

## Jackdaw field gets the go ahead

Sometimes sensible proposals get through. This will bring more tax revenue, more jobs, and less CO2.

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## The Queen's Platinum Jubilee

Today we give thanks to the Queen for her sterling service to our nation for more than 70 years as monarch. Over those years she has gently nudged change in the way the monarchy and court work and how they reach out to the public they serve. She has reigned from days of food rationing and bomb sites after the World War to the days of the digital revolution when so many enjoy a mobile phone and many appliances in their homes that were beyond the imagination or the pockets of the many 70 years ago. She has seen us move on from open coal fires to central heating, from very few going on to A levels and degrees to a much more widely educated society and from most walking or going by bus to many having a family car and a foreign holiday.

The Queen throughout has been the UK's first diplomat. At times her state visits and Commonwealth interventions have made an important contribution to peace and greater world harmony. Her early reaching out to Nelson Mandela led to him riding in a state coach with her in London and a very successful state visit to South Africa. Her official visit to the Republic of Ireland after the troubles was well received by all sides and helped the peace process. Her warmth towards Michelle Obama helped in a difficult phase of the UK/US long relationship.

She has kept her position as constitutional monarch by understanding exactly how she must not be seen to be interfering in contentious matters that divide the parties and Parliament. She has avoided over hasty action when Parliament itself fails to deliver a reliable majority for the Prime Minister, understanding that at such times of dispute the elected politicians have to find their own way through. Over the Jubilee holiday we can relax a little, celebrate all that is good about the modern UK, and thank the Queen for her service.

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## The EU never gives up power easily

I am disappointed but not surprised that the EU is still trying to impede and

damage Brexit. There is not a shred of democracy in them as they look at several strategies to undermine the clearly expressed wishes of UK electors to be self governing again.

Their preferred route is to try to turn the ambiguous and scarcely agreed Northern Irish Protocol into a device to keep the whole of the UK under EU rules and regulations. They forget their signature to Clause 13.8 of the Protocol which makes clear it can be clarified, superseded or dropped. That was put in there because the Protocol as drafted is contradictory and did not represent a final settlement of the issues it tried to cover. They want to bury Clause 16 which allows the UK to make unilateral changes to enforce the parts of the Protocol the EU does not like – the measures to prevent diversion of GB trade and the measures to ensure the freedom of the UK internal market including NI. The EU refuses to adopt any negotiating mandate which could produce an answer or compromise. Instead they deliver idle threats and seem to delight in the damage they have done to Northern Ireland politics and the Good Friday Agreement. The UK has tabled proposals which protect the EU's single market, their alleged worry, whilst restoring UK trade to NI. The EU refuses to budge.

The EU sought to disrupt the UK's independent vaccine policy when early investment and great research reached a good answer. They regularly threaten retaliation if we adopt any policy that they do not like which deviates from EU practice. They have allies and friends in the UK civil service and on the Opposition benches in Parliament who are looking for ways to thwart the government when it wants to change regulations, remove taxes or make other changes that could help UK prosperity and growth. The Treasury fights against any proposed VAT cut and delights in accepting the very dubious EU view that we could not cut VAT in Northern Ireland. All the time we were in the EU we were allowed to set different VAT impositions from the Republic and to fix different excise arrangements. The sums owing were not settled at a border post but by electronic transfers away from the borders.

The EU's little helpers try to stop any repeal or amendment of EU laws and would like to smuggle some of the latest efforts of the EU legislative machine into UK law by arguing they are necessary or desirable in their own right. The EU doubtless want to invent a new circle of EU control for states falling short of being full members, or it may just wish to lock the UK back in via an Association Agreement.

Ministers who want to get on with improving the UK economy tell me they encounter plenty of official resistance as they seek to amend and repeal. They need to overrule and get on with it. The pro EU forces say we have to accept when we leave there will be downsides, and accept we need to follow EU rules to trade with them. I say there can be plenty of upsides if we cut free properly. You can always trade with them as many other countries do that are not members, through the World Trade Organisation's most favoured nations rules. There is so much to win if we get on with setting our own laws and taxes. It is a strange institution that shows more flexibility towards Mr Putin over buying and paying for Russian gas than it does to the UK, a friend and ally, over internal trade within our own country.

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# Inflation

I reproduce below my recent Conservative Home article

When I asked the Chancellor following his statement what advice he had received about the possible inflationary consequences of printing lots of money last year, he did not answer. He asserted yet again that the Bank of England is independent.

The Treasury regularly tells us the Bank of England is responsible for controlling inflation. They need to ask themselves why inflation has hit nine per cent, against a two per cent target, and why they think it could even go higher this autumn before falling away.

