

## President Biden takes on President Putin

President Biden suffered a major reversal when he left Afghanistan with too much haste and secrecy, failing to inform or win over his allies to his chosen course of action. Afghanistan soon fell to the Taliban once US forces had gone, reversing the hard won gains of many years of strife and loss of life in a few days.

He has been more willing to consult NATO allies over Ukraine, and has warned Mr Putin of serious adverse consequences if he presses ahead with an invasion. The President and the US intelligence and military services have kept the whole world advised of Russian troop and weapon deployments near to Ukraine and have forecast early invasions. They seek to win the information war and to make it more difficult for Russia to seek to occupy Ukraine. President Biden did let slip the view that the retaliation would not be so tough were Mr Putin to make a limited incursion into Ukraine. Although his staff did their best to correct this and he himself changed his words, it looks as if Mr Putin decided the US President meant what he had let slip. So Russia has made a more limited incursion than a direct invasion with massed forces aiming at the capture of Kiev and the toppling of the Ukrainian government by force. The US has led a response based on targeted sanctions against individuals and certain banks, whilst stressing there would be much worse to come for Russia if she plans a bigger military attack.

The USA is still concerned about a further Russian attack using the large firepower Mr Putin has assembled. It is possible that Russia will foment the strife and tensions within the two provinces that she has now recognised as independent, seeking to drag Ukraine into a war in the east. It is also likely Russia will look at how to destabilise the government of Ukraine, adding political pressures to military challenges created in Donbas. What is clear is the Franco-German initiative to reach a diplomatic peace through creating two self governing provinces within Ukraine is now badly damaged by pre-emptive Russian action. What do you think the USA should do next?

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## Rebuilding our fleets as a maritime nation would bring more Brexit wins

During our time in the EEC/EU our merchant fleet and our fishing fleet suffered a bad decline. The ECJ striking down an Act of Parliament designed to promote our maritime activities did not help. The Common Fisheries Policy invited many more foreign fishing boats in to plunder our fishing grounds.

The EU then imposed ever stricter quotas on U.K. fishing boats to reduce the impact of over fishing. A vicious circle was created denuding many of our great fishing ports of most of the trawlers that used to put to sea to fish our waters.

Rebuilding our fishing fleet should be an urgent priority. During the so called transition period we should be tougher on fishing by banning all the super trawlers of over 100 m in Length to help our fish stocks to rebuild. The government should work with private sector to put together boat finance, crew training and permits to fish to rebuild our lost fleet.

We should also reform the licensing, flagging and tax arrangements to make it more attractive for vessels to register in the U.K. Creating a larger flagged merchant fleet would stimulate more bunkering, victualling, repairs and refits in U.K. docks and yards. The MOD and other government buyers of vessels should usually buy from UK sources, to boost our shipbuilding capability. This could stimulate more private sector orders and construction. Some of our seaside towns need revival as they miss many of the maritime activities that used to be part of their commercial life.

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## [My question to the Prime Minister following his announcement to remove the Coronavirus Act](#)

**Rt Hon Sir John Redwood MP (Wokingham) (Con):** It is great news that our freedoms are being restored, so will the Prime Minister now bring the same focus and Government innovation shown on this topic to vanquish the cost of living crisis so that more people have enough money to enjoy the freedoms?

**Boris Johnson, Prime Minister:** You bet!

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## [The case again against higher National Insurance](#)

I reproduce below my latest article for Conservative Home

Let me have another go at explaining to the Government why they must remove the National Insurance tax rise, and cut VAT, before the full cost of living squeeze hits in April.

I have no wish to see the country damaged yet again by a foolish Treasury orthodoxy, aided by a Central Bank lurching from being too loose and inflationary to being too tough.

It is too late now to head off the round of inflation they have helped create. They both need to recognise that growth will bring the deficit down and the belated ending of money printing will start to slow inflation after April/May without further action. The hit to real incomes ahead will also slow the economy.

I have seen Treasury theory do so much damage over my lifetime. I urged John Major not to push the UK into the inevitable boom bust that the European Exchange Rate Mechanism was bound to deliver. He went ahead, triggering an inflation followed by a bust which collapsed house prices and took down many small businesses. It cast the Conservatives out of office for 13 years.

I watched as Gordon Brown helped generate a Treasury orthodoxy that decided to correct a credit bubble they had created by a disastrous aggressive curtailment of cash and credit. This bankrupted large banks and brought on the predictable great recession. On the back of that, Labour have been out of office for 11 years so far.

Today inflation is too high. Tomorrow it will be higher, when the full energy price rises add to bills. Wage growth so far is below inflation. The cost of living squeeze will hit confidence and limit many people's ability to spend on discretionary items, given the big rise in the cost of the basics of food, energy and the mortgage.

