

Controlling inflation

One of the principal misunderstandings of the Treasury is embodied in their comment in the Spring Statement that “The Bank of England is responsible for controlling inflation”. It is a very worrying mistake. The public thinks the government is in overall charge of the economy including the need to control inflation. The main policy the Bank has pursued in recent years which has triggered the inflation is the policy of printing loads of pounds and buying up government debt with them to keep the interest rates very low. This policy has to be approved by the Chancellor of the Exchequer himself on advice from Treasury officials. The Treasury is part of the wider government which controls around 40% of the economy through public spending. Government gets to set the prices, charges and taxes to pay for most healthcare, education, policing, defence and a range of other services. How it does this will have a direct impact on inflation.

The Treasury needs to see the 2% inflation target as a serious requirement binding on itself as well as the Bank. It needs to work in conjunction with the Bank to achieve it. The Treasury should have objected to the scale of quantitative easing being proposed last year when it went on for too long. It was a good response in 2020 to counter some of the damage of lockdown. It now needs to avoid increasing taxes at exactly the point where the Bank is tightening money and where the gas and oil markets are imposing a huge levy on consumers which is akin to a big tax rise. The economy will go from fast and inflationary growth to slowdown as a result of these important changes of direction. There is no need to overdo applying the brakes after a period of speeding.

The Treasury still promotes the idea that the Bank – and the OBR – are independent and that this guarantees good outcomes. As we can see, they are currently allowing or producing a bad outcome on inflation, which is way higher than their forecasts of a year ago. If they are independent and responsible then we should be asking why the big mistakes? It is also a mistake that they are independent. The Bank requires support in the form of a Treasury guarantee of its bloated balance sheet and needs Treasury approval for its main money policy instruments. The OBR works just for the Treasury and clearly has a series of privileged conversations with Treasury officials before Budget leaving scope for each to influence the other as they work on their parallel documents to be published simultaneously.

Brexit wins

My article from Conservative Home

It is good news that Jacob Rees Mogg has been appointed minister for ensuring

we take advantage of the freedoms and opportunities of Brexit.

He is going to have a struggle to do so, as he faces a Whitehall with too many senior officials at best wanting us to mirror the EU as they like what it does, and at worst determined we get no wins so they can prove their pessimism justified about the whole policy adventure.

I have found it extraordinary just how much concerted pressure amongst the official and legal establishment and the House of Lords there is still against the whole idea of Brexit.

Let us begin with the Treasury. It was Treasury officials led by the Chancellor at the time of the referendum who came up with an embarrassingly bad set of forecasts of what would happen if we dared to vote for Brexit and leave.

We now know for sure their forecasts for rising unemployment, a mass loss of City jobs, a big increase in unemployment, and a collapse of house prices were all the reverse of what happened.

In the year after we finally left the single market even the pound rose against their forecast of a fall. It had been down and up in the period after the vote. Interest rates fell instead of rising as forecast.

One of the big opportunities from Brexit was to take VAT off items we did not want to tax, or to lower the rates where the EU ones were too high. The Treasury has stuck to EU VAT rates like glue. When it was eventually talked into the obvious move of taking VAT off green products, the EU moved to claim they now would allow that in an effort to deny a Brexit win.

The UK still refuses to suspend VAT on domestic fuel which should be a no brainer given what is happening to the price of gas and electricity. It should be suspended until gas and oil prices have fallen back again.

Some in the Civil Service also think the Northern Ireland Protocol prevents us changing VAT in Northern Ireland which is used as another excuse not to change it in Great Britain either. Instead it should be a stimulus to clarifying in UK legislation that of course we can control VAT everywhere in our country now we have left the EU.

Not content with trying to stop VAT changes, the Treasury has also been keen to block proper deregulatory and tax advantages in the programme of freeports. Again this should have been an obvious win.

The Treasury, now led by a Chancellor who championed freeports as a backbencher, should have had a generous freeport package ready and working for our first day out of the EU. Instead we are still awaiting full roll out and a comprehensive set of advantages.

Over at DEFRA there is also a marked reluctance to diverge and take the wins available. Our fishing industry still remains damaged by a further, needless, transition designed to help large predatory foreign vessels.

The Government should legislate for a British fishing policy that is kinder to our fish and fishermen and women. Our fishing grounds need respite from the mega trawlers, all foreign owned, that Hoover up too much fish, which we could do by banning trawlers over 100 metres and damaging equipment.

The Department should have a more active policy to support the expansion of our domestic fishing fleets, with a larger UK quota whilst allowing the rebuilding of stocks. The funds to lend and grant for larger British fleets need increasing.

Defra too does not wish to put in place a good plan to grow more food at home. The Common Agricultural Policy slashed our domestic output and made us ever more dependent on continental fruit, vegetables, dairy, and meat.

Orchards disappeared with EU grants to root out the trees. We were the one country with a milk quota smaller than our domestic demand. Our beef industry was restricted for a long period. The Dutch flower and market gardening industries gained advantage over our own and took large chunks of market share.

Defra now needs to put that right. It should have loan and grant schemes for more and better food production and for productivity.

The Business Department has been wedded to the idea that the UK should exit the fossil fuel business in order to rely on increasing amounts of energy imported from the continent. This is a particularly dangerous policy as the continent is very short of fossil fuel energy whilst we have good reserves.

In due course, we should be able to resolve the issue of how to keep the lights on when the wind does not blow and the sun does not shine through batteries, green hydrogen, pump storage and other technologies.

The reality is however that for this decade most people will still be heating their homes with gas or oil or solid fuel boilers and most people will be travelling by petrol or diesel car or van or truck. Most process industry will rely on gas.

