

Ukraine and Nord Stream 2

The EU protests against Russia's seizure of Crimea. The EU says it does not want Russia taking any more of Ukraine. At the same time Germany encourages Russia to put in Nord Stream 2, a second direct pipeline from Russia to Germany to increase German and EU dependence on Russian gas. It also provides a way of diverting gas that might otherwise have flowed through a pipe across Ukraine, with revenues accruing to Ukraine, to a different route and no Ukrainian revenues. For Russia Nord Stream 2 is a double win, weakening the EU and Ukraine at the same time.

Both Germany and the EU are delaying signature on the regulatory arrangements and the contracts to supply gas via the pipeline. They are trying to place more of it under EU law. That will not of course make much difference should Russia at some date in the future decide to use the leverage it could exert from being a major gas supplier to the EU to demand concessions or changes of policy to its liking. For the legal route to work the other side both has to accept the jurisdiction of the EU court and to willingly submit to the views of the other party in the dispute. Russia would not necessarily do that in practice whatever the initial documents might say.

The SPD led new German coalition government includes the Greens and is meant to be taking the faster pursuit of net zero seriously. Greens do not usually welcome new sources of fossil fuel delivery. I guess in this case they will be so hard pressed to find ways of implementing their new pledge to try to phase coal out of their electricity generation by 2030 that they will not think they can do without this extra gas as well.

Today President Biden will have a video conference with President Putin. Ukraine will doubtless be high up the agenda. The USA has told the world of a build up of Russian troops near Ukraine's eastern border. One of the many things Presidents Biden and Trump agree about is the undesirability of Nord Stream 2. As it gets close to going ahead President Biden will need to find ways to warn Russia off using Ukraine's greater weakness to his advantage.

**My question to the Minister of State
about whether the Government will take
the money from those making profits
from illegal drug trades**

Rt Hon Sir John Redwood MP:

I strongly welcome the [Minister](#)'s plan and intent, and I wish him every success with it. On that money point, will he make it clear to the people making these big profits that the state will pursue them to take the money back?

Kit Malthouse, Minister of State, Home Department and Ministry of Justice:

We absolutely will, and our plan contains an ambition to significantly increase the denial of assets to the criminal fraternity. We know that this business, if it is a business—a horrible business—is prosecuted for profit. It is all about the money, so if we can make it a low-return, high-risk business, we will deter a lot of people from getting involved.

[My question to the Health Secretary about the use of expanding bed and staff capacity in hospitals](#)

Rt Hon Sir John Redwood MP:

Why has some of the substantial extra money for the health service not been used to expand bed and associated staff capacity in hospitals, and why were the anti-covid Nightingale hospitals not used for the pandemic to prevent the virus from spreading to the district generals?

Sajid Javid, Secretary of State for the Department of Health and Social Care:

The [NHS](#) and social care has £5.4 billion of extra funding over the second half of this financial year. A lot of that funding is being deployed to create extra capacity, especially with work on discharges between the NHS and the social care sector, because people can be clinically ready to be discharged, but the care packages have not always been easily available.

[Star Chamber](#)

I was pleased to see the PM and Chancellor have decided to set up a committee to seek better value for money from departments. That used to be the main task of the Chief Secretary to the Treasury. Star Chamber was a committee to

adjudicate the following year's annual budget where the Treasury and spending department disagreed about the totals. It would be chaired by a nominated senior Cabinet Minister, with a right of appeal to the PM. It was not usually a good idea to exercise that right for a spending Minister and was very rare. The new Committee would be wise to empower the Chief Secretary to push back more on wasteful or ineffectual spending.

They should start with the massive NHS budget. They need to pin down how much of the one off spending of the last 20 months on Test and Trace, vaccinations and responses to the pandemic can be ended, and to see how much of the spending in the NHS budget to undertake non covid work was in practice vired to pandemic related spending. They should want to see a proper costed programme for reducing waiting lists, backed by a proper manpower and recruitment budget. They should require clarity over how much extra social care is going to get, now that it is to share part of a nominated tax for part of its budget. The decision to hypothecate some National Insurance was a bad one, and will give misleading views of how much these two expensive services actually cost. they should ask why NHS management has kept the NHS so short of beds but long of management and management consultancy

They should review the progress with the administrative reorganisation. They should ensure no senior manager gaining a job in the new structure receives a redundancy or other payment for their past service in the old structure. They should seek to retain and reappoint all the good people from the old structure without recruitment fees. They should economise on new logos, use up old administrative supplies and only allow property changes where that will result in savings. These are all points I have made about the impending reorganisation.

[Tax rises and tax cuts](#)

Someone briefed the press that the Chancellor has asked officials to give him options to cut taxes in 2023 and 2024. He wishes to be seen as a tax cutting Finance Minister. Why does he need officials to tell him? Surely an intelligent Conservative Chancellor should have his own tax cutting priorities?

Why plant such a story. He is clearly defined as a tax raising Chancellor on a large scale.. He has broken the Conservative Manifesto pledge not to increase National Insurance by a damaging and needless rise from next April. The options mentioned in the press do not include getting that back down again.

He has announced substantial hikes in Corporation tax rates which will probably mean collecting less revenue than keeping rates low. Treasury models of future CT revenue have been regularly wrong, underestimating the boost from lower rates. He should set our rate at the new world minimum rate

he wrongly signed us up to.

He has frozen Income tax allowances in order to drag many more people into higher rate tax over the next couple of years. This penalises people for getting promoted, gaining new qualifications and working hard. It is an anti levelling up policy. This is not a formal break of the Income Tax promise but it is certainly not keeping rates down for people getting a rise at certain income levels.

If the Chancellor really wants to be a low tax Chancellor he needs to reverse the tax rises he plans before they bite next year. He can use the excuse that in the first half of this year the deficit came in £50 bn below the idiotic OBR forecast, giving him more scope than he needs for my proposal. He can also argue that as the economy slows from here he needs to give it a boost to continue a decent recovery. Everything points to the need for him to act as they brief, to become the tax cutting Chancellor.