

Let me give a cheer for the Bank of England

Regular readers will know I have been critical of the Bank for its tough squeeze on car loans and mortgages since March 2017. Some of you have written in to support the Bank, claiming with them that the build up of consumer debt and mortgages is worrying and they are right to rein it in.

So I was pleased to read the recent speech of the Deputy Governor Broadbent who has offered a more considered position by the Bank of England. They now acknowledge that there has been no worrying increase in consumer debt as reflected in credit card, overdraft and other borrowing. The main increase in consumer borrowing has occurred through an increase in student loans as more people graduate from universities under the loan system. As the Bank recognises, much of this debt will never be repaid, and it is more a state debt than a personal one as repayments are only made above certain income levels. It is more of a graduate tax on success. There has been a more modest rise in car loans, but as the Bank now accepts most of this is a kind of hire contract. There is no risk for the individual who would simply surrender the car. The individual does not own it. The Bank also accepts that the ratios and spread of these car loan hire contracts is sufficiently broad for there to be no great risk to the financing houses responsible.

I hope this more thorough analysis by the Bank will lead to a relaxation of policy on car hire contracts. I hasten to add I have no personal interest as I do not want one myself. There are however many people who would like to renew their car and buy a more fuel efficient and clean vehicle, currently restrained by the squeeze.

The Bank also points out that mortgage affordability is considerably above the levels that prevailed in the years before the banking crash. Whilst house prices are on average well up and a higher multiple of earnings than in the 1990s, the much lower interest rates means that mortgage outgoings are not up as a proportion of income on normal levels at the end of the last century. Again the Bank rightly confirms my view that there is no excessive mortgage debt problem out there.

Both our housing and our car market have been damaged by high and increased transaction taxes, by changes to other tax arrangements and by a credit squeeze. It is time to relax it a bit. I am glad I can now agree with the Bank's analysis, which seems thorough and convincing over this issue of debt.

Parliament and the Executive

For the Tuesday debate in accordance with the EU Withdrawal Act the government has tabled a neutral motion on our exit from the EU. The motion simply says Parliament has considered the matter of our withdrawal. Parliament after all has debated little else for the entire last two and a half years. It has also legislated twice to leave the EU on 29 March 2019. As I made clear to the Commons when we passed the EU Withdrawal Notification Act, that was the decision point. Parliament's wish to send the Article 50 letter should have been the end to the debate on the principle of leaving.

Some in Parliament have now decided they would like to move amendments to the government motion to undermine the legislation Parliament has put through to allow us to leave. It is true that passing a motion next week cannot of itself change the law, so unless the law is amended we will still leave. Some hope that if Parliament expresses a strong view that it has changed its mind it might get the government to think again. That would be unwise given the solemn promise made by Parliament and government that we would implement the decision of the referendum.

Some opponents of Brexit have therefore decided they wish to rewrite Parliamentary rules to try to legislate to stop Brexit against the wishes of the government. It has long been the practice agreed by all parties in government that government has three advantages over any other group in the House in order to allow it to govern. The first is that government leads over the choice of business in the Commons to allow it to get its legislative programme through. It still of course needs a majority for each proposal and may have to allow extensive debate and disagreement, often resulting in compromises. It would not be easy or orderly for any group of MPs to propose a Bill and then to try to get it through against other groups competing for time and support. All governments have readily made time available for private members bills and for Opposition debates as part of the deal over cross party working.

The second is anything that requires taxes to be raised and public money to be spent should need Parliamentary consent based on a resolution put to the House by a Minister. The government has to take responsibility for the whole budget and needs to keep control of spending as best it can.

The third is where a power to be exercised is a so called prerogative or Crown power the PM and the government act for the Crown or seek the Crown's assent. Other groups of MPs cannot claim to act in the name of the Crown nor exercise any such powers. Government Ministers negotiate with foreign governments on behalf of the UK.

The wish of some to legislate to delay or prevent our exit from the EU comes up against all of these issues. The Cooper and Grieve amendments wish to alter the idea of government business motions, asserting that their proposed bills would take precedence over anything the government might wish to do, with guaranteed Parliamentary time. They argue wrongly that their bills do

not have any financial implications so they do not need a Money resolution. They ignore the involvement of prerogative powers in negotiating and signing international treaties.

