[All Souls lecture – ‘The great western inflation should lead to changes at the Central Banks’](#)

‘The great western inflation should lead to changes at the Central Banks’

Rt Hon Sir John Redwood will be giving a lecture on the great western inflation of the last two years. He will examine the role of the Central banks, explain how they could have avoided the general price rises, and ask how the Bank of Japan, the Swiss Central Bank and the People’s Bank of China kept inflation down. He will point out that contrary to common accounts the Fed and the Bank of England are not independent but work closely with Treasury officials and the wider government they serve. He will make recommendations for changes to the models and approach the three main western Central banks use. He will cover the question of how Quantitative easing and Quantitative tightening have added to the problems and blurred dividing lines between Central Bank and government financial and budget policies.

John Redwood has written and spoken on economic topics for many years. He warned against the destabilising effects of the European Exchange Rate Mechanism on the UK economy in the 1980s, warned about excessive credit and lending in the mid-2000s prior to the banking crash and argued against Quantitative tightening extending into 2021 and 2022 when recovery was well set after recognising its need in 2020 to offset lockdowns.

Event time: 11:00 – 12:30
Venue: All Soul College, Old Library, Oxford, OX1 4AL

The event has been published on the University website: https://www.ox.ac.uk/event/great-western-inflation-should-lead-changes-central-banks

And also, on the College’s website: https://www.asc.ox.ac.uk/event/great-western-inflation-sir-john-redwood

Both links include a link to the registration form, which you can access directly by clicking here: https://forms.office.com/e/sWmVQEZdkV

UK growth was not dented by Brexit.

Growth in advanced countries since the great crash and banking disasters of 2008-9 has been poor. Despite ultra low interest rates and available credit, growth stayed down. In the last three years the work of the Bank of England, Fed and European Central Bank gave us a big inflation, to be followed by an abrupt change of policy to give us a downturn.

The IMF figures for the period 2010-22 shows the US with 24% growth over 12 years, below 2% a year, with Italy at 1% growth for whole period or zero annual rate. The UK was third at 21% after the US and Canada. The UK was better than Germany (17%), France (14%) and Japan (7%) as well as Italy. The UK grew the fastest of all 7 between 2020 and 2022 inclusive. So all those who say the UK is the worst performer or who say Brexit has done us special damage need to recognise that relatively the UK has done well beating the Europeans and Japanese.

The main reason the US has been more successful is the US fostered and allowed the growth of several trillion dollar companies that pioneered the digital revolution. Europe and the UK did not produce a Google, Apple, Amazon or Microsoft. The US university and enterprise culture proved much better able to foster and grow major innovatory corporations that captured the public mood and need, winning business away from traditional companies on this side of the Atlantic. The weight of EU regulation, UK penalties on self employment, a low tax threshold for VAT and other incumbrances on business hindered UK growth.

We need a policy that promotes more growth in the UK. This needs to be growth in per capita income, not just growth in overall GDP. It is not a good idea to keep adding to the low paid workforce by inviting in more and more economic migrants. The labour shortages should send a signal to employers to spend more on technology and to employ better paid more highly skilled people. So called cheap labour turns out to be very dear for taxpayers, with inflated needs for social housing, extra school places, more medical capacity and expanded utility provision. To foster and allow more growth we need urgent tax changes for the self employed, small business and large companies. It was Ireland that scooped the pool of digital investment this side of the Atlantic, by the simple expedient of having the ultra low business tax rate of 12.5%. That is exactly what the Uk should do, to join the digital revolution more wholeheartedly and to share more of the US digital led success.

Answer to my written Parliamentary question on Windsor Framework

This is a better attempt to answer the outstanding questions over what reductions in EU law have been made for NI under the new Agreement. It appears that most of the items items mentioned are only disapplied for green lane imports, whereas the issue is the application of laws to anything made and sold in Northern Ireland. There seems to have been little progress in reducing the EU legal burden on NI.

