

The prime task of Central banks is to support commercial banks

Keeping inflation to 2% is a crucial role of the Bank of England, ECB and Fed. As events in the USA have just shown, it is however less important that avoiding banking collapse. Since Silicon Valley Bank got into trouble the Fed has made a huge change to its money policy, flipping from ultra tight with plenty of money withdrawal by selling bonds, to a large easing with \$300 bn of loans to commercial banks. It had to make the switch as it is the first duty of a Central Bank to provide cash to commercial banks so they can honour their deposits if a lot of people all want to withdraw at the same time.

The decision to shift to a much easier money policy in the short term was screened by still continuing with a 25 bp or 0.25% interest rate hike. The Fed wished to reassure some that it is still battling inflation, whilst reassuring others that their deposits are safe. Silicon Valley Bank had got into trouble because the Fed has raised rates so much, losing SVB money on the bonds it held. It is a reminder that shifting money policy to too tough brings different kinds of problems.

All the Central banks need to review where they are in money tightening and in bringing down inflation. There are always lags – it takes time to get inflation down by raising rates and throttling credit. It is important not to overdo the tightening as that can undermine banks as it hits the affordability of credit and the value of bank investment holdings in bonds. They will all need to make sure plenty of cash is available to any bank that comes under unwelcome pressure to repay deposits, as that is the way to make sure there is no such run.

Illegal and legal migration

The government is currently concentrating on illegal migration with its eye catching and contentious promise by the Prime Minister to stop the boats that bring many of the illegal entrants to the UK. The Opposition parties oppose him strongly, demanding more safe routes for migrants and asylum seekers to come, and easier processes to allow people to enter more rapidly.

Most Conservatives believe the UK should provide refuge for some people fleeing violence or oppression elsewhere. This should be an offer as part of a wider offer by many richer countries to spread the responsibility and to provide geographical choice to those seeking a new home. Many of us also believe the UK has been offering too many economic migrants a home and a job here, seeking to perpetuate a model of growing the economy by recruiting plenty of lower paid labour from abroad. Instead we would prefer to see

investment in machines, computing, training and higher standards to get more of the work done with fewer better paid people. We want more better paid and high quality jobs for people already living here, backed by the investment it takes to raise productivity and therefore wages.

The low pay model is not a great one for the people coming nor for the taxpayers who need to foot much of the bill for so called cheap labour. Paying people too little means state subsidy to provide them with housing, income top ups, health and education provision and a range of infrastructure and other public service provision. Last year we added 500,000 more people to our totals. To ensure they have a decent life that will take a lot of new housing, public sector facilities, roadspace, electricity and water capacity and a range of other capital intensive service provision. The EU some years ago suggested it took Euro 250,000 to provide for a migrant family or individual coming to the EU to provide all the facilities needed.

[My letter to the Planning Inspectorate](#)

I have written to the Planning Inspectorate urging them to uphold West Berkshire Council's decision to refuse planning permission to the erection of 32 houses on the land rear of The Hollies, Reading Road, Burghfield Common, West Berkshire RG7 3BH.



THE RT HON SIR JOHN REDWOOD MP, D.Phil, FCSI

HOUSE OF COMMONS
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Mr Paul Morrison
Chief Executive
The Planning Inspectorate
Temple Quay House
2 The Square
Temple Quay
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BS1 6PN

27 March 2023

Dear Mr Morrison

Re: Planning Application 22/00244 – West Berkshire Council

I am writing in support of West Berkshire Council, the AWE and all of my constituents who have registered objections to the erection of 32 houses on the land rear of The Hollies, Reading Road, Burghfield Common, West Berkshire RG7 3BH.

My constituents and West Berkshire Council are very concerned that it will put significant strain on the local amenities and schools as well as having a significant impact on the existing ecosystem, including the local woodland. In addition to this, it is of utmost importance to give heed to the objections of the AWE and Ministry of Defence. It is their considered opinion that this development is directly contrary to safety and emergency planning advice and that it could have an adverse impact on the nation's security by constraining the operation, both current and future of AWE B.

I wish to urge the Planning Inspectorate to uphold West Berkshire Council's decision to refuse planning permission for this proposed development.

I would be grateful if you could take this letter into account as a formal representation on this matter.

Yours sincerely

Tackling anti-social behaviour

Please find attached below the Dear Colleague letter that I have received over tackling anti-social behaviour

Dear Colleague,
ANTI-SOCIAL BEHAVIOUR ACTION PLAN

Tackling anti-social behaviour is an absolute priority for this Government. Everyone has the right to live without fear of facing anti-social behaviour, to leave their home without fearing intimidation, to shop in a vibrant high street free from disorder and disrepair, and to use and enjoy their parks and community spaces. The public must trust that there will be action taken when they report the intimidation and harassment they face.

