

Three cheers for overseas aid

I am glad the UK spends money on ships and equipment that go to assist countries facing flood and tempest. I am in admiration of our medics and armed forces when they sometimes go to help treat and contain dangerous infectious diseases abroad. I am pleased the UK as one of the leading and richest countries of the world helps alleviate and tackle poverty in the developing nations.

The UK should set out what it can do and what it is good at, and should be generous where need arises and where we have the means to help. I want to see reform of our budgets and our activities in these areas so we achieve more with better value for taxpayers.

I went along with the Conservative leaderships' support for hitting the 0.7% target of GDP, though I have misgivings about such targets. I do not think we should commit to spend a certain proportion of a fluctuating and usually growing number. We should decide on spending on a case by case basis and against our general budget background. We do not pledge to spend a fixed proportion of GDP on health or education or policing, but look at those budgets in the light of needs and costs. I trust the government will now repeal the 0.7% pledge in our law codes.

Labour will doubtless oppose such a change. They averaged under 0.4% of GDP on overseas aid in their period in government 1997-2010, despite pretending to support the international commitment to spend around twice as much as they managed. They never explained why during all those years they did not do what now they say we must do. Those who want to see more overseas aid spent might do better to lobby the EU and its member countries who spend together well below the 0.5% the UK is now indicating as a new temporary level.

Last year the UK again spent 0.7% or £15bn on overseas aid. £10bn of this was spent on projects and activities we chose along with the recipient country in so called bilateral aid. The balance of £5bn was spent by our giving the money to the EU and other multinational bodies to spend as they saw fit in so called multilateral aid. As we leave the EU it is a good time to bring our overseas aid spending back in house and decide on how we can best help those in need. We should also look at the full support we give, which goes wider than the items allowed under international conventions to be called Overseas Aid. Some of our Defence expenditure is aid, being used to help bring peace to strife torn countries and providing assets to tackle disasters.

I want us to identify the areas where we have most expertise and can do most to help. Maybe the UK should specialise in a few areas like the provision of clean water to each home, the provision of primary education to all girls as well as boys in poor countries and the roll out of programmes to tackle infectious diseases.

We should follow certain guidelines. The money should for preference be spent in the country we are trying to help, using as much local labour and skills

as possible. Where we need advanced country inputs these should usually come from people and companies based in the UK. We should work on the principle that it is better to teach a hungry person to fish and farm for themselves rather than sending them food parcels. The aim is to get countries out of poverty, not into dependence. More trade is often of more help than more aid.

It will be great to see us achieve more by concentrating our efforts in areas where we have most to offer, harnessing public and private sectors together, and taking control with more programmes we run for the benefit of the poorer countries. .

[My speech during the debate on Exiting the European Union, 24 November 2020](#)

May I reassure the Opposition that I wanted to make a few comments in this debate, and I submitted a request to participate on my own initiative? I have not received any message from the Whips, either before or during these debates, that I should not make a few remarks. With the permission of the House, I will exercise that democratic right.

I understand that there is a parliamentary game going on and that the Opposition want to extend this debate because there are some other things that they do not want to discuss, but that is a matter for them. Oppositions are quite entitled to use what time is available for their own purposes.

Alan Brown (Kilmarnock and Loudoun) (SNP): May I ask the right hon. Gentleman whether the game is not on the Government's side, given that they have withdrawn all their speakers, except for his good self?

John Redwood: On the contrary. As I have just explained, there has been no pressure to withdraw my application. Some of my right hon. and hon. Friends who thought that they were going to speak in the debate have reread the proposal and realised that, given the incisive eloquence we would hear from the Minister, there was absolutely no need for them to come to the Chamber and duplicate and triplicate that. I have been foolish enough to think that I can add something to the Government's case, because I support the measure. The fact that my right hon. and hon. Friends seem to have better things to do shows that they are 100% behind the measure, and just want it to be passed as quickly as possible as they attend to their other duties as busy MPs.

So why do I support these regulations, and why are the Government doing this? The first reason is to take back control. That is what millions of people voted for, and many of us are very frustrated that it still has not happened. As the Minister stated clearly, this is about ensuring that, from 1 January, we in this House, on behalf of the British people, can decide for ourselves within international law what the rules shall be on tariffs, quantitative

barriers, restrictions and inducements to trade—and how right that is.

I always find it so disappointing that the Opposition, who now say that they understand the spirit of Brexit and have embraced it, do not believe that they can come up with any single improvement on the great body of European law that has been forced on us over many years. I am more optimistic. Working with the talent on the Government Benches, I can see lots of ways of improving on European law. It can be better, not worse, and more rather than less in the right areas. Surely our trade policy should be geared to the interests and concerns of businesses that back this country by investing and creating jobs in it.

Stephen Doughty (Cardiff South and Penarth) (Lab): I raised a serious point in an intervention on my hon. Friend the Member for Manchester Central (Lucy Powell) about the Falkland Islands. Does the right hon. Member agree that the UK family is a large one, including our overseas territories, and we ought to be backing the fishing fleet in the Falkland Islands that are trying to export squid and calamari to the EU? Will he join me on a cross-party basis in urging the UK Government to address the concerns of the Falkland Islands?

