

The Fed carries on printing dollars

The recent minutes of the Fed's Monetary Policy Committee show they think there is still insufficient recovery to justify any reduction in the amount of dollars they create each month. They plan to continue with an extra \$120bn a month and renew their discussions at their next meeting. Meanwhile the Bank of England has signalled an end to creating more pounds by the end of this year, and has throttled back the monthly amount in the meantime. The UK has received much less monetary stimulus than the USA relative to the size of the economy. UK inflation on the official numbers is at 2% and US inflation is at 5.4%.

In addition the US Congress and President are contemplating further large increases in public spending and the deficit whilst the UK Treasury is rightly letting recovery bring the deficit down as it will do without further government intervention to spend more. This week's foreign policy disaster by President Biden will not be good for confidence and consumer sentiment in the short term in the USA and may give the Fed further excuse to seek to run the economy hot. There is a lack of clarity over just how far the Congress will go in crafting a big spending big deficit budget for next year, though with Bernie Sanders as Budget Committee Chairman there are plenty of pressures to spend on a huge scale.

The main Advanced countries and the EU have shown they can get away with substantial money printing and large deficits for a limited period of artificially depressed demand brought on by their choice of anti pandemic policy. There is however no proof that they are all now like Japan and can enjoy zero inflation, huge budget deficits and endless money printing as the state buys back much of the debt it issues. Japanese society and its economy has a strong savings culture, an ageing population that is cautious and a long post 1990 crash tradition of no inflation. The US economy is showing that it still has a lively turn of speed on prices when stimulus is applied. The Fed assures us the rises will be temporary. That would be a more certain outcome if the Fed recognised as the Bank of England has done that Quantitative Easing has to come to an end as the economy recovers. It seems quite a lot of the dollars end up wanting to invest in UK companies, with a rash of bids outstanding.

The government's long road to COP 26

This week the government announced its support for hydrogen as a transport fuel and as a way of heating our homes. It said that it thought the hydrogen sector could create an additional 9000 jobs by 2030.

The UK economy has 31 million jobs, so the limited ambition for hydrogen this

decade only sees an increase of 0.03% in employment if these hydrogen jobs are all additional. It contrasts with the current 1,000,000 vacancies the job market sports. It implies pessimism about the speed of expansion and take up of this new wonder fuel. These jobs would add just 0.9% to the total available if they are extra jobs.

Hydrogen has obvious advantages over some of the other proposed technologies. Heat pumps for homes would be much dearer and less effective than adapting our current gas boilers to run on 100% hydrogen instead of natural gas. Batteries cannot offer sufficient power relative to weight for heavy trucks and other large vehicles.

The intermediate plan is to see if they can introduce 20% hydrogen into our current natural gas. That at least has the advantage that we can keep our current boilers. I never saw how it could be green to make us dump our gas boilers long before they have worn out, given the amount of energy it would take to replace them with Heat pumps.

The energy policy priority I am urging is to secure the construction of some more electricity capacity before thinking of new ways to use more electrical power directly or indirectly via hydrogen. Producing green hydrogen will take a lot of renewable power.

I am also pressing to make COP 26 about China, Germany and other large producers of CO₂ to catch up with the closures and changes the UK has already pushed through in the name of net zero.

[My Intervention during the Debate on the situation in Afghanistan](#)

[John Redwood Conservative, Wokingham](#)

Does my right hon. Friend agree that President Biden decided unilaterally to withdraw without agreeing and negotiating a plan with either the Afghan Government or the NATO allies, and that the response of the UK Government in the circumstances has been fast, purposeful and extremely well guided to protect the interests of UK citizens?

[Theresa May Conservative, Maidenhead](#)

What President Biden has done is to uphold a decision made by President Trump. It was a unilateral decision of President Trump to do a deal with the Taliban that led to this withdrawal.

What we have seen from the scenes in Afghanistan is that it has not been all right on the night. There are many in Afghanistan who not only fear that

their lives will be irrevocably changed for the worse, but fear for their lives. Numbered among them will be women—women who embraced freedom and the right to education, to work and to participate in the political process.

