

The NHS and social care

Today Parliament will debate social care and the NHS. Although it will not come across like this, in practice all the main parties are in agreement. All want a high quality free at the point of use NHS. All want extended and caring support for frail and elderly people to live at home or in well run care homes. All agree the amount spent on these services needs to carry on increasing, as it has been doing under successive governments.

So what is the row about? The disagreements come about over the amount of the increase in money, and whether any kind of reform or better management is needed to ensure the spending is well made. Traditionally governments seek reform and try to impose some limit on the amount of the increase in cost, whilst Oppositions demand more money and criticise reforms. It is always easy to criticise past reforms, as it is very difficult for any group of Ministers and senior officials to achieve major change in the NHS, whilst social care is supervised by a wide range of Councils with varying degrees of competence, and widely differing views.

I Agree with those who say we do need to spend more on the NHS and social care. I also think the government and Councils responsible do need to work closely with the senior staff to try to get better value for money and to raise the quality of what is being achieved where it is not good enough. Quality and value for money need not be a variance with one another. Doing things right first time, and avoiding mistakes, saves a lot of money as well as providing a much better outcome for the patient. Jeremy Hunt's mantra of putting patients first and having full transparency on what hospitals achieve is part of the solution.

There are many ways more efficiency can reduce the strain on resources. Collecting all the fees owing from overseas visitors and foreign governments would provide useful additional revenue. Controlling the release of supplies could cut down on waste. Requiring the return of robust longer term medical equipment for cleaning and reuse would reduce costs. Having more permanent staff and fewer temps and locums would also cut the bills. Putting together prompt and decent social care packages would allow freeing beds in hospitals for others and would cut the costs of caring for the patient discharged from hospital. .

All these things are easy to see from the outside and easy to write down. We also need to ask why have good people managing the NHS seen this and not done them? There needs to be leadership from the official heads of the NHS that all these things matter, with follow up where they do not occur. Managers also need to work with doctors and nurses over their terms and conditions, to try to reduce the perceived advantage in working as a contractor, locum or temp rather than as a full time member of the team on the permanent staff.

The EU's unemployment problem

EU has come to mean European Unemployment. The Euro seems to stand for European Unemployment and Recession Organisation. One of the main reasons the Euro and the Euro elite are under attack in so many Euro countries by new political forces challenging the project is their insouciance to the economic problems created by or co-existing with their single currency and single market.

If the Euro and the single market were all they are cracked up to be by the EU elite governing parties and senior officials they would have banished high youth unemployment and general unemployment in Greece, Spain, Italy, Portugal and others by now. They would have boosted the zone's growth rate up at least to that in the USA, UK, and the other leading non Euro advanced western countries. Instead Greece remains mired in a long recession punctuated by the odd quarter or two of slow growth. Italy languishes well below the levels of GDP achieved before the 2008 banking crash. They have no convincing explanation of why half the young people in Greece are out of work, or why one fifth of the Spaniards are still out of work after a year or so of recovery.

I first realised that the single market was not going to add jobs and incomes to the UK or anywhere else when I became the UK's single market Minister. I had accepted the verdict of the referendum in 1975 that UK voters wanted to be in a common market free trade area, though I had cast one of my first votes against, as the Treaty did not say it was going to be a free trade area. It looked in those early years like a Customs Union, with asymmetric relaxation of trade in goods where the UK was relatively weak and little or no relaxation in services where the UK was strong.

So it proved, with our big balance of payments deficit with the EU becoming a permanent feature based on the continental car industry and others outcompeting the UK. I tried to make it more like the free trade common market people had been promised. With so many matters settled by majority vote it became more and more difficult for the UK to stop measures which simply added to costs and made the EU less able to create jobs.

Instead the single market became the method by which large multinationals based in the EU lobbied to secure rules, laws and regulations that suited their existing way of doing business, and made market entry for competitors dearer and more difficult. The Common Agricultural Policy was well protected by heavy tariffs against cheaper food from poorer countries, and the Common Fishing Policy turned the UK with one of the richest fisheries in the world into an importer of fish. The single market was invoked as a reason for the EU to undertake wide ranging legislation on the environment, movement of people, transport, research and much else. The UK growth rate slowed after we joined the EEC and slowed again after the completion of the single market. The EU's Exchange Rate Mechanism did particular damage to our economy, costing us many jobs and lost output. The Euro crisis more recently hit the Euro badly and had some knock on effect to us.

The EU elite tell all those who are unhappy about Euro area growth rates, unemployment and wage levels that it works fine for Germany so the others just need to get their national governments to cut wages more and get on with competing. They've been trying this for years and it doesn't work economically. They may be about to find out it does not work politically for them either. The future of Euro and the zone's economic policy is now effectively on the ballot paper in national elections in several countries.