John Redwood: Of course I hope we can do things to help the Falkland Islands, as we have over many years. They are clearly part of our family, and blood and treasure have been shed to ensure that they are part of our family, so I above all think that we should do all we can.

From 1 January, we in this House can do the things that are in the power of an independent country. We cannot instruct the EU when we are out of it any more than we could when we were in it. There have been a glittering array of failed issues that we put to the EU on which it did not sympathise with us. We had a series of Governments who were so broken backed that they only ever accepted things that the EU wanted to do and did not try to do anything that we wanted to do, which is why it got so frustrating as a member of that body.

It is about taking back control, and I urge everyone here to be more optimistic about the powers of this House. What is the point of someone being a Member of Parliament if they do not believe that they can improve on anything in the inherited corpus of EU law? Why do the Opposition, on the whole, say, “Everything EU perfect, everything generated in this country rubbish”? It is not plausible, and it is against the spirit of the Brexit majority in this country. They want us to get a grip and do better. If we do not do better, they will change us. That is the joy of Brexit—they, at last, will get back control over us. If the law went wrong in the European Union, it did not matter who was in the Government. Even if they threw the Government out, nothing changed, because the EU would not change the law, whereas if we get the laws wrong, the public will know what to do—they can throw Ministers out.

Alex Cunningham (Stockton North): Will the right hon. Member give way?

John Redwood: I am not giving way, because I have a couple of points to make, and I am conscious that many Members wish to make speeches.

Lucy Powell (Manchester Central) (Lab): Where are they then?

John Redwood: There are clearly Members on the Opposition Benches wishing to catch Madam Deputy Speaker's eye.

The second point I want to make is that this is about our balance of trade and our balance of payments. One of the tragedies of our membership of the European Union over nearly 50 years was how we transformed ourselves from an industrial country with a strong farming and fishing industry into one that had been badly damaged by the rules and tariffs that the EU imposed on us and our trade with the rest of the world. It was asymmetric and very cruel.

We lost a large chunk of our motor industry in the first decade of our membership—I think it halved—and we lost a lot of our steel industry. We moved from being a net exporter of fish to being a heavy net importer, with much of our fish taken by foreign vessels and foreign industry. We have lost a lot of our self-sufficiency in temperate food, because the common agricultural policy did not suit us. State aid, cheap energy and so forth on the continent helped places such as the Netherlands to outcompete us on salads and flowers, for example.

We have a big job to do to rebuild ourselves as an industrial, farming and fishing country that is capable of cutting the food miles, cutting the fish miles and delivering more to ourselves and to our own plates through import substitution.

I hope that from 1 January, if not before, Ministers will use these new powers to review all the restrictions and rules about trade and tariffs and create a British model that is better and fairer to Britain, so that “made in Britain” means something, and more is made in Britain and willingly bought by British people. It is very difficult for the Opposition to oppose that, although they will doubtless try to, because they always want to sell Britain short and to build the EU up to greater heights.

None the less, outside this Chamber there will be great relief to know that at least some people in Parliament wish to see a revival of British fishing, British farming and British industry and to understand that the rules of trade and the skewed subsidies and tariffs against the rest of the world have been extremely damaging to people who want to build businesses and farming activities in the UK and that it is time for a reversal.

I wholeheartedly support this measure. I want to take back control and I urge more MPs to get into the spirit of it, and, instead of cavilling and criticising every move that this country wishes to make to be independent, contribute to the debate about how we can be better.

Plenty of spending

So the government plans to spend £280bn more this year on their response to the pandemic. Some of this was much needed compensation for people who were not allowed to work or trade their businesses, and some of it was necessary extra spending on NHS capacity to handle the disease.

Now it is most important the government seeks value for the spending, and get the NHS up to full running on all the non CV 19 work.

2020 Christmas Arrangements

Dear John,

Further to yesterday's announcement by the Prime Minister and the COVID-19 Winter Plan, we have reached agreement between the UK Government and the devolved administrations in Scotland, Wales, and Northern Ireland on arrangements for the Christmas period. Christmas is an important time of year for many people in the UK, regardless of their faith.

COVID-19 continues, however, to pose a very real and ongoing threat. It will not be possible to take full advantage of the winter holiday season and to celebrate Christmas in the normal way.

We recognise that there will be some hard choices for families and friends, and that there will be situations where it is not possible to gather in the way many usually would. In this context, we have reached agreement on a single set of UK-wide measures to help people come together with their loved ones in a way that is as safe as possible.

- Between 23 and 27 December, up to three households will be able to join together to form an exclusive Christmas bubble.
- Everyone can be in one bubble only, and cannot change bubble during this time period (an exemption to this is children, aged under 18, of separated parents).
- People (e.g. nannies, cleaners, tradespeople) can continue to work in someone's home where necessary during this period. To reduce risk, they should observe social distancing wherever possible, and where it can be avoided should not go into homes that are hosting Christmas bubbles.
- A Christmas bubble will be able to spend time together in private homes, to attend places of worship, or meet in a public outdoor place.
- Travel restrictions across the UK will be lifted to allow people to

travel to and from their bubble. But beyond this, people should follow local restrictions in the area in which they are staying.