Some say the inflation is the result of supply-side shortages brought on by Covid, international supply chain disruptions, and the general shortage of gas in Europe. Others point to the way the Bank of England continued creating extra money, buying up bonds, and keeping interest rates around zero long after the initial pandemic shutdown.

They were right to produce a strong positive response to offset the economic damage done by the health policies in 2020, but wrong to continue money printing in the later months of last year as recovery was well set.

Whichever explanation you prefer, it all points to a coming sharp decline in the pace of growth, a big reduction in consumer spending outside the basics, and a peak or surge in inflation. It does not look like a wage/price spiral setting in given the deflationary impact of the huge energy price rises and the consequences of the most severe advanced country monetary tightening on offer.

The Bank of England has stopped all money printing, has raised interest rates and is even thinking of money shrinking whilst the ECB plans a further €40bn a month and the Bank of Japan carries on buying as many bonds as it takes to keep the ten year rate of interest near zero. Even the Fed, with a much bigger inflation problem than the others, is still unwisely printing more money this month. The Bank of England should give its tightening time to work before considering too much action.

The Treasury have one main argument against my proposal that we should cancel the extra National Insurance, end VAT on fuel, and cancel VAT on green products to make it cheaper to save energy at home: they say the deficit is too high so they need to hike taxes to reduce the amount we need to borrow.

I agree with them that the UK has to get the huge deficit down from the necessarily high levels to get us through lockdown. The Treasury said they could live with a deficit of £233.9bn this year. I thought that was too high, but also argued it was a very unlikely outcome in the budget debate.

Now the Treasury thinks the deficit will come in at £183bn, £50bn lower. It is currently running more than £60bn lower with just three months more to report. In that case the Treasury on its own argument can easily afford to cancel the £12bn of National Insurance increase next year and forgo around £5bn of VAT revenue. It will still be reducing the deficit by a large amount compared with its assessment of what was realistic last March.

I have a strong economic reason why they need to do this. Why has the deficit fallen so much more than they thought this year? It is because the economy has grown more than they thought. It is also because the Treasury/OBR model of the economy underestimates just how much extra tax revenue they will collect if the economy grows faster.

By the same token, if they insist on slowing the economy too much this spring they will collect less tax revenue than they thought. They could end up with a bigger deficit from too tough a squeeze. If people spend less on non essentials because they are squeezed, there will be less VAT. There will also be fewer service sector jobs so less income tax. There will be less profits tax from non energy businesses.

I do not want the Government to fall for Treasury austerity economics again and plunge us into another slowdown – which will lead to more self defeating cries from the Treasury for higher taxes and lower spending. Of course we need to get inflation down. The Bank has now taken some necessary action to start to do that in the second half of this year.

The single biggest problem is the price of energy. The Government needs to get on with licencing and encouraging more domestic production of oil and gas, and more domestic capacity for reliable electricity supply. This is the way to address the chronic domestic shortage and to start to unwind the foolish dependence to sky-high priced imports from a continent even more short of energy than we are.

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## [A UK borders and crime policy](#)

Vote Leave did not highlight borders and immigration policy during the campaign, aware of how it would be wrongly caricatured by Remain. Nonetheless

others did regularly raise the issue, and many Leave voters liked the idea of controlling numbers of migrants welcomed to the UK once we had left the EU. The general idea of a points based economic migrant policy where the UK decided how many people to invite and which skill sets would be most welcome gained general support amongst the Leave majority. There was a strong feeling that the EU economic model of allowing many people in to take low paid jobs in the UK keeping downwards pressure on wages was a bad one.

Most of us agreed that the UK should continue once out to offer refuge to those fleeing danger from evil regimes along with other advanced countries, doing our bit to alleviate these ills. Unfinished business from our time in the EU is the persistence of people trafficking and smuggling across the Channel. The old routes using lorries across the narrow straits are now better controlled, only for the trade to develop more reliance on small boats.

The government is putting in a points based system and is out to limit low skills and no skills migration from the safe countries of the EU, something we were not allowed to do as members pledged to free movement. It is important this policy is not damaged by frequent abuse of the sea route by economic migrants arriving without permission. Their lives are placed at risk by the business organisers of unsafe boat trips who violate our migration laws but also break EU laws over sea voyage safety and regulation, over taxation of business profits, and standards of employment.

Ministers have made clear their wish to stop this evil trade in people. Border Force say they will not turn back the small boats to France to show this is a futile trade in the way Australia stopped it for safety reasons. In which case it is surely a fair challenge to Border Force to ask them how they do intend to stop it if they do not like the Minister's instruction. It is their job to close down these illegal acts, to protect the lives of the trafficked and to enforce the law on both sides of the Channel against unsafe and illegal travel.

A big Brexit win can be higher wages for low skilled jobs with fewer economic migrants and more investment to help workers recruited locally.