

The state of the Union

This article is reproduced from Conservative Home where it appeared yesterday:

The Government is strongly in favour of the Union of the UK. So is the Official Opposition. Scotland held a referendum and voted to stay in the Union. At the time all parties agreed it would be a vote for a generation, though the SNP now wobble over the desirability and timing of a much earlier re-run of the vote they lost. The rest of the Union has not campaigned for a vote about their membership. So why is there such nervousness about the subject?

The biggest threat today to the Union comes from the EU. There is a strand of EU thinking that has surfaced in press briefings and the odd comment that says there must be a price to Brexit for the UK, and that price should be the detachment of Northern Ireland from the UK.

The official public line is the EU needs to insist on special governance arrangements in Northern Ireland to avoid goods coming across the border into the Republic from the UK that might not be compliant with EU rules and customs.

To make this difficult the EU chooses to interpret the peace Agreement governing the two communities of Northern Ireland as meaning there should be no border controls, though throughout the UK's time in the EU there were VAT, Excise and currency controls governing trade between Northern Ireland and the Republic. These were largely handled through electronic means, and away from the physical border.

The UK has offered several ways in which it can make sure non compliant goods do not wander from NI to the Republic without imposing new border posts. Mutual enforcement of the rules would do it, with the UK authorities ensuring there is no passage of non compliant goods.

Electronic manifests for each consignment, to be inspected before arrival by EU officials, would do it. Trusted trader schemes where most firms were trusted to enforce the EU rules and avoid non compliant deliveries would do it. There has always been smuggling across the NI/Republic border, and there has been a long history of co-operation by the authorities on both sides to avoid it becoming excessive and to punish those who still try it. That will continue after the new arrangements.

The fact that the EU has rejected all these sensible proposals implies it does not want to solve the narrow issue of trade. It may be that the immediate objective is to divert large amounts of trade from GB/NI into Republic to NI trade. That is what is happening.

Faced with the EU blockage of simple GB/NI movement of goods in the way we used to enjoy, consumers in NI are being forced to buy from the EU via the

Republic instead to get their deliveries on time. The EU is assisting a large diversion of GB/Ni trade. This is expressly against the Protocol which rules out such a diversion in Article 16. The UK for that reason alone can legally change things unilaterally to stop this happening.

It may be that it is part of a wider EU plan to ensure more common governance of Northern Ireland with the Republic under EU control. The wish is to impose every regulation and directive on NI that the EU regards as important to its single market.

The remit of the single market is now very large, encompassing everything from environment policy to labour policy, from transport policy to energy policy, alongside the more normal definition concentrating on product standards and trade terms. The EU wishes NI to accept large amounts of EU law with no voice and vote in its making and no right to repeal or amend.

The NI Protocol rightly expresses strong support for the peace process, which is based on the mutual consent of both parties. The EU claims to champion this, yet fails to grasp the fundamental problem with its approach.

Its demand that it can legislate for NI and control many things in NI in the name of preserving the integrity of its single market does not have the consent of the Unionist population. Indeed the EU has united Unionists against its Protocol because they see the EU seeking to split NI off from UK law and NI consumers from GB suppliers, going well beyond its legitimate needs to police its trade.

The Protocol stresses at the beginning "the importance of maintaining the integral place of Northern Ireland in the UK's internal market". The EU is doing the opposite. It says "This Protocol respects the essential state functions and territorial integration of the UK". It does not feel like that to many in NI.

When the UK challenges the EU over its wish to govern Northern Ireland in a different way to the rest of the UK, the EU asks why the UK keeps on going on about sovereignty. If it wishes to show sympathy for Northern Ireland and wish to understand the nature of the problem it needs to grasp that sovereignty as at the heart of the issues long dividing the two communities. The EU's view of it does not work for the Unionists.

The UK government needs to see off this needless threat to the Union by insisting on UK control of GB/Ni trade as is required under the Protocol. People in NI have to be free to have easy access to products available elsewhere in the UK within our internal market.

The EU should take up one of the many generous schemes the UK has put forward to ensure full co-operation to avoid non compliant products passing on from NI to the Republic. Lord Frost needs to move swiftly now, as much damage is being done to the view of the EU amongst the Unionists and much trade is being diverted against the wishes of the public and against the words of the protocol.

Meanwhile in Scotland the SNP say they want an early referendum, but not one yet. Doubtless they are watching opinion polls which still do not show a clear window for majority support to reverse the last referendum result. Many Scottish voters want to get on with their lives without further uncertainty over this issue, and many want to see the SNP make devolution work to deliver a better outcome.

The UK government should not fall for the Gordon Brown line again that a bit more devolution will solve this problem. Brown's passion for devolution gave the SNP a bigger platform and gave them the opportunity of a referendum on the Union.

Devolution did not end the matter as Brown promised. UK Ministers who are keen to buttress the Union need to show by their deeds and words why the Union is good for all its parts, and need to govern wisely so people join in with their support.

Suggesting more powers for just one part of the UK in response to the campaigns of those who wish to split the UK is a bad idea. Voters wanting Scottish independence will not be won over. They will see it as a weakness by the Union government, and propose a further push to secure full independence.

If it is right for the Scottish Parliament to have more powers, what is the stopping point in powers before you reach independence? How would you draw a stable and defensible line? The way to defend the Union is to stand up for it, and to show how the Union powers are benefitting all its parts.

