

Presidents Truden and Bitrum

In the run up to the last US Presidential election I drew attention to how much continuity of policy Mr Biden was offering beneath the heavy spin that Trump's attitudes and actions were all unacceptable and needed changing. Mr Biden backed the Trump made in America policy. He supported taking a tougher stance against China and imposing trade sanctions and tariffs on them. He supported the large fiscal stimulus supplied by President Trump, and wanted the Fed to go on printing more dollars. He agreed with Mr Trump about withdrawing forces from the Middle East.

The three major differences which he understandably played up in his campaign were to open US borders and welcome in many more economic migrants, to work with allies and International bodies much more collaboratively, and to reverse the cheap energy policy in the name of net zero. Eight months into office President Biden has gone a long way to match or exceed the Trump positions on these matters. He has changed from a attempted opening of the borders to many apprehensions and a lot of expulsions under Trump's Health Title 42 procedure to try and stem the much larger flow he has encouraged. . He has pulled out of Afghanistan without securing the consent of allies or even consulting properly with them, with unfortunate consequences. He has damaged the careful structure of alliances between Israel, Saudi Arabia and the Gulf States that Mr trump had constructed. He has not yet produced a full net zero plan, nor taken penal action against oil and gas companies.

Perhaps now we will see a differentiation in ways commentators did not expect. President Biden went further than President Trump in upsetting NATO allies. Mr Trump's Doha Agreement it is true was a bilateral between the USA and the Taliban without wider NATO signatures. However Mr Trump made withdrawal of US troops in it conditional on various good conducts by the Taliban and did not himself remove the troops much as he would like to have done prior to the election. President Biden will go further than Mr Trump in increasing both spending and deficit, with added ideological edge to increase the state sector substantially. He will through his Treasury Secretary, the former Chairman of the Fed Janet Yellen expect the Fed to keep interest rates down and keep printing the dollars. There is likely to be less push back from the Fed than there was against Mr Trump's wish for easy money, not least because the current Fed Chair wants to be reappointed early next year. President Biden will take more risks with inflation than President Trump did.

President Biden's foolish decision to pull out unilaterally overnight from Afghanistan has done great damage to alliances and to the Middle East. A small force of US led NATO troops who did not in the later years usually have to fight sustained for several years a democratic government in Kabul and helped them keep some semblance of law and order. Whilst that government had obvious flaws it could have been replaced in due course through an election. Instead President Biden has ushered into power the very movement NATO went to remove twenty years ago.

Lunch Club

On Thursday I spoke to the Wokingham Conservatives Lunch Club event. It was great to be able to meet again for a lunch together instead of the Zoom calls we had been using. When I went around the tables there was a good range of questions on President Biden's Afghan errors, on the response to covid, on access to the NHS post pandemic, on migration, on economic recovery and on pensions. My answers were similar to those you can read on the website.



People leaving Afghanistan

As usual I am working over the week-end for urgent matters. If any of my constituents has close contacts with another constituent who is also a UK passport holder or former employee of the UK government in Afghanistan and they are having trouble getting on to one of the rescue flights, please let me know as there is an MP hotline I can try to see if more assistance can be given.

[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.