

## More jobs, rising wages and lower inflation

In the last three months the UK generated another 168,000 additional jobs. There are now 816,000 vacancies which is good news for those who are still out of work. Unemployment is at 4.3%, well below Euro area levels. Inflation on the government's preferred measure CPI(H) fell to 2.5% whilst wages rose by 2.8% over the last year. Since the vote jobs are well up, pay is up, and the economy continues to expand. So much for the post vote recession they told us we should expect.

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## A pay rise for the NHS

I campaigned in the last election on the slogan "Prosperity, not austerity", and have argued that we need to spend a bit more on the NHS and education. I have also argued for higher wages, especially for the lower paid in our public services. I am therefore pleased that today we learn there will be a pay rise for NHS staff, with the largest percentage increases for those on the lowest pay. The Treasury accepts it needs to provide some more cash for the NHS to pay for this change. I continue to urge Ministers to provide enough money for Wokingham and West Berkshire services.

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## Let them eat hake

Yesterday we were told of yet more delay in taking back control of our fish. The government should tell the EU we will resume control in March 2019, as we need to put in a new policy to save what is left of our home industry and get it growing again.

There are two things the government has promised that I agree with

Nothing is agreed until everything is agreed.

No Deal is better than a bad deal.

It is difficult to know what the government will get in return for the very generous draft offers it has made over money, fish, law taking and freedom of movement for the so called Implementation period.

There is no need for an Implementation period unless there is something really good to implement which takes time.

My advice to the government is to make sure everything works on March 29 2019 when we want to leave. What could be sorted out or agreed after March 2019 that cannot be sorted out in the next year?

Let's cut back the period of uncertainty.

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## UK energy

This unseasonal cold weather has placed more strains on the UK electricity supply. Yesterday we were importing substantial volumes from France and the Netherlands, needing coal to generate 18.7% of our demand, and finding it difficult to get enough from renewables. Gas fired stations still provided the single biggest volumes at 37.3% of the total.

The EU is quite dependent on Russian gas. Fortunately the UK is not so dependent. 43% of our gas comes from our own fields, and it should be possible to increase that volume with the right policies. The largest source of UK imported gas is Norway, with significant quantities also coming in by tanker from places outside the EU like Qatar. It is the imported gas from the continent that does contain some Russian gas, where the continental system needs decent volumes of Russian gas to keep the whole system with sufficient pressure and volume to meet demand.

The threats to energy security that we sometimes hear in world arguments reinforces the case for the UK to look to greater energy independence. It will also help our large balance of payments deficit if we seek to supply more of our own gas and electricity. The UK has increasingly linked itself into the EU system of energy markets. In doing so the UK has reduced its margins of capacity, cutting the amount of reserve electricity capacity it has, and removing an important part of its gas storage system. This has increased our import dependence and cut the resilience of our system

Closure of the remaining coal stations would seem unwise before we have put in place more reserve capacity that can function on cold days when there is little wind and sun to power the main renewables. Putting in place more gas storage would be wise, as would developing more local supplies. Relying on EU imports when they in turn rely more heavily on Russian gas does not look like a great policy.

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# Governing ourselves

The one senior job I have held which I grew to dislike was the job of being the UK's Single Market Minister. I was faced with an avalanche of new draft laws which the EU wished to put through in the name of the single market. It was difficult to see how most of these laws would help people buy and sell more with each other. It was a simple power grab for the EU to take control of more and more policy areas and laws. It was clear they would often keep out competition, limit innovation, favour the large incumbents and put up costs. They were united with the Customs Union approach, seeking to keep out non EU imports. I defined the job as damage limitation. Which draft laws could the UK persuade others to help block, to hold them up altogether? Which laws could be amended to limit the damage they did? Could smaller and more innovative businesses be exempted from them? We had our wins in all these categories.

The task was, however, made more complex by the fact that large parts of the UK civil service always wanted us to reach a deal. Quite often they would ensure my hands were tied by taking the issues to a Cabinet Committee which itself was primed to prefer deal to no deal and set minimum objectives for the UK to reach an agreement. It was usually easy to secure these objectives, because they asked for too little, or because it appeared someone would tip off the other key negotiators what my required bottom line was. They then usually offered it to me quite early on as they knew I would dig in until they offered the full requirement. Some realised I probably preferred no deal in most cases.

Some of the draft legislation was bizarre. They usually wanted to set out how certain goods or services were designed and offered, in ways which sometimes did not allow the UK method as their draft was based on some continental model. The UK then had to work hard to get amendments to allow us to carry on with successful business models we were using.

As we exit the EU we need to make sure Ministers provide good leadership to their officials, explaining in future we wish to turn our backs on this way of legislating. It is high time we had the self confidence to pass our own laws that can be good for both customers and businesses. They should not set out how everything is to be done, as that gets in the way of competition and innovation. Laws are needed to ensure honest dealing and safety, but are not needed to tell businesses how to make things or to define services.