Time for a better national debate

If the media wants to help us create a stronger and healthier democracy in the U.K. they should mend the ways they handle comment and define news. Of course they should ask tough questions, seek to clarify and examine views and policies. What they often prefer to do is to script one sided and often nonsensical debate between the forces of their international establishment convention seen as true and good, and the armies of those who disagree who then have to be wrongly fact checked, ridiculed, criticised or banned by their thought police.

So we had the one sided Brexit debates when the wildly pessimistic economic forecasts of Remain were accepted as truth whilst Leave was bombarded with false rebuttals and inaccurate allegations. There is the relentless green agenda where anyone who worries about security of supply, price, impact on family budgets, phasing and costs of green investments and other legitimate issues is labelled a denier.

There are the woke debates where anyone who expresses too strong a love of country or our history is told they endorse every sin and crime of the past.

The U.K. both old and new is usually run down and blamed for the world's ills and given little or no credit for all the good we do as a people and through our government.

The bad media seek not only to decide what is news but also to make it. They employ undercover people to trip people up over the rules of behaviour. They only invite MPs on that they do not support if they can caricature their views or push them into consenting to a more extreme statement which then is news. This may in their view justify demanding resignation from office. They often argue with you over what your view is, claiming to know it better than you do because they find your actual view does not fit their baddies versus goodies script.

Planning for winter

It is difficult to fathom why the Treasury would want to base a budget on out of date forecasts or on forecasts they expect to be wrong, yet that is what the press allege. They tell us there is an earlier pre budget cut off date for the forecasts than usual, and that the Treasury accepts the deficit and debt forecasts which have already proved wildly pessimistic this year to date as they did last year. Surely the Treasury should push back hard on the OBR estimates and say they will only treat them seriously if they improve markedly.

It may be that the aim is to follow a tax rise and spending cut policy to slow the economy more to get closer to the poor forecasts. That could work, but why do it when you could have a policy that got you better outcomes on growth and on the deficit. It is clear the tax rises already announced and the Bank of England rate rise threats have slowed the economy badly in recent weeks, alongside the media driven petrol scare and the Lack of wind power.

It appears that there some gas turbine power stations that have been closed that could be brought back into use quite quickly and cheaply. The Business Department should commission them for stand by and back up power for when renewables fail.

The supply issues over petrol and diesel are resolved. The shortages were caused by panic top ups, not an underlying shortage of fuel. The HGV driver shortage will take a bit longer to clear, but training and recruitment numbers are rising. The on line delivery networks have shown the right offers can secure a big expansion of capacity.

The Budget needs to go for growth. An austerity budget now would be a bad idea. Injecting some good control over spending to secure more value for money is also crucial. The Treasury needs to slim Test and Trace and redirect some of the additional £64 bn awarded to the NHS in the last two years to tackling waiting lists and non covid treatments.

Money printing

The Treasury and Bank are still worried that the UK has borrowed too much. They want to slow everything down by forcing through tax rises. They want the Chancellor to follow austerity policies based on setting difficult targets to get the debt down. It's the same playbook as after the Banking crash, and the same playbook as the EU debt controls, needed if you share a currency with others to stop free riders.

Let me have another go at explaining why we should not be so worried about UK state debt. The UK state has bought up £875bn of it, so that is no longer a debt. The Treasury pays the Bank interest on it, it is true, but the Bank sends the interest back as a dividend because the Treasury on behalf of taxpayers owns the Bank. I would not regard myself in debt if I owed money to myself.

Normally I would be against a state buying up its own debt by creating money out of thin air to do so. The extraordinary conditions of lockdown when government prevented a large amount of activity meant it was possible to offset some of the damage by creating money. It would normally be very inflationary, and would lead in due course to hyperinflation if persisted with. We have seen Zimbabwe, Venezuela and Argentina do that in recent years, and pre war Germany famously did it. It is a very destructive process, leading to poverty and economic breakdown, forcing people onto barter or foreign currencies to retain some value in their money and labour. I do not recommend the UK doing any more money creation from here.

The truth the Bank and Treasury need to grasp is they largely got away with mass creation of pounds and buying in of debt. The inflationary consequences are not going to be too great if they stop doing any more now. The collapse of demand in the economy thanks to lockdown needed an offset which they provided. They did not do as much proportionately as the USA. They are right not to try to do anything like the huge amount Japan has done and got away with over the last couple of decades. Japan has an ageing and declining population with a high wish to save, so its money creation has not generated any inflation, contrary to usual form. Japan's state debt is around 250% of GDP now, but the state owns half of it and the other half is financed at around zero interest so it is not a problem.

If the Treasury persist in slowing the economy with tax rises they will end up with a bigger deficit. They need to help energise the rest of the government to promote more UK based activity. The deficits they should worry about more are the balance of payments and trade deficits. Those need us to borrow in foreign currencies we cannot print, or to sell more and more of our companies to foreigners to pay the bills. There will be a bit more inflation in the year ahead thanks to world supply bottlenecks and the labour shortages.

Sir David Amess

David was a long-standing friend and colleague. His senseless murder leaves his family devastated, his friends bereft and his constituents without a dedicated MP. He went to great lengths to help his constituents and to represent his area. He was always kind, hard working and willing to engage with people of wide ranging views. He was a great campaigner and a helpful mentor to new MPs.

His tragic death will not stop MPs talking directly to people or being active in their constituencies. There have been too many murders of MPs during recent decades, when MPs strive to ensure the nation's disagreements and passions are settled through votes and arguments, not violence.