

The IMF were wrong. It's wasteful spending that needs to go

The IMF like the left wing parties says there must be no unfunded tax cuts. Like them it does not complain about unaffordable wasteful spending. Indeed it argues spending needs to go up. Why?

There is so much to be done by getting a proper grip on spending. There is no need to let the Bank of England lose another £40 bn this week on top of the £49 bn they have already billed taxpayers. It is a needless disgrace.

There is the identified £20 bn of lost public sector productivity the Treasury put in their last plans. Why is it taking so long to get it back? Why do they need to spend to save when the task is to get back to 2019 efficiency levels?

There is the announced sale of Nat West. Why are we waiting? Why are the proceeds spread over three years in the forecasts? That's another £8 bn. The OBR puts £3.2 bn of the proceeds into 2025-26

The large losses and cash absorption by the railways needs controlling better, with a proper plan to increase fare revenues. £33 bn of subsidy and investment spending is too high.

Introducing a ban on external recruitment to the civil service and public sector admin would help. Getting rid of bad quangos like UK Government Investments and selling off the British Investment Bank would be a good idea. Making a big reduction in legal migration would cut demand for more social housing and public service capacity .

A football regulator?

It is fashionable amongst the political parties and some football fans to demand a Statutory "independent" football regulator. Some fans support such a change as they are critical of some club owners or managements and think a Regulator might be able to sort things out for them .

I fear the prospect of an all wise Regulator who would just happen to bring about change in each club that fans would like is a good dream, but difficult for any appointed Regulator to achieve. A Regulator faces very difficult pressures when Team A claims rival Team B has broken rules and then Team B responds with a counter claim. The more rules there are, the more disputes. Where two or more teams are in dispute any verdict will upset a lot of fans.

Football is a popular sport. It is entertainment. It attracts a large number of rich individuals and some companies that like the game and want to spend their money on trying to build a winning team. Some do make more money out of it by succeeding in getting their team promoted and so generating more revenues. Some make money out of associated property development and retail opportunities using the club assets and brand. Many just spend their money on the costly hunt to transfer talent and then pay mega salaries to retain good people which can end in financial losses.

The FA is the regulator. They believe there needs to be rules over how much money a club can spend and borrow and rules over how clubs attract and retain talent. There obviously have to be game rules all accept, and rules over how you win or lose in league and cup competitions. It is difficult to see how an independent regulator could usefully change FA rules over most of these matters. The FA itself is discovering that its efforts to regulate club finances using penalties that include reducing a teams points in the league can upset fans and make rivalries more bitter. What is best settled on the pitch ends up being settled by lawyers.

If we do set up an independent Regulator under Statute law there will then be a wish to drag Ministers into decisions. When too many fans become critical of the Regulator the cry will go up for Ministerial interference or for some change of the law.

There is a good case for an element of fan ownership or for clubs to be established as trusts owned by fans. This would need to be arrived at with agreement or from buy out of the existing owners. All the time the football model is based on bidding ever higher sums for a small pool of well known players and managers clubs will turn instead to billionaires to help fund their expensive habits. Fans will not have sufficient collective money to pay the sky high prices of the famous. They then have to live with that relationship. The rich shareholder is well advised to keep on the right side of the fans. The fans offer the team support, pay high prices for tickets and buy the merchandise. I do not think politicians should tell football clubs and the FA how to finance themselves. There must be no question of taxpayers bailing out clubs.

[My Interview with GB News on the Bank of England](#)

Please find below my interview with GB News on the Bank of England's losses:

The gradual introduction of a ban on buying tobacco products

The results of my consultation showed little interest in the topic, with just 12 against and 6 in favour. It has not been a subject coming up in doorstep conversations when I have been out and about in recent weeks, nor has it figured much in the email box.

Tonight we have a vote on the second reading of the Bill. It is likely to pass with a large majority as Labour and a majority of Conservative MPs are in favour. I have concerns about how the ban on tobacco purchases will be enforced as it will be difficult for retailers to distinguish people by an annually changing age restriction. Smoking will not become an offence, so a younger person can ask an older person to buy for them. I look forward to clarification and amendment over impact and enforcement.

Too much money – inflation Too little-recession

Yesterday I criticised 3 big boom/ bust cycles that came from Bank action and establishment thinking. In each case they ignored money and credit.

The 1975 inflation high peak followed a doubling of broad money 1970-4 as a result of a badly supervised switch to competition and credit control policy by the Bank.

The 1992 inflation followed a 36% surge in broad money 1989-92, brought on by the dangerous European Exchange rate mechanism. IMF figures clocked broad money growth peaking at 86% when the Bank and Treasury were creating billions of pounds to try to keep the value of the pound down to the permitted target. They then saw it plunge to a low of minus 28% when the Bank was busily buying in pounds trying to get the value back up to the target after the inflation sank the currency.

The 2008-9 banking boom followed and created a 66% surge in broad money Q1 2009 compared to Q1 2005. Over the Labour years 1997 to 2010 money growth trebled.

The more recent inflation followed 30% money growth 2020 to 2023.

I set out the case against the European Exchange Rate Mechanism before we entered. I urged the government to turn down the Bank and Treasury advice. I explained it could lead to excessive money or too little. It led to both. I

took the quoted company I led out of the CBI because the CBI refused to accept ERM membership would be damaging.

In the run up to the crash of 2009 I supported the Opposition in Parliament who regularly warned of excessive credit expansion and government overborrowing.

This time round I warned against the continuation of QE during 2021-2 as inflationary. More recently I switched to warning against excessive bond sales as recessionary.

Why do the Bank and Treasury persist with boom/ bust policies?