

## [This website](#)

As the title page makes clear this is the John Redwood website.

It is not a Conservative or election website. I am not a candidate in the election and no longer have any formal role in the Conservative party.

My aim is to contribute independent and original analysis of economic and political issues of wider interest. My work on the Bank of England, OBR and Treasury poor forecasts, wrong frameworks and bad out turns is an example of what I am offering to those interested.

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## [The Bank of England insists on getting it wrong](#)

Headline inflation has come down to 2%. The European Central Bank has made its first cut in interest rates. Suspicious Conservatives think the Bank wanted to deny them a rate cut before the election, to offer up an introductory one in August to the new Labour government all the pollsters and most commentators say we are going to get.

It shows the difficulty for a so called independent Central Bank to keep out of politics. To the main parties this decision was a crucial one. Cut rates and reinforce the Prime Minister's message that we have turned a corner, the economy is on the mend. Leave rates up for a few more weeks and reinforce the Opposition view that it is all a mess.

So let me show balance. The Bank given the ludicrous way it seeks unsuccessfully to keep inflation down followed its own method in deciding on further delay. It could argue that service sector inflation is still elevated and not coming down as quickly as the forecast it made so the Bank needs to be cautious. The Bank also of course yet again needs to thoroughly review how it forecasts inflation as it got it wrong again.

Housing inflation remains elevated within services. Rents keep rising in part because migration still runs hot. Owner occupiers face mortgage hikes thanks to Bank policy. There are "reasons" for the Bank to hang tough.

The disgrace however comes in the key Bank policy most media and politicians refuse to talk about – the Bank's wrong decision to keep selling bonds at huge losses and send the bill to taxpayers. No other Central Bank does this. Even the Fed, cutting its bond portfolio aggressively as bonds mature has reined this in in recent months, realising the damage it can do.

When I was asked to comment yesterday on the lack of rate cut the media would not consider the far more important Bank decision to keep on selling bonds. Why?

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## Just one billion more

If putting more money into the NHS solved its problems we should see much reduced difficulties now. Record amounts and large increases in cash have been provided since 2019.

The truth as Labour acknowledges is you need reform, improvement in how it is spent, as well as extra money.

In this election various parties offer a few billions here and there to solve problems in the NHS or other public services. They offer to “pay” for this with tax hikes that they hope will just hit the rich, leaving most voters unaffected. It is nonsense to suppose these modest sums in relation to the total will make much difference.

In order to properly fund the NHS we need large sums, tens of billions, to pay the big bills. In recent years there has been plenty of wasteful spending.

The government paid a large sum to provide Nightingale hospitals, then scarcely used them. If they had been used for COVID the main hospitals could have done other work, providing more timely treatment and keeping waiting lists down.

The government spent a lot on taking over the capacity of many private hospitals. The NHS then failed to use all that capacity for non COVID cases, wasting much of the spend. Worse still the private sector couldn't perform operations in its own hospitals, adding further to waiting lists.

PPE was in short supply worldwide. Taxpayers had to pay large sums to get PPE from worldwide suppliers where they could. Why didn't the NHx have bigger stockpiles? Why didn't the NHS have flexible contracts with long term suppliers that allowed bigger deliveries in a crisis?

The NHS has been underpaying some medics. As a result expensively trained staff have got medical jobs abroad where pay is higher or have left for other occupations. The NHS hires staff back as contract staff at much higher rates.

There is no easy answer to improving management. I am not proposing another expensive reorganisation, What we immediately need is to make key managers more accountable and to get to tackle the staff, property and supply problems which are still widespread.

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## Posting to this site

A few people are going in for more and longer contributions. I am going to start deleting some for length and multiple posting.

Some want to make comparisons with Hitler and Nazis. This is usually inappropriate. Make points using proportionate language,

One wannabe poster every day submits a variant of the same posting alleging a couple of billionaires run the world and control the governments. We have discussed this in the past. I have no intention of posting these. Go elsewhere to pursue.

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## War and defence

Those who think about the war in Ukraine see four possible out turns. The most likely is the current brutal war marches on with little change of territory, with Western cash and weapons supplied sufficiently to sustain brave Ukrainian resistance. In the last week the West has produced another \$50 bn loan. The USA has signed a 10 year defence partnership and has relaxed its rules on use of Western weapons.

Some think both sides will be brought to see the need to compromise. If neither side can deliver a knock out blow it is possible they could agree a new border for Ukraine. To date Ukraine has been firmly against this. There is the option of NATO offering membership to the new Ukraine to emerge from such an Agreement, along with full security guarantees. One of Ukraine's reasons for not wanting such a peace would be the threat that Russia could come back strengthened to try another invasion. Many Ukrainians and allies do not like the idea of ceding land to Russia as reward for an invasion.

Some think NATO should intensify its financial and military aid to increase the chances of a Ukrainian victory. Given the Russian war time economy and willingness to accept large losses of troops this would come at a price but offers the best deterrence against future Russian aggression.

The fourth outcome is Russia taking more territory and forcing an even more favourable peace for itself.

Some military experts think going all out for victory by Ukraine would be best. It would avoid the costs of early future conflict and reduces the security need. The more that is ceded to Ukraine the more aggressive Russia might become.

The Ukraine war has made clear the inadequacy of NATO weapon stocks and the need for much more western weapons and ammunition manufacture. When will this be put in?

The West is considering using Russian money held in Western banks to help Ukraine. This poses legal issues which still have not been resolved.

What should NATO do now about Ukraine? Which outcome do you expect?