In this circumstance it is madness to rely on imports when we can produce our own. Instead of the Energy Department being the department for importing energy, it should vigorously promote more British energy. Instead of being the ministry for more interconnectors to make us dependent on an energy-short continent, it should be the department of British energy opportunity, with pipes and cables for the domestic market linking home supply to demand.

The Business Department whilst it is about it should also become the department that promotes and helps more British industrial output instead of being the department to import more.

Importing our steel and aluminium, ceramics and cement does not save the planet by cutting world CO₂. It boosts world CO₂ by the extra it takes to transport these products, and sometimes by the dirtier processes used abroad.

The economic shock of tariff free trade in the 1970s when we joined the EEC

accelerated the decline of heavy industry in the UK under both Labour and Conservative governments. Now we can set our own corporation tax, carbon tax, energy taxes, rules and support schemes and the rest, BEIS should be pricing good UK-based industry back into the market.

In the wide-ranging area of regulatory standards and requirements the UK now regains her voice at the global high regulatory tables. We are in a good position to guide more world standards, and to choose standards for ourselves that protect us as needed but also allow us easier access to Asian and American markets.

We want high standards for employees, high safety standards, high standards for animal welfare. We also need to remove bad or over cumbersome regulation to allow enterprise, competition and innovation more scope to offer better deals. The Government could begin by producing a better and less bureaucratic regime for data.

The Northern Ireland Office needs to respond to the anger in Ulster over the way the EU has interpreted an ambiguous and sometimes contradictory Protocol to damage the British internal market. They need to take up the idea of mutual enforcement, offering the EU protection from non-compliant products from the UK in return for no restrictions on NI/GB trade above the checks and controls we have on trade within England or Scotland.

I could give many more wins from Brexit, but space does not allow.

[The Church of England turns its fire on England](#)

It used to be said unhelpfully that the Anglican Church was the Conservative party at prayer. As a once well attended national Church it needed to be and was more inclusive than that. It was true that in the last century many Conservative MPs, Councillors and voluntary workers swelled congregations alongside people of other parties and the non political. Today more Conservatives stay away, knowing they are not welcome. The Church which failed to oppose Labour's policy of creating a hostile atmosphere for illegal migrants switched to opposing the same policy from Mrs May, a keen Churchgoer herself. Today the Church of England seems to favour Extinction Rebellion and the crusade against CO2, the resurrection of U.K. membership of the EU and proportional representation. Its national leaders encourage a hostile atmosphere for Conservatives and the English majority.

Last summer the Archbishop of York lectured England that it needed to be broken up into governing regions on the EU model. He had failed to notice the referendum vote against an elected government of the North East, or the hostility of many English Leave voters to the way the EU insisted on trying

to break up our country by denying England any place on the map or in the constitution of their Europe. I asked him to debate the matter with me as a fellow Parliamentarian. He could not even be bothered to send me a personal reply to decline the opportunity.

The Archbishops should remember the history of the Anglican Church. The Church tolerated different views of the once explosive issue of transubstantiation. It left most sensitive items of belief to individual judgement and inner conviction. The Church did a good job opening up the Christian message to the masses with the bible in English and the great language of the James Bible and the Elizabethan Common Prayer book. The Reformation which created the Anglican Church was based on a rejection of the courts and government from Rome. The dissolution of the monasteries was a welcome social and economic revolution connecting more priests with local communities.

It is possible to be more critical of the failure to follow the surge of urban populations in the nineteenth century when the break away Methodists and other non conformists served congregations and added greatly to hymn books in the absence of interest from the mother Church. More recently I see bishops using their privileged positions in the Lords to back European and regional causes voted down by a majority of voters.

If the Archbishops ever want to win back lost congregations they could try being more positive about the country they serve.

I do not want the Church to preach Conservatism from the pulpits nor to agree with all a government does. I just ask that national unelected Church leaders with seats in the Lords show some sympathy with majority views and some understanding of why their congregations have shrunk so much.

[There is too much international regulation](#)

There are three main problems with excessive international regulation. The first is it can curb competition and innovation which would otherwise improve service and performance. The second is countries like the U.K. take compliance seriously only to see many other countries gain exemptions or simply ignore the rules to gain competitive advantage. The third is democratic governments charged with the domestic task of lawmaking find an increasing number of areas where they cannot change, improve or repeal as they and the publics they serve wish owing to international agreements.

Some have written in here to condemn new global rules on pandemics from the World Health Organisation. There is no agreed new Treaty nor even a text of new Treaty for negotiation so that is no immediate threat. Many countries will doubtless be reluctant to surrender powers to lockdown or not lockdown to supranational unelected officials. There needs to be plenty of world

debates about what if any strengthening of global rules might be helpful and acceptable to enough signatories.

I read that some in U.K. government think the U.K. should adopt forthcoming EU regulations on speed limiters in cars. I can see no good reason to do this given the technical problems with variable speed limits, difficulties in tracker devices knowing exactly which road a vehicle is on at complex junctions, and with temporary speed limits. Ministers must tell the civil service we have no wish to adopt new EU rules in most cases. New rules should only be formed when the U.K. public and Ministers think there is a problem which regulation could help solve.

[On the doorsteps](#)

I have been out and about in Wokingham, Earley and Shinfield ahead of the local elections. The main issues raised continue to be local to do with the pace and location of development and the need for better roads and less congestion. There is still no mention of Ukraine. If asked people are concerned about the cost of living squeeze.

There is strong support for weekly bin collections rather than less frequent and for keeping the Council Tax down.