Stop the exaggerations about Brexit

Most days I hear or read a news item that tells me something has happened because of Brexit, or something has happened despite Brexit. Usually the item has nothing to do with Brexit whatsoever, would have happened without the Brexit vote and would have been given a different explanation then.

Some of the media and political spin post Brexit were classic examples of fake news. The commentators, forecasters and journalists put on their dark Brexit glasses, and decided that anything bad which happened happened because of Brexit, and anything good which happened happened despite Brexit. They went out looking for negative stories. The property commentators and some of the valuers wanted to show commercial property was down 15-20%. The only problem was there were plenty of buyers and no sellers at such discounts. They wanted to show housebuilding declined and home prices fell. Apart from top end prices which had been in freefall ever since Mr Osborne's anti Non Dom anti dear property budget in April, home prices stayed up. Housebuilders, often gloomy themselves, had to report good levels of sales and expand their production to cater with rising demand. There were plenty of large company executives prepared to say they were worried and reviewing their investment in the immediate aftermath of the vote, but when actual news came out about investment it was of new investment being made in the UK to reflect the good levels of consumer and business demand.

So here's a thought for the gloomy commentators. Most of what is happening on jobs, inflation, investment, car buying, homeownership is nothing to do with Brexit. The price rises we have seen come from higher oil and commodity prices and are in line with similar rises in the USA and Germany which are not undertaking an exit from the EU. Just as joining the EEC did not lead to any increase in UK GDP, just as completing the single market did not lead to any increase in GDP, leaving it should not lead to any fall in GDP. I think leaving the EU is a most important political and constitutional event, but it is not for the UK much of an economic event. It is a bit bigger economic event for the rest of the EU, as they are the ones who will lose our contributions and need to secure their favourable access to our market which they use to such good effect at the moment.

Paying for local government

I joined in the Parliamentary debate on Council funding on Wednesday. I urged the Secretary of State to complete his review of how much each Council receives, and do more to help Councils like Wokingham and West Berkshire that are at the bottom of the tables for grant assistance.

The government has pledged to come forward with proposals to reduce the extremes between the highest paid and lowest paid Councils in the country. Some say that Councils with substantial deprivation deserve more money than Councils in more affluent areas. Of course if there is more need of public service this should be reflected in grant levels. But we also have to take into account the higher costs of provision in an area like Wokingham. It is also the case that Wokingham and West Berkshire have growing populations of elderly people with excellent longevity, in need of considerably more social care.

Labour criticised the government for treating Wokingham too well compared to areas with higher grants. I pointed out that Wokingham still gets poor treatment in terms of grant per head compared to many parts of the country.

The need for decent banks

It has been fashionable to bash banks and bankers ever since the 2008 crash. Politicians have often been keen to criticise, as they enjoy finding a category of people more unpopular than themselves. The commercial banks were a useful whipping boy when there had been a monumental failure of monetary policy. The Regulators had allowed or encouraged the banks to expand credit and investment banking activity too far too fast, and had then sought to collapse the asset bubble and bank sheets too quickly when they changed their minds. They obviously wished to publicise the failure of the banks that failed to manage within this unreliable framework, rather than on those who had created a boom bust cycle.

Today the US banks are largely mended and capable of financing a reasonable recovery. The UK banks have much stronger balance sheets and have taken much of the pain for past bad loans and wrongful trading practices. RBS still struggles to make a profit and to put itself in a strong enough position to return to the private sector. On the continent there are more weak banks.

A successful economy needs a group of competing commercial banks capable of offering low risk savings products to savers, and lending the money on to

individuals and companies that can afford to borrow. The hatred of debt that is often manifest in many modern commentaries is unrealistic. A growing and flourishing economy needs some debt. Young people need to borrow to buy a home or to establish a business. They can repay the debts out of future earnings. Larger companies need to borrow to put in large scale modern plants to meet future demand. They can repay the debts out of future revenues and profits from the plants. Property companies need to borrow to put up good modern buildings, which they can let to other users in the society to pay off the borrowings.

Some worry about the overall level of debts. This should not be a reason to deny new borrowers who have plenty of unpledged income the opportunity to buy a home or capital asset on borrowed money. If 35-50 years olds have borrowed too much, there is no need to take it out on 20-35 year olds who may have good cause to borrow. If a government has borrowed too much – and the UK government has not – it need not prevent individuals and companies in that country borrowing more.

Mr Trump and his Treasury team are wanting to relax the credit creating banks a bit. That will be a healthy development. The US needs more investment in productive capacity, homes and infrastructure. There are companies and individuals who could afford to borrow to help do this. The UK too needs to ensure a sensible pace of additional private borrowing to continue a decent rate of economic growth.