I cannot understand why Rishi Sunak claims the Bank is independent. The Chancellor chooses the Governor and has influence directly and indirectly over forecasts and policy at the Bank through joint official working and contacts with the Treasury.

Successive governments, with the backing of Parliament, have made substantial changes to the laws, rules and objectives and powers of the Bank over the last thirty years. When George Osborne selected Mark Carney he chose someone who was willing to use the Bank and its forecasts to support the Remain campaign in the referendum, in line with the Chancellor's thinking.

Gordon Brown changed the inflation target to direct the Bank, and Alastair Darling forced an interest rate cut during the banking crisis on a reluctant Bank to implement an agreed international Finance Ministers' strategy.

The Treasury respond by saying that what they mean by the Bank is independent is the narrower claim that it has sole control over money policy.

They accept that the Bank has been buffeted by political change. They lost control over managing the state debts and regulating the commercial banks, once thought to be important parts of central banking that were taken away from them.

Even this narrower claim is wrong. Over the last 14 years the main tool of monetary policy has been the creation of billions of pounds of new money by the Bank to buy up state debt. This has kept interest rates very low and would in normal circumstances be inflationary. Every pound of the £895bn created has been formally approved by successive chancellors.

Going further, every pound of bonds the Bank has bought has been underwritten by the Treasury. Chancellors have signed off to indemnify the Bank against all losses on this pile of assets. The Bank has an agreement from the Treasury that will top up its capital to a minimum level whatever happens.

That does not sound very independent and means chancellors need to watch carefully the liabilities the Bank is piling up.

I found it odd the current Chancellor seemed unwilling to talk about this. It has been on his watch that the Bank has bought £450bn of bonds, more than chancellors Darling, Osborne and Philip Hammond combined. Whilst he has also proposed and approved substantial increases in public spending and borrowing, the £450bn dwarfs everything else he has done.

Prior to the banking crash, people in advanced countries said that printing money and keeping interest rates artificially low was the kind of thing inflation-prone emerging market economies would do. The special circumstances of the banking collapse in 2008 did need these special measures to compensate for the destruction of money and credit taking place in the private sector.

There was also a good case for doing some more in 2020 to offset the collapse of activity brought on by lockdowns. I supported the money creation they proposed.

Continuing this policy throughout the whole of 2021, a year of fast growth and good recovery in the UK, was altogether more questionable.

Some people say inflation results from cost pressures and supply shocks. They blame current inflation on sky-high energy costs and surging food prices brought on by the Ukraine war.

It is true we are living through nasty hits from these forces. It is also true that British inflation was rising well before Russia invaded her neighbour.

China and Japan both rely on a lot of imports of energy but they still have inflation around two per cent, not near ten per cent. They did not allow a surge in money growth in 2020-2021, whereas the UK along with the US and EU did decide on a bulge in money growth, resulting in part from the money creation undertaken by the Bank.

Some people say inflation results from excess demand. If people have too much spending power for the capacity in the economy then prices rise quickly.

We can see some of this at work, as hospitality, travel and leisure businesses struggle to recruit enough labour to meet rising demand and need to pay higher wages and more for supplies.

The Bank points out in its defence to the charge that it has dropped the ball on inflation that there is little it can do if Russia disrupts energy and food markets. The only thing it can do if the economy is running too hot is to jack up interest rates to slow everything down.

There is some truth in these defences. It shows that countering inflation cannot be left to the Bank alone.

We need a supply side strategy from the whole of government to produce more energy, food, and other goods and services here at home to bring demand and

supply into better balance. The Chancellor needs to produce policies which promote growth. Constantly hiking taxes and inventing new taxes will stifle investment, not encourage it.

Meanwhile the Bank does need to ask itself some tough questions about money. Why does it not have a target for money growth? Why does it ignore the impact of more created pounds and more credit on demand and prices?

It will be the Chancellor who has to tell us how the huge bond portfolio is doing, now bond prices have fallen markedly.

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## The local plan and housing numbers

I met leading Councillors and Planning Officers on Friday at the Borough Council offices. I explained why I would like the next local Plan to confirm lower new housing numbers given the past pressures on green spaces, local infrastructure and public services from the rate of development.

The Council said it too would like to slow the growth rate. I suggested that the Council

1. Maximises identified land that should be kept free of development through the various designations of green space, sites of special scientific interest, green belt, green gaps between settlements, recreation space, good quality agricultural land and others
2. Do not identify a large number of marginal or unsuitable sites as possibly suitable for housing as that might make defending decisions later more difficult.
3. Make a proposal for changing the way housing need is calculated, as this is central to calculating how much land needs to be identified for housing. The Secretary of State is currently considering whether and how to change national planning law. I would be happy to put a good working proposal to the Secretary of State.

The Council needs to get on with a new local Plan to cover the period up to 2037. The current Plan is near its end and is too permissive.