The Foreign, Commonwealth and Development Office has provided the following answer to your written parliamentary question (180627):

Question:
To ask the Secretary of State for Foreign, Commonwealth and Development Affairs, with reference to The Windsor Framework: a new way forward, published in February 2023, if he will publish specific details of the 1,700 pages of EU law that will be disapplied under the Windsor Agreement. (180627)

Tabled on: 14 April 2023

Answer:
Leo Docherty:

The UK Government is committed to taking the necessary steps to uphold the UK's international obligations, including the Withdrawal Agreement and the Windsor Framework, as set out in the previous answer. As also set out, all of the rules disapplied are set out in the legal texts published as part of the Windsor Framework. By the EU's own calculations, less than 3 percent of EU rules apply – with those that remain only applying to secure maximum free trade and market access for Northern Ireland firms. It should also be recognised that this is not a straightforward list, as some of those rules will be applied in part for the red lane but not applied in the green lane, for example. But, for example:

· Annex 1 of the Sanitary and Phytosanitary (SPS) legal text shows that 67 rules on food and drink do not apply in the green lane – covering issues like marketing standards, food supplements and additives, and the production of organic products. It also disapplies the certification requirements in the EU Official Controls Regulation, as well as the prohibitions on various movements set out therein.

· Requirements in the Union Customs Code (UCC) for rules of origin certificates, tariffs, and commodity codes for each movement do not apply for internal UK trade; nor are there any requirements for customs declarations for consumer parcels, which are classified automatically as "not at risk". And we have secured unfettered access by removing any need for export declarations or equivalent information for goods moving from Northern Ireland to Great Britain as would otherwise have been set out in the UCC.

· In a similar vein, and as noted previously, the requirements in the VAT Directive which prevented the zero-rating of energy-saving materials has been disapplied, enabling the changes we brought forward in Parliament this week; as have limits on alcohol duty structures in EU rules harmonising excise duty structures.

· And for medicines we have disapplied any role for the European Medicines Agency in authorising medicines for the UK market, as otherwise set out in EU rules on the authorisation and supervision of medicinal products; and removed packaging any other requirements in the Falsified Medicines Directive.

These changes have safeguarded Northern Ireland's place in the Union and our internal market, while continuing to support Northern Ireland's businesses by providing them access to the whole UK market as well as the EU market.

The answer was submitted on 24 Apr 2023 at 17:14.

Answer to my written Parliamentary question on the Windsor Framework

This is an odd answer. It turns out 3% was an EU calculation, not a UK government one. There is still no back up or workings shown to tell us how this percentage was calculated.

The Foreign, Commonwealth and Development Office has provided the following answer to your written parliamentary question (180625):

Question:
To ask the Secretary of State for Foreign, Commonwealth and Development Affairs, on what basis his Department calculated that only three per cent of EU law would apply to Northern Ireland under the Windsor Agreement. (180625)

Tabled on: 14 April 2023

Answer:
Leo Docherty:

The EU's calculation is that less than 3% of EU law is applicable in Northern Ireland.

The answer was submitted on 24 Apr 2023 at 17:09.

Answers to my written Parliamentary questions on carbon capture

Department for Energy Security and Net Zero provided the following answer to your written parliamentary question (180629):

Question:

To ask the Secretary of State for Energy Security and Net Zero, whether his Department plans to fund carbon capture and storage projects from (a) tax revenue, (b) levies, (c) charges on energy customers and (d) other sources. (180629)

Tabled on: 14 April 2023

Answer:
Graham Stuart:

The £20bn announced in the 15 March Budget will come from levy and Exchequer sources. The precise mix will be confirmed once negotiations are complete. The Government expects it to encourage billions of pounds of additional private capital as private partners also commit to the programme, creating jobs and bringing investment to the UK’s industrial heartlands.

The answer was submitted on 24 Apr 2023 at 16:27.