to extend the growing seasons of a variety of crops, for example strawberries.

Our plan to support the horticulture sector was outlined in the Government Food Strategy, launched on 13th June this year. The strategy will aim to increase domestic production through the adoption of a range of growing models, such as controlled environment horticulture systems. A controlled environment can offer environmental benefits, including efficient water use and a reduction in the use of agrochemicals.

In November last year, Defra launched round one of the Farming Investment Fund, committing over £98 million worth of funding for farmers and growers to invest in farm equipment, as well as technology and infrastructure to improve productivity, growth and resilience. As part of the fund there are numerous strands which would benefit fruit and vegetable growers specifically, including a £25 million 'Improving Farm Productivity' theme and a £30 million 'Adding Value' theme. Both of which provide grant support for higher value, more complex project investments which deliver transformative improvements to farmer's and grower's businesses.

Having sufficient water is of vital importance for ensuring optimal yield, growth and quality of our crops. As part of the Farming Investment Fund, Defra launched the £10 million Water Management grant scheme which provides grant funding support for the construction of on-farm reservoirs and the adoption of best practice irrigation application equipment to help ensure farmers have access to water when they need it most. This will build on-farm water resilience, so helping to ensure farmers will have access to the water they need to produce adequate fruit and vegetable yields.

We are also looking at a potential future offer for the Producer Organisation Fruit and Vegetables Aid Scheme. We are currently exploring the best way to support the sector once the Scheme ends in 2025.

The answer was submitted on 21 Nov 2022 at 17:03.

Comment This is more helpful but the small sums suggest it lacks ambition over scale

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# Natwest Reply Regarding the Closure of the Wokingham Branch

I have received the following reply from NatWest in response to my letter about the closure of the Wokingham branch in February 2023.

They have set out the measures they are initiating to assist customers who prefer not to use online banking. NatWest has also confirmed that everyday banking services can be transacted at local Post Offices.



**NatWest Group**  
Executive Office  
RBS Gogarburn  
Business House B  
Ground Floor  
Edinburgh  
EH12 1HQ  
Telephone: 0800 161 5126  
EXT:2013  
[Michael.thorburn@natwest.com](mailto:Michael.thorburn@natwest.com)

Our Ref: PHO-0343804322  
15 November 2022

Sir John Redwood MP  
House of Commons  
London  
SW1A 0AA

Dear Sir John,

Thank you for your letter addressed to Alison Rose, our Chief Executive. Alison has asked that I reply in my capacity as a Case Manager within the bank's Executive Office.

At the outset, I am sorry that you have had cause to contact us. We strive to deliver an excellent level of service to all of our customers and it is disappointing to learn that some of your constituents feel let down with our decision to close our NatWest branch in Wokingham.

It is always very difficult to make a decision to close a branch, and we have considered this very carefully. Whilst we won't be revisiting the decision, I hope to explain in more detail how we arrived at our decision and the range of alternatives available to our customers.

The way people bank with us has changed dramatically in recent years, with an increased demand for mobile and online services as customers benefit from a faster and easier way to bank. Our video banking service means customers can speak to us, face to face, from the comfort of their own homes and we now conduct 12,000 video appointments with our customers each week, compared to 100 each week in January 2020.

In addition, many customers are choosing digital banking because it makes life easier, but we understand that digital solutions aren't right for everyone or every situation, and that when we close a branch, we have to make sure that no one is left behind. We take our responsibility seriously to support the people who face challenges in moving online, so we are investing to provide them with support and alternatives that work for them.

For many, all they need is a little help, which is why we have a dedicated support line 0800 051 4176 for those customers and our customers who are over 60 years of age. Our Customer Care telephone team and our Customer Support Specialists provide tailored support for customers who require extra help or have more complex needs and connect customers to internal and external experts where appropriate. This phonenumber is open 8am to 8pm seven days a week, with shorter waiting times. Our Customer Care experts can guide customers through how to register and use our online and mobile services.

Banking My Way allows those who want, the opportunity to tell us exactly how we can make their lives easier. It is designed to help our frontline staff, whether that be in branch or telephony, understand customer requirements and how we can support them moving forward. More information about this service can be found by visiting our website:  
[Banking My Way | Accessibility | NatWest](#)

Since 2019, we have seen the way in which people living in Wokingham choose to do their banking change. Now 76% customers are digitally active, and as a result, transactions have reduced by 68% with only 1 customer now visiting the branch on a regular weekly basis.

Our telephone banking service provides another alternative to branch banking, and is available 365 days a year. Customers can carry out the vast majority of transactions available at a branch and our telephony staff can also discuss our product range and arrange for a financial review over the phone. Most of our accounts can be applied for and opened in this way, meaning that a trip to the branch is not always necessary.

We have a national agreement with the Post Office to provide our customers with a range of everyday banking services. Customers can pay money in, take money out, check their balances and business customers can get notes and coins. The Post Office has 11,500 branches across the UK and our customers benefit from longer opening hours with many branches open on Sundays. The closest Post Office is Wokingham, 0.07 miles away from the branch; there are 7 Post Offices within 3 miles of the branch.

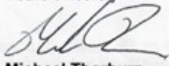
There are also a number of free to use ATMs located within the local area and details of these can be found at [www.link.co.uk/ATM-locator](http://www.link.co.uk/ATM-locator), by calling 03457 888 4444 or speaking to a member of staff.

If any of your constituents need extra support, they can contact our dedicated Customer Support Specialists on 0131 380 6528 and a member of the team will be happy to help.

I do appreciate that your constituents will be disappointed by our decision. However, I hope I have made clear our commitment to supporting our customers with alternative ways to bank.

Thank you again for taking the time to contact our CEO, and for giving me the opportunity to respond.

Yours sincerely



**Michael Thorburn**  
Executive Office