[Article on Liz Truss speech in Washington](#)

EXCLUSIVE : Liz Truss is back – on freedom, values, growth, low taxes, smaller state, higher incomes, wokery, gender politics, China, Russia, defence… and Macron & Biden.

In a pivotal speech in Washington DC, the former PM takes no prisoners.

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The BBC is highly selective with figures

The IMF this week released a table of growth rates in GDP for the main economies of the world. It contained three years. The actual figures for 2022 and two forecast years, 2023 and 2024. The forecasts were changed from the previous forecasts for the same years, as they regularly do.

The BBC spent the day following the release running with the story that the UK is the poorest performing major economy according to the IMF. This was based on the IMF GDP forecasts for just 2023. It was usually presented as fact or news, rather than as one of many forecasts for the upcoming year which might or might not be right. So called experts were asked to comment on why we are the worst performing economy, not on the quality of the forecasts or why the forecasters thought that could happen. They were sometimes expressly asked if that was the result of Brexit.

The BBC could have led with the story that the IMF confirmed that the UK was the fastest growing economy in 2022 on the official figures, the only fact in the release. The UK's growth rate of 4% compared with China 3%, USA 2.1%, Germany 1.8%, France 2.6% and Japan 1.1%. No expert was dragged on to be asked if that outperformance "was due to Brexit".

They could have provided a more balanced account by saying the IMF's 3 year figures combining actuals and estimates show the UK ahead of France, Germany and Japan but behind the USA and Italy. They could have asked experts to comment on how we could could be even closer to the US rate of growth and less like the German one.

The fact they did not choose to tells us the state of BBC economic commentary remains poor.

What the PM and President should have said in Ulster

During his brief morning stop in Northern Ireland on the way to his three day stay in the Republic of Ireland the President could have held out a hand of friendship to the Unionist community. He could have said on reflection he had been hasty to encourage an EU/UK deal, as he now saw that one on the wrong terms alienated the Unionist community and undermined the Good Friday Agreement. He could have pledged to ask the EU to change their stance to reduce the risk of damaging NI's place in the UK as well as burdening UK trade between GB and NI with too many barriers. The deal done has not resolved the problems. it has destabilised NI by re opening constitutional issues that the GFA had put to rest.

Instead he pretended there was no real issue, just unreasonable Unionists. He was not able to have a celebratory banquet for 25 years of the GFA. He could not make a speech to Stormont as it cannot sit. The original ideas behind the visit were cancelled so the NI visit was shortened.

The Prime Minister should have used the brief encounter to start work on restoring Stormont by engaging the President in the need to get the EU to change its stubborn and unhelpful stance. He could have made the Unionist case to balance the Republican case implicit in the President's words and deeds.

He did not do so. He seemed to go along with the idea that the Unionists should accept the EU/Republic of Ireland settlement and live with EU law making in their part of the UK. It was a bad missed opportunity, a tragedy for our country.

IMF forecasts

The IMF thinks all the western advanced economies will slow down a lot this year. Of course they will, because the Federal Reserve Board in the USA, the European Central Bank and the Bank of England have shifted from very inflationary policies to very tight policies. They have hiked interest rates, stopped buying up bonds and encouraged a credit squeeze. On top of this the UK has had a tax raising budget to add to the squeeze, whilst the Bank of England has gone for an ultra austere policy of selling bonds it owns at losses to drive up mortgages and other interest rates. The IMF as a result puts the UK towards the bottom of the pack for the year ahead after a great 2022. It may be too optimistic about some of the others, given the need for the Euro area to take more action to get inflation down.

These lurches of policy by advanced countries are unhelpful and unnecessary. Switzerland, China and Japan avoided the high inflation figures of the USA and Europe/UK by not buying up so many bonds and running such a loose policy. Only the UK has added a large rise in business tax and substantial fiscal drag on personal income taxes by not raising allowances in line with inflation. These tax changes will ensure slower growth. The business tax rises when added to the windfall taxes hitting the energy sector will ensure weak investment flows in the year ahead adding to the downturn. The Bank of England should reduce the severity of its bond sales, allowing its balance sheet to shrink as bonds fall due for repayment. The Treasury should abandon its tax rises and understand that it will collect more revenue if it allows more growth.

The IMF queries Bank of England policy

In an interesting recent IMF blog three senior officials advise Central Banks on how to balance counter inflation policy with the need to avoid problems with banks and non bank financial institutions.

They look at how UK pension funds and liability driven investment strategies revealed “the perilous interplay of leverage, liquidity risk and inter connectedness”. They query how a Central Bank injecting liquidity to ease such a situation could complicate the fight against inflation. They propose three types of permitted intervention. Discretionary market wide intervention targeted to segments at risk. Lender of last resort loans. Standing loan facilities for non bank financial institutions in need.

They go on to stress “Clear communication is critical, so that liquidity support is not perceived to be working at cross purposes with monetary policy. For example, purchasing assets to restore stability while continuing with quantitative tightening to bring inflation back to target may cloud intent and complicate communication. “ Yet this is what the Bank of England tried over LDI.

This is what the Bank of England did. They deliberately drove bond prices down by announcing and commencing a large bond sale programme. This led to big losses in pension funds, and more calls for cash on the geared positions in government bonds LDI funds were running. LDI funds then also sold bonds to meet calls making their positions worse and increasing the losses. The Bank then bought up some bonds to reverse some of the price falls it had helped create.

The truth is the Fed and the Bank of England printed too much money and kept rates too low in 2021.In the last year they rushed to tighten, causing tremors in UK pension funds and some US regional banks. When financial instability appeared they both eased by supplying money to markets offsetting the severe Quantitative tightening they were still executing. They should both take money and credit growth more seriously and stop lurching from too easy to too tight.

It is strange the leading western Central banks all thought they could create money and buy bonds at ever higher prices to ease conditions without it causing inflation. They were wrong. Now they think they can sell bonds at ever lower prices, tightening money and drying up liquidity without it causing any problems amongst banks, pension funds and other large holders of bonds. Why?