Today's publication of the Anti-social Behaviour Action Plan reinforces the Government's commitment to stamp out anti-social behaviour and restore the right of people to feel safe in, and proud of, their local area. The plan is an ambitious and wide-reaching new approach that will give Police and Crime Commissioners (PCC), local authorities, and other agencies the tools to tackle the blight of anti-social behaviour facing communities across England and Wales.

The plan sets out a radical new approach to tackling anti-social behaviour split across five key areas:

- Stronger punishment for perpetrators, cracking down on illegal drugs, evicting anti-social tenants and making perpetrators of anti-social behaviour repair the damage they inflicted on victims and communities;
- Making communities safer by increasing police presence, deploying tougher financial penalties for wrong doers, and keeping our streets orderly;
- Enhancing local pride by taking actions to revive high streets and revitalise parks and green spaces;
- Prevention and intervention through funding one million more hours of provision for young people, expanding the eligibility criteria for the Turnaround Programme, focusing on targeted support for children most at risk and working with delivery partners on National Youth Guarantee; and
- Improving data, reporting and accountability by simplifying and improving existing reporting structures and increased accountability through better and more transparent data collection.

As part of the plan, we are funding immediate justice pilots and hotspot policing in a number of police force areas but the Action Plan makes clear they will be rolled out across England and Wales in 2024/25.

We are also launching today a targeted consultation which marks the first phase of the Community Safety Partnership review. The consultation will seek views on strengthening the accountability model of Community Safety Partnerships to align their work more closely to Police and Crime Commissioners, making sure they work together effectively to cut crime. Through the consultation, we are also seeking views on changes to the anti-social behaviour powers and tools to strengthen and broaden their use. The consultation will be published on gov.uk and will run for 8 weeks.

Tackling anti-social behaviour requires a strong and effective partnership response from all agencies working together and the measures we have outlined in the Anti-social Behaviour Action Plan give the police, local authorities and other agencies a wide range of powers and tools to deal with every situation of anti-social behaviour that may arise.

With every good wish,

Suella Braverman KC MP Michael Gove MP

Home Secretary Secretary of State for Levelling Up,
Housing and Communities & Minister for Intergovernmental Relations

The Bank of England is data driven – it needs to be good judgement driven

Just like government explaining its line on the pandemic, the Bank tells us its decisions are driven by the data. As someone who does seek to provide sensible forecasts of inflation, growth and deficits going forward, I agree you start your task by assembling good data. You seek to understand the figure you are forecasting, so you are aware of the way it is compiled and what affects it. You need also to be aware of the imperfections in the data, and the quirks from the judgements made about how to define and compile it. As we saw in trying to compare different countries handling of the pandemic the definition of a covid death and how strenuously the authorities sought to record them mattered a lot to data outcomes. Forecasting inflation produces different results depending on whether you use CPI, RPI, core CPI or some other index.

It is however wrong to say policy decisions are data driven. If they are they will be always looking backwards. You cannot drive the car successfully by looking all the time in the rear mirror, though that will give you a perfect understanding of all the hazards you have just missed. You need mainly to observe what you can see through the windscreen ahead, but you need to judge or interpret what you see. Will the green light go amber? Will the child step off the pavement? Could there be someone dashing out from behind the parked car? Is the road ahead clear enough to accelerate safely? To drive well you need to choose the right data – data about the road ahead, not the road behind, but you also need to interpret it dynamically. So it is with the economy. Knowing inflation has been fast does not mean it will be next year. Seeing oil and gas prices surged last year does not mean they will surge again to keep the inflation rate up. You need to judge how prices will alter ahead. Putting rates up because last month's inflation was too high is not necessarily a good idea.

To make better judgements it helps to understand how prices rise. Here the Bank ignores money and credit, yet it is if there is an excess of money and credit around that you are most likely to get inflation through excess demand. The Bank does have a model of what might happen next based on a concept of capacity in the economy. They seek to judge how much capacity there is in the economy to make things and supply services and then compare that with demand. If capacity is fully used they expect inflation, if there

is surplus capacity they expect inflation to subside.

There are several reasons why this is a very difficult way to judge the future. The first is it takes no account of the ability to import, yet an economy like the UK relies heavily on imports for marginal supplies of all kinds, so global capacity matters as well as domestic. The second is it is very difficult knowing what capacity is. A business may say it can only supply 200 widgets a day, but if pushed and offered more money it might be able to add a night shift to go up to 300. A restaurant might say it cannot do extra private dining, but could then discover it can hire more staff and open for more hours to serve more meals. Another manufacturer might discover that although he can put on another shift he cannot get an increase in components for the next two months to immediately boost output. To make it easier the Bank often relies on unemployment as the best indicator, assuming higher unemployment means companies could expand easily if there was extra demand by taking on more labour.

I will look in a future piece at why it is wrong to ignore credit and money and how it is difficult to find a reliable proxy for capacity utilisation which works for the future.