My right hon. Friend the Prime Minister was right to make the education of girls a key aim of his Administration, but in Afghanistan that will now be swept away. Those girls who have been educated will have no opportunity to use that education. The Taliban proclaims that women will be allowed to work and girls will be allowed to go to school, but this will be under Islamic law—or rather, under its interpretation of Islamic law, and we have seen before what that means for the lives of women and girls.

My Intervention during the Debate on the Situation in Afghanistan

John Redwood Conservative, Wokingham

Does my right hon. Friend have any advice for the Government on how they could take action to try to prevent the recurrence of a terrorist threat under Taliban control?

Tobias Ellwood Chair, Defence Committee, Chair, Defence Committee, Chair, Defence Sub-Committee, Chair, Defence Sub-Committee

My fear is that there will be an attack on the lines of 9/11 to bookend what happened 20 years ago, to show the futility of 20 years. We should never have left—I will come to that in a second—because after 20 years of effort, this is a humiliating strategic defeat for the west. The Taliban control more territory today than they did before 9/11.

I was born in the United States; I am a proud dual national and passionate about the transatlantic security alliance. Prior to him declaring his candidacy, I worked directly with President Biden on veterans' mental health issues. He was the keynote speaker at a veterans reception here in the House of Commons, as my guest, so it gives me no joy to criticise the President and say that the decision to withdraw, which he inherited, but then chose to endorse, was absolutely the wrong call. Yes, two decades is a long time. It has been a testing chapter for Afghanistan, so the US election promise to return troops was obviously a popular one, but it was a false narrative.

First, the notion that we gave the Afghans every opportunity over 20 years to progress, and that the country cannot be helped forever so it is time to come home, glosses over the hurdles—the own goals—that we created after the invasion. We denied the Taliban a seat at the table back in 2001. They asked to attend the Bonn talks but Donald Rumsfeld said no, so they crossed the Pakistan border to rearm, regroup and retrain. How different the last few

decades would have been had they been included. Secondly, we did not start training the Afghan forces until 2005, by which time the Taliban were already on the advance. Finally, we imposed a western model of governance, which was completely inappropriate for Afghanistan, with all the power in Kabul. That was completely wrong for a country where loyalty is on a tribal and local level. That is not to dismiss the mass corruption, cronyism and elitism that is rife across Afghanistan, but those schoolboy errors in stabilisation hampered progress and made our mission harder.

There is also the notion that we cannot fight a war forever. We have not been fighting for the last three years. The US and the UK have not lost a single soldier, but we had a minimalist force there—enough assistance to give the Afghan forces the ability to contain the Taliban and, by extension, give legitimacy to the Afghan Government. The US has more personnel based in its embassy here than it had troops in Afghanistan before retreating. Both the US and the UK have long-term commitments across the world, which we forget about. Japan, Germany and Korea have been mentioned. There is Djibouti, Niger, Jordan and Iraq, and ourselves in Cyprus and Kenya, for example, and the Falklands, too. It is the endurance that counts. Success is not rated on when we return troops home. Such presence offers assurance, represents commitment, bolsters regional stability, and assists with building and strengthening the armed forces. That is exactly what we were doing in Afghanistan.

Last year, the Taliban were finally at the negotiation table in Doha, but in a rush to get a result, Trump struck a deal with the Taliban—by the way, without the inclusion of the Afghan Government—and committed to a timetable for drawdown. All the Taliban had to do was wait. The final question is about whether the UK can lead or participate in a coalition without the US. Where is our foreign policy determined—here or in Washington? Our Government should have more confidence in themselves.

The Foreign Secretary

The latest attack on the Foreign Secretary for daring to take a holiday in August is bizarre given all the more important things we should be talking about.

It emerges he was of course staying in regular touch with the office from holiday. What was wrong with asking a Minister on duty in his department to make a call to an Afghan government Minister that officials wanted? As it turned out that government would prove to both powerless and short lived anyway. You cannot organise contingencies for the collapse of a government by agreeing with the government about to collapse. If the government had been stronger you did not need the contingency plan for its demise.