My Intervention in the Animal Welfare (Livestock Exports) Bill

John Redwood (Wokingham) (Con):

I, too, thank the Minister and the Government for their fantastic legislation and great track record, of which we can be truly proud. Is it not the case that this Bill would not have been possible when we were EU members, and that we have put right that wrong? I urge the EU to catch up.

Mark Spencer (Minister for Food, Farming and Fisheries):

As ever, my right hon. Friend is absolutely right.

The UK – too few producers

Fifty years ago when a Labour government came into office early in 1974 they spent more in the public sector, borrowed more, fuelled a subsidy and wage inflation in the nationalised industries and lost control of the nation's finances. They had to go cap in hand to the IMF to get a bail out to defend the pound. The IMF made them start a programme of spending cuts. After a disastrous economic performance with high inflation, collapse in growth and many industrial closures they lost the 1979 election.

Labour had got in following the unfortunate short Heath government of 1970-4. The Heath government presided over an inflation followed by a recession along with the US and Europe. They blamed it mainly on the decision of the OPEC Middle Eastern oil producing countries to form an aggressive cartel, cut output and force the oil price up massively . This was certainly very damaging and affected many advanced countries. The UK version was made worse by a miners strike. It was also the case during these events that the UK government put up its spending and greatly increased its interference in the economy with a prices , wages and nationalised subsidy programme. It allowed the Bank of England to expand the money supply by adopting a new monetary policy called Competition and credit control. Large amounts of lending were generated which led to a property bubble.

I mention this not because our current position is the same, though we can learn from the impact of an external energy shock and from bad Central banking in both 1970-3 and 2020-3. I mention it because the period of damaging Labour government led to the publication of the work by Eltis and Bacon, two Oxford economists, pointing out the UK had too few producers. The UK then had a worse productivity problem across the whole economy than we do now. Their analysis showed how the massive overextension of the public sector to 60% of GDP was unsustainable. It led to tax rates that were far too high, which deterred new investment in the private sector and encouraged the brain drain as successful and talented people went elsewhere to avoid the penal levels of income tax Labour imposed. The marginal rate was 83% on earned income and 98% on savings income, effective confiscation. The poor productivity in the public sector was compounded by low productivity in the private sector. Contrary to common belief at the time a lot of business did have modern machinery like the US and Germany, but did not get the same output per person from it.

The Eltis and Bacon main perceptions that too much public spending led to a squeeze on the private sector were correct. When looking at today's problems there are some similarities. It is however important to recognise the fact that the public sector does produce valuable output which is captured in modern GDP figures by assessing the number of pupils taught and the number of NHS treatments undertaken. I will be looking again in future articles at the fast productivity decline in the public sector 2019-23, a new feature, as well as the related lack of good control over public spending growth rates.

My Interview with the Institute for Art and Ideas: Inflation: plague or profit

Please find below the link to my Interview with the Institute for Art and Ideas on inflation.

You can find my contribution which begins at 05:38.

Economic fact and economic fantasy (iai.tv)

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Nationalised industries, quangos and Ministers

The way the Post Office, a nationalised industry throughout, treated its sub postmasters must have destroyed the myth that nationalising a business makes it ethical, good for its staff and customers and capable of resolving public policy problems. Just as the old nationalised water industry tipped sewage onto beaches, and the nationalised railway kept cutting services and sacking staff whilst failing to run the trains on time, so modern nationalised bodies show they are no good at doing what customers need and want. The Environment Agency wrecked the Somerset levels by not using pumps and not keeping the drains and ditches clear. The North Sea Transition Authority delights in closing down our oil and gas fields so we can import more fossil fuel generating more CO 2. Local Councils pursue vendettas against motorists. DEFRA has been specialising in stopping us growing our own food with large grants to let the land go wild.

It is curious how this century Labour, Lib Dem and Conservative Ministers have been keen on more so called independent bodies with greater powers. They seemed to think they would do a better job and would take the blame and the strain. Instead many of them did a worse job whilst the blame as far as the public is concerned rested with the Ministers who could have changed the instructions or the management of the body. Some Ministers have become timid or have been house trained to believe they must simply rely on the advice and defend the statements and actions of these independent bodies even when they are obviously wrong and or upsetting many members of the public.

Government needs fewer of these bodies. It needs to supervise them effectively. When I was a Minister with reporting quangos I insisted on an annual review meeting of the previous year’s performance and actions prior to publishing the annual report, and an annual budget meeting to discuss how much they should spend and how much public money or underwriting they might need in the year ahead. If big issues cropped up or if their performance was poor there could be additional meetings during the year. I reported any intervention I made to Parliament and was prepared to discuss the published budgets and annual reports which became open documents.

If necessary I asked a CEO or Chairman to leave