

# Independent countries do not keep best friends by giving in to them

All my adult life I have witnessed the political and civil service establishment urging bad ideas on our country in order to avoid the UK being "isolated". There is a passion to make the UK dependent on allies and trading partners, and to force the UK to do what our allies and trading partners want for fear of upsetting them. There was a long concerted effort to realign us from the USA as "best friend" to the EU as "best friend". The whole Remain campaign, just like our long period of membership was based on the theory that you had to go along with whatever the EU wanted to show "you had influence" and to avoid this famous isolation. In practice both the very pro EU large faction and the smaller pro USA faction accepted the need to try to be good friends with both. Both shared the same naivety that you keep a best friend by always doing what they want and never adding your own unique contribution or sometimes saying you wish to do something different on your own. It is very difficult to get respect or a good deal if all the time you are giving in.

Anyone who has read some English and UK history will know that quite often the UK has been estranged from the main powers of the world. Indeed, if anything characterises our foreign policy over the years prior to 1972 it is that we have been one of the principal sources of resistance to any leading European power that would become the hegemon or dominant country. Along with the Dutch we stood up to the might of Spanish dominance in the sixteenth and early seventeenth centuries. With an alliance of smaller states under threat of invasion we stood up to Napoleon's attempts to enforce European Union by conquest. In the twentieth century we led the resistance to German aggression. These positions often entailed being isolated from the main powers and tides of opinion.

Today some are worried about a cooling of our relationship with the USA. They need not be. Our relationship with the USA has been troubled and at times distant over the two and a half centuries since the birth of the USA as a separate power. We began by trying to put down their rebellion, when the USA rightly stood up for the excellent principle of no taxation without representation and used it to craft their own great democracy. We deserved to lose and should have accommodated their legitimate wishes. They joined the Napoleonic wars on the wrong side and we had to defeat the alliance they had joined. Relations improved in the twentieth century though the USA never liked our Empire and was reluctant to be drawn into what they thought of as European wars. Between 1939 and 1941 the UK did stand alone against the might of Germany, fighting a cause which should have been America's as well. Only once the Japanese hit the USA hard at Pearl Harbour and Germany declared war on the USA did we become working allies and did the USA then come to assume part of the huge burden of the war in Europe and to dominate the war in Asia. History tells us that we now often have interests in common with the USA and work closely with her through Nato. That is likely to stay true but we do not

have to debase or efface ourselves to make it happen.

The UK is best when we do what we think is right and construct alliances and support groups accordingly. The Prime Minister is right that we should not seek reassurance from every new President of the USA that we have a special relationship. We have close working relationships in many areas and some clear defined common views and goals that can lead us to collaborate but we do not need to fawn as these will only happen if they are real and in our mutual interest. The EU was never our best friend and has revealed since we left just how much it still wants to control us in its interests and those of its two leading powerful members, France and Germany.

Indeed, countries do not normally have best friends. Nations have interests and join alliances of likeminded nations for stated purposes or on a case by case basis.

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## 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.

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## 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.



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## [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.

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## [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.