

Why does the Commons fail to argue over money printing?

For the last 14 years the main instrument of monetary policy has been the creation of many more pounds by the Bank of England to buy up government debts. This has occurred under Labour, Coalition and Conservative governments. No opposition has ever opposed it or any part of it. The Bank has now created a massive £975bn of new money to buy bonds. This swamps the sums we normally debate around budgets.

Some MPs ignorantly say they do not challenge this because it is the actions of an independent Central Bank. If they read the documents they would discover that the Chancellor has to approve and sign off every pound so created. More importantly he is also required to take all the risk on the bonds, indemnifying the Bank of England against any losses, as the sums involved are large in relation to the size of the Bank and its capital. The fact that taxpayers are now the proud owners of £975bn of bonds liable for losses via the Treasury should you would have thought concentrate the minds of MPs and lead to debate.

Some MPs say they did not need to debate it because they agreed with the policy. Now, however, many MPs are angry about the high levels of inflation we are currently experiencing. They should re examine their past support for the money printing which is one of the reasons we now have the inflation we are experiencing. It seemed clear to me and few others last year that the Bank and Treasury were continuing with more money printing than was sensible well into the recovery. I did back the money printing in 2020 as a necessary part of the offset to the deeply damaging economic impact of lockdowns .

Today Parliament needs to consider how it should handle these issues in future, given the problem of inflation from past Treasury/Bank monetary policy. How much money will taxpayers lose on the bonds that have been bought? As interest rates go up, so the value of the bonds held usually goes down. Does that matter? The deal the Treasury gave the Bank means there will be no trouble for the Bank, as in addition to the guarantees there is the promise of top up capital if ever the Bank's free capital falls too low.

In these conditions it is difficult to see why so many MPs including the Opposition think the Bank is independent. They also need to ponder the significant power the government has when it comes time to choose a new Governor.

The MPC and the current Chancellor added £200bn to QE in March 2020, £100bn in June 2020 and £150bn in November 2020, with payments under each programme spread out over the months that followed through to end 2021.

Why we must legislate on the Northern Ireland protocol to save the Good Friday Agreement.

[Bernard Jenkin Chair, Liaison Committee \(Commons\) 12:22 pm, 15th July 2021](#)

I beg to move,

That this House

supports the primary aims of the [Northern Ireland Protocol](#) of the [EU Withdrawal Agreement](#), which are to uphold the Belfast ([Good Friday](#)) Agreement in all its dimensions and to respect the integrity of the EU and UK internal markets;

recognises that new infrastructure and controls at the border between Northern Ireland and the [Irish Republic](#) must be avoided to maintain the peace in Northern Ireland and to encourage stability and trade;

notes that the volume of trade between Great Britain and Northern Ireland far exceeds the trade between Northern Ireland and the Republic of Ireland;

further notes that significant provisions of the Protocol remain subject to grace periods and have not yet been applied to trade from Great Britain to Northern Ireland and that there is no evidence that this has presented any significant risk to the EU internal market;

regards flexibility in the application of the Protocol as being in the mutual interests of the EU and UK, given the unique constitutional and political circumstances of Northern Ireland;

regrets EU threats of legal action;

notes the EU and UK have made a mutual commitment to adopt measures with a view to avoiding controls at the ports and airports of Northern Ireland to the extent possible;

is conscious of the need to avoid separating the Unionist community from the rest of the UK, consistent with the Belfast (Good Friday) Agreement;

and also recognises that [Article 13\(8\)](#) of the Protocol provides for potentially superior arrangements to those currently in place.

The House approved this motion with Labour supporting when Bernard and other MPs including myself proposed it. What the UK government is now proposing by way of legislation is pursuing the policy laid out in this motion. It is important to avoid bringing into effect the many additional controls between NI and GB that the EU envisages. As the motion says there is no evidence of harm being done to the EU's single market by the failure to impose these extra controls on GB to NI trade.

More importantly, as the motion stated, the Good Friday Agreement takes precedence over the Protocol and that Agreement is now visibly damaged and undermined by the EU actions over the UK's internal market. Whilst the Protocol promised to respect our internal market the needless controls the EU has already imposed on internal GB/NI trade have done damage to our trade and more importantly have lost the support of the Unionist community for the Assembly and political process which lies at the core of the Good Friday Agreement.