Even where it is within the rules, meeting with friends and family over Christmas will be a matter of personal judgement for individuals, mindful of the risks to themselves and others.

People should as much as possible reduce unnecessary social contact with those with whom they do not live in the two weeks before forming their Christmas bubble. We need everyone to think carefully about what they do during this period, balancing some increased social contact with the need to keep risk of increased virus transmission as low as possible. This is particularly important when considering those who are vulnerable and elderly.

The clinically extremely vulnerable can form part of a Christmas bubble, but this would be a personal choice and should be balanced against the increased risk of infection for those people.

Given the additional risks, visits out of care homes should only be considered for care home residents of working age, where the home is in agreement, and has completed an individual risk assessment.

Parents should continue to send their children to school and students should continue to attend college, in line with local guidance. The UK's four Chief Medical Officers continue to advise that the best place for children and young people is in education. There is no need for children to be taken out of school early.

It is essential that everyone follows the rules applicable to where they are in the UK. In England, that means continuing to follow the local tiers that will apply from 2 December. It will be particularly important for everyone to follow the social distancing guidelines early in the new year. Historically, this period is when the NHS sees the greatest pressure on services such as Accident & Emergency, and the highest rates of bed occupancy, and this year the NHS is dealing with COVID-19 as well.

Further information and guidance can be found on [gov.uk](https://www.gov.uk):

While this will not be a normal Christmas, we hope that this UK-wide agreement will offer hope for families and friends who have made many sacrifices over this difficult year.

With every good wish,

Rt Hon Michael Gove MP

Chancellor of the Duchy of Lancaster and

Minister for the Cabinet Office

State debt and money printing

Time was when I and many other economic commentators would have rightly warned that a country cannot take on too much debt as it has to pay the interest and pay it back one day. It needs to live within its means. I would also have confirmed that any attempt to simply print more money to spend in the public sector or to use to buy up the debt would lead to high inflation, and would come to create a deep recession as hyper inflation undermines normal activity.

There are plenty of examples from history and current economies to show what goes wrong if a government tries to borrow and print its way out of economic troubles. Call it the Weimar model, from 1920s Germany, or the Zimbabwe model from that country in the first decade of this century. Or call it the Venezuela model, still living through the disastrous consequences of borrowing and spending too much in the public sector and trying to print its way out of the debts. A government that prided itself on generous handouts to the poor ended up leaving the poor hungry and roaming supermarkets with little food. Hyperinflation set in. That clears the shelves of goods, drives imports sky high in price as the currency plunges, and undermines investment and business. Venezuela, the country with the world's largest oil reserves has been unable to pump much oil, as the oil wells go without maintenance and the transport fails.

But today I need to report that the Euro area, the USA and the UK have embarked this year on a major programme of expanding state debt, and their Central banks have printed a large amount of new money, politely called Quantitative easing. Indeed, to save the world economy the Fed created an extra \$3trillion this spring. We should be grateful, as it was needed.

I will call this the Japanese model. For 30 years now since her huge credit crunch and asset price crash, Japan has followed a policy of greatly expanding its public debt, and buying in large quantities of it with money created by its Central Bank. State debt in Japan is now around a remarkable 250% of GDP. It stands at 1,328,000,000,000,000 yen. Despite this Japan suffers from practically no inflation, output is fairly stable, investment continues and the currency is behaving well against others.

So far the actions taken by the USA, UK and the Euro area during the pandemic have shown that we can at least temporarily follow the Japanese model. We should not, however, assume we will be able to do this indefinitely or will need to do what Japan has done for some 30 years. We cannot assume our economies will remain immune to inflation, that our currencies will remain relatively stable against others, were we to persevere with too much debt and too much money printing.

It has been possible to do it so far because the anti CV19 measures were such a big hit to demand and incomes, that it needed an equally large offset from borrowing more and creating more money. There was no shortage of goods for the money to buy, apart from a few specials like PPE which duly shot up in

price. The UK has decided it can afford to expand state debt above 100% of GDP, and has set out on a course of creating an additional £450 billion of new money, on top of the £445bn of QE money inherited from previous governments and the banking crisis. This should be fine, and gives the UK a crucial breathing space to make the unusual and large expenditures caused by the CV 19 response. In effect this newly created money will pay for the excessive one off costs of the pandemic policies. It would be best to assume that as we recover we need to bring the special measures to a well timed end. Too fast and we are back to recession. Too slow and we are on to inflation.

The UK state through the Bank of England will own well over 40% of the large state debt it is building up. The Treasury pays interest to the Bank and the Bank sends it back as a dividend to its government owner. This is why I am less concerned than many about the level of debt. This view is reinforced by the way so far the UK can borrow large sums at near zero interest, removing the normal pressures and constraints on borrowing more.

Confidence remains a precious flower. The government must seek value in all this extra spending, and have plans to get back to something more normal in good time. The Japan model works for Japan, but Japan usually has a balance of payments surplus, an ageing population with a savings habit and years of experience of no price rises. The US and UK with large trade deficits and a history of more inflation are only temporarily able to follow the Japanese model.