

Ways to damage the economy

Yesterday I published a study of the damage done to the UK economy by the boom and bust policies of past decades. It was part of a series of papers commissioned by the Centre for Policy Studies and published on Capx. It will be followed by a web based event next Wednesday at 5pm.

I looked at the Oil and Secondary banking crash of 1974, the Exchange Rate Mechanism boom and bust of 1989-92, and the Great Recession and banking crash of 2005-9. In each case the Bank of England allowed easy money and credit to excess, then reined it in too quickly, causing a damaging downturn and creating massive instability in the financial system.

I contrasted these big errors of the Bank with the more supportive policy of the new Governor, working closely with the government and so far keeping things liquid enough to avoid a financial and banking meltdown. I made my case that there is no such thing as an independent Central Bank serving a single country. All Central Banks are state owned and answerable to those who run the government. They can appear to be independent for a bit if there is political agreement about their task and their performance, but as soon as a major policy issue or disagreement about economic policy arrives action will be taken to make the Bank supportive of government.

Today the damage to the main economies of the world is the direct result of government policy to control the virus. The role of the Central Banks is to ensure the recessions brought on by lock downs do not turn into a financial crash as well. So far a hyperactive Fed and accommodating Central Banks elsewhere show they are determined to avoid a crash. They are also showing they wish to co-operate with their governments, seeing monetary and fiscal policy as important and complementary mechanisms.

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Coronavirus Job Retention Scheme

I have received the enclosed update from HMRC:

Dear Sir John,

I want to update you on the Coronavirus Job Retention Scheme. I'm very grateful to the huge number of MPs who have shared HMRC's guidance on the scheme with constituents and would please ask you continue to do so.

More than 285,000 businesses have already applied for the Coronavirus Job Retention Scheme since it went live on Monday 20 April. **To be sure payment**

comes through to employers before the end of the month, they will need apply today (Wed 22 April).

Accessing the system

We have noticed that some people have had difficulty accessing the system because they do not have an active PAYE enrolment. In order to make a claim they will need to:

- have a Government Gateway (GG) ID and password – if they don't already have a GG account, they can [apply here](#), or by going to [GOV.UK](#) and searching for 'HMRC services: sign in or register';
- be enrolled for PAYE online – if they aren't registered yet, [they can do so now](#), or by going to [GOV.UK](#) and searching for 'PAYE Online for employers'.

I'm pleased to say that we were able to investigate and resolve the issue quickly thanks to the agents who raised an issue with authorisations when the new system first went live on Monday morning.

Coronavirus Job Retention Scheme Calculator

We are updating the [online calculator tool](#) so that it covers more employment circumstances this afternoon. The update will mean that employers can use it to work out what they can claim for most employees who are paid irregular amounts each pay period, as well as those who are paid fixed amounts.

Webinars now available

To support businesses, we have been offering live webinars on a variety of Covid-19 related topics, including the Job Retention Scheme and how to make a JRS claim.

Employers can book a place on our 'how to' JRS webinars [here](#).

They can [book a place on any of our other webinars](#) or watch a [recording on HMRC's YouTube channel](#)

If employers in your constituency have already made a claim

Employers should retain all records and calculations for their claims, in case we need to contact them. Provided their claim is made in accordance with HMRC's published guidance, they can expect to receive the funds six working days after their application. **We ask them not to contact us before this time.**

HMRC will check claims made through the scheme and will act to protect public money against anyone who makes a claim using dishonest or fraudulent information.

We continue to be busy supporting customers at this time, so we would ask that they only call us if they can't find what they need on [GOV.UK](#) or through our webchat service – this will leave our lines open for those who need our help most.

We'd encourage all employers to also protect their own credentials from potential scammers and opportunist criminal activity.

I hope this update is helpful. I continue to wish you all the best at this challenging time,

Jim Harra

First Permanent Secretary and Chief Executive, HMRC

Buying from home

Recent experiences with delayed and cancelled deliveries of medical equipment and clothing from abroad should lead us to ask whether we should source more of these important items from home.

Procurement and state aid rules has required us to source many things through open tender globally or within the Customs Union of the EU. Today there are many UK companies that could make medical machines, offer clothing and produce drugs and vaccines. Some can do so already, some would need to invest in capacity and would want reasonable assurances of sustained contracts.

The challenges posed by the virus are leading many countries, governments and companies to reconsider their arrangements. There was always an override to procure the most sensitive and potent parts of defence equipment nationally, with further limitations on buying from outside friendly states and the NATO alliance for things we do not make for ourselves. It looks as if these arrangements can be widened to cover more goods.

Recent experiences will re open the case for Chinese involvement in our digital systems and networks. Delays with PPE will lead to a wish to have more capacity here in the UK that can be scaled up in times of emergency.

I have always argued that our defence policy requires us to own the relevant technologies and to have plans to produce much more of our requirement at home against the day we have no wish to see were we to get into a larger war where enemies tried to throttle supplies from overseas.

It would also be a good part of strategic and emergency planning to make sure we have the capacity at home to handle medical emergencies, which must include the supply system to provide the drugs, medical supplies and equipment needed for any given pandemic or other disaster.

West Berkshire

I had a most reassuring conversation with the Chief Executive of West Berkshire Council today. He reported no known problems with protective clothing for West Berkshire social services. They have established a virus test centre in Newbury for key workers to use if they have symptoms or worries about their health or exposure to the disease.

He praised the work of community groups in Burghfield and Mortimer. There are some money issues which I will take up with the government over social care and the distribution of the additional £1.6bn announced for Councils recently.

I thanked him and his staff for all the work they have put into social care, business grants and other requirements from the virus. I also join him in saying thank you to all the volunteers who are helping the community.

Parliament to meet

I am pleased that Parliament is to meet today and in the following days, with new rules encouraging participation from remote locations. I had made an early request for our return, and am delighted the Speaker has been so active in securing a way of bringing it about.

In the meantime there have been various routes to make points to Ministers and to contribute to the policy debate, as I have been doing.