The government's strongest case in pushing back on these revolutionary constitutional proposals is that clearly any decision to extend our membership of the EU has substantial financial implications. Under the EU Withdrawal Act our payments to the EU cease on March 29 2019. The government has no power to authorise payments for contributions and programmes after that date. The so called £39bn of the Withdrawal Agreement would need new legislation to authorise it. All payments up to 29 March are legal under the European Communities Act, but this Act ceases to be on our Statute book after March 29th. Staying in for longer would doubtless be expensive and should need a government motion to approve the spending, with Treasury consent that it is affordable within the revised budget.

The government would also be right to warn that moving over to a new system of choosing how to spend Parliamentary time could make government very difficult. If a government cannot be sure of enough time to try to get its programme through it cannot govern effectively. Any government with a small majority will be especially at a disadvantage. Were this to be established as a new precedent then the next government with a decent majority would presumably legislate to stop Parliament having such extensive rights, and might make things less flexible and friendly to backbenchers and opposition than they are today under a settlement that has lasted for many years.

The government can also point out the EU has not offered us a few months delay on Article 50 and that would require negotiation with the EU over the terms. The EU would wish to negotiate with the government, not with a temporary alliance of MPs.

Thanks to the CAB in Wokingham for helping people

Today I visited the CAB. I thought I was just dropping by their stall in the Marketplace to hear how well they were doing encouraging people to save money on their energy bills. CAB were telling people about how to switch tariffs or supplier to get a better deal. They were also explaining how to improve insulation and efficiency of boilers and machines at home to cut demand. I am all in favour of green policies which save us money, letting us stay warm and clean whilst using less power. Thats a win win for us all. Getting on the cheapest tariff can also help with the family budget.

Whilst at the stall I was invited to visit their offices and meet more of the staff and volunteers. I was pleased to learn they are recruiting more people who would like to help others in the community, and are training them so they

can be confident in the advice they provide. I like to keep in touch with the CAB and hear of any problems affecting a number of people, especially where government might be able to help or to do something better or differently to cut down on the numbers.

I said a big thank you to all involved. The CAB are always interested in recruiting more volunteer advisers. It can be very worthwhile and interesting work.

The Treaty of Aachen and the European army

This week President Macron and Chancellor Merkel signed a Franco German Treaty at Aachen. It sets up a governing committee for a common European army, to be based on establishing a common culture in the German and French forces and engaging them in more joint operations. There will be common weapons procurement and an integrated supply industry.

The same Treaty also wishes to erode the distinctions of government and culture in the border areas between the two countries. There will be an overall joint governing structure, encouragement of bilingualism, and joint government programmes. The Treaty in addition sets up an economic council of experts to advise on bringing together economic policies. The two countries pledge themselves to even closer governmental working and more convergence of law and action. France promises to take the common EU line on the Security Council of the UN, and to seek a permanent seat for Germany on that body as well.

They presumably chose Aachen as the resting place of Charlemagne, a great figure in European unification. The Rathaus at Aachen where they met was the setting for the coronation of 31 Holy Roman Emperors, and it houses replicas of the crown jewels of the Emperors. The two leaders wishes to reaffirm their enthusiasm for a political unified Europe.

The Rathaus has also seen other events that remind us of the trials of European history. There was the period of occupation by the French Napoleonic forces, when France tried to unite a large part of Europe by force of arms. There was the 1923 sacking by Rhineland nationalists, and the bombing of the building by the allies seeking to reverse German militarism in the 1940s.

True to form, signing this Treaty to try to unify more, the political forces in France and Germany have included strong criticism from their oppositions. The German populists are concerned that Germany will be dragged into spending more German money on French economic developments. The French opposition is very concerned about giving Germany a role in the government of French border areas. These are all matters for French and German debate, not for UK

opinions.

I highlight this event because during the referendum Leave was told by Remain there was no question of a European army, yet the language of this Treaty develops the idea a long way. It is clear again that the main drivers of European integration do wish to have a joint military capability distinct from NATO. This in turn requires a much higher degree of political integration and joint decision taking.

The pound rises against the Euro and dollar

Good silence from the anti Brexit commentators over recent rises in the pound as we get closer to the date to leave the EU.

They are none too noisy about the latest IMF forecast either where the IMF think the UK will grow faster than Germany this year.

That's the magic of Brexit!