The government should proceed swiftly with the necessary legal measure to restore UK internal trade. Labour would be wise to remember their support for this policy when they helped the Commons pass this motion. If they do so they help to restore cross community support for the Good Friday Agreement. Visiting US Democrats would be wise to read both Agreements and to grasp how the Protocol is currently undermining the Good Friday Agreement thanks to the heavy handed and wrong implementation by the EU.

A budget to ease the squeeze

Here's an idea. Take the surge in extra tax on energy higher prices have brought, and give that money back to struggling taxpayers. The Treasury is collecting a mighty windfall. extra revenue from North Sea oil and gas already paying double Corporation Tax. Some say that's £8 bn extra so far. Extra VAT on inflated home energy bills. More tax at the petrol and diesel pumps.

This may amount to say a total £15 bn. That would mean the government could

Abolish the extra National Insurance imposed

Suspend VAT on fuel

Increase the Warm Homes discount

Increase Universal Credit

Cut Income tax by 5% off the rate, taking it to 19%

Carry the cost of some of the renewable obligations on fuel prices for a period whilst gas prices remain elevated.

It is a bad idea to collect much more tax from producing and buying energy when the price of energy has just rocketed.

It is not the windfall tax that is so popular but the thought the money from it could be given back to customers of energy companies. the sum involved is much smaller than the extra tax the government is already taking off us, so give that money back instead.

Bring on a budget to promote growth and lower inflation

We need a new budget now. The current policy mix is delivering soaring prices and a nasty slowdown.

The Chancellor tells us he wants investment led growth. He says he is thinking about new tax incentives for investment this autumn. They will be less generous or no more generous than the super deduction from Corporation tax businesses currently enjoy. That way of fostering an investment lift off has predictably and visibly failed. Let me explain to the Treasury why.

When looking at an investment you do not just look at the tax position when

spending money on the set up of the investment. You look at longer term cash flows when the investment has been made. The Chancellor's planned large hike in Corporation tax makes a big hole in future net profits from any investment in buildings, plant and equipment. If it's an investment in the oil, gas and coal we need, we find instead U.K. net zero policies drive people to import as those who want to produce here struggle for licences. If you were thinking of increasing our food output Defra will be bribing landowners to wild their land instead whilst the Business department and others will be wanting to reward the landowner for using the land for carbon offsets. If you were thinking of investing to ease the homes shortage the Levelling Up department will be wanting you to sign up to remedial liabilities on past buildings if you are a U.K. company but not a foreign one.

I mention these three areas as inflation in energy, food and housing are central to our current woes. We need more domestic capacity in all three. So government, take the barnacles off the enterprise boat. Grant the permits, cut the taxes, place the orders. The world does not owe us a living.

Stopping the rise in Corporation tax is the bare minimum to try to rescue investment. If the Chancellor instead cut it to the new world minimum of 15% there would be an investment surge and more business tax revenue. I will give more detail on the budget we need in future articles.

Ministers and Whitehall culture

Whitehall has many talents and strengths that Ministers need to use and motivate to do their jobs. They also need to be aware that there is a kind of default mode that applies to many policies and areas that does not reflect the mood of many to make a success of Brexit and to use the freedoms it brings to help create a more prosperous and successful UK.

There are many in Whitehall who seem to regret our exit from the EU and wish to stay close to EU rules, laws and policies. There is a readiness to take what the EU says as right and necessary and to see anything we do differently as unwise. We see this most obviously in the reluctance to sort out the Northern Ireland Protocol by failing to press on with legislation to uphold the parts of the protocol that respect our internal market and reflect the wishes of Unionists as part of the Good Friday settlement. We see it in the reluctance to challenge the EU over our residual payments to them, to push back on their aggressive stance to cross border trade and in the unwillingness to remedy bad past EU legislation. One and half years on from exit and still there has been no repeals Bill, no major changes to VAT, no regaining of our fishing industry.

There is then the similar enthusiasm for a range of other international bodies. Many in the public will be alarmed if Whitehall wants us to sign a health Treaty giving powers to the WHO over the NHS.

The major controlling idea in Whitehall apart from welcoming every form of global government over us is the priority afforded to net zero policies over almost all others. This has led to the accelerated decline of domestic energy with increasing reliance on unreliable and expensive imports. Far from cutting global CO₂ this I'll judged response has increased world CO₂. It is leading to the wilding of the UK to reduce the amount of food we grow for ourselves at a time of worrying international shortages. It is often self defeating in its own terms, as we come to rely on foreign products for our needs which produce more CO₂ globally than if we had made or grown them at home. It runs down too many U.K. industries as they propose we import more instead.

These are some of the things Ministers need to change.