

# The Bank of England tightens again

The employment figures last month were good again showing many more full time jobs still being created. The economy however has been slowed by the monetary and fiscal squeeze. Vacancies fell and wage growth reduced as the slowdown starts to reach the jobs market.

The Bank of England has cut itself off from the trends amongst all the main Central banks in the world, who are fighting slowdown and recession by loosening policy. They are cutting rates, pumping liquidity into markets or buying bonds to give things a boost.

The Bank of England instead announces all UK banks meet their stress tests and would survive a deep recession, yet it goes on to demand they increase their capital buffers. This means less lending, less promotion of growth, less support for new investment or for consumers to buy homes and cars.

It's the opposite of what we need, more money taken out of productive use when our banks are fine anyway. The 1% lift in the countercyclical capital buffers may freeze as much money out of the economy as the budget proposals in the Manifesto might put in.

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## Letter to the Chancellor about the proposed changes to IR35

I have today sent this letter to the Chancellor about the proposed changes to IR35 – a matter of great concern to many of my constituents. I have urged him to start the review immediately before the changes come into effect and potentially become a dampener on enterprise and undermine the self-employed.



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

HOUSE OF COMMONS  
LONDON SW1A 0AA

The Rt Hon Sajid Javid  
Chancellor of the Exchequer  
1 Horse Guards Road  
London  
SW1A 2HQ

17 December 2019

Dear Sajid

Both before and during the Election campaign many of my constituents expressed concerns about the implementation of changes to IR35 in April.

They were understandably concerned about the impact it would have on them as genuinely self-employed contractors, consultants and specialists. One of my constituents reported that several major companies have already terminated arrangements with independent contractors due to the complexity of IR35 rules and the inordinate administrative burden it imposes.

The freedom, flexibility and autonomy of contract work is an attractive proposition for the independent contractors but there is also a downside in terms of no holiday and sick pay as well as company benefits. For this reason, it is important that they are taxed fairly.

There is also the real danger of losing business to overseas outsourcers at the expense of self-employed people in the UK. I have been told of cases of this now happening.

While I welcome the Government's commitment to hold a review this would need to commence immediately before the new off-payroll working rules come into effect and potentially become a dampener on enterprise and undermine the self-employed. The self-employed are crucial to our prosperity and we should do all we can to support them.

I would be grateful to know the date of the review and if the proposed changes to IR35 will be suspended pending the outcome.

Yours ever

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## Christmas message

I love Christmas. I like the turkey and the pudding, the tinsel and the trees, the carols and the stories, the pleasure of giving and receiving. Best of all is the way many people feel they should be kinder at Christmas, thinking more of others, reaching out to the lonely and trying to bring argumentative families together.

Today there is a great need for the spirit of Christmas in our politics and in the social media exchanges. Things became very heated in the recent election, with lies and nastiness the stock in trade of too much discourse. I always seek to see good in people, and to ignore the everyday petty jibes from those who disagree with me. If I push back, complain or seek a remedy it shows just how far the nastiness has gone. Some of my supporters think me naïve in not running negative campaigns about named critics, and in not calling out every dirty trick or lie. I would like to suggest that going forward more of us recognise that there are many valid points of view. Often the best way to make your case is to say what is good about it, not to seek to run down those who do not yet agree.

The opportunity at Christmas could be to get on with family members we do not like, or to bury the quarrel with the neighbour. It is better to have more friends and fewer enemies. That is the true spirit of Christmas. It is often possible to find ways of working with people that do not think they like you, by showing them what we have in common rather than playing up the disagreements. I want the greater happiness and prosperity of my constituents. I understand the minorities who do not agree with my points of view on some subjects and I will work to represent them to government when they have legitimate worries or complaints. I would just like them to understand I wish them well and do what I do because I think it is in the best interests of our country and community.

I want to wish you all a very happy Christmas, as I seek your help in improving the tone of our democratic disagreements. I am looking forward to the joys of a traditional Christmas whilst I also think about how we can spread a bit more Christmas cheer to those in need.

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## No delay to full exit at end of 2020

It is welcome and necessary for the government to rule out any further delay to our exit from the EU. The EU agreed to a Free Trade Agreement in principle. It is quite possible to produce one in time. If the EU thinks we

will delay again they have an incentive not to agree anything.

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## A US/China trade deal?

Will they, won't they do a deal? The US side says there is a deal, it just needs to be written up fully. They suggest China will agree to buy more US food and goods, in return for the USA cancelling the threatened new tariffs this week and rolling back a little of the ones already imposed. China is not so sure.

The truth is since the tariff war began the arguments between China and the USA have broadened. There is the dispute about technology transfer and Intellectual property, the US Democrat led challenge to China on human rights, the issue of currency manipulation and the questions of state enterprises and unfair competition. None of these are easy to resolve, and all require trust and understanding that is difficult to conjure. The US needs to know how any new rules against IP theft or state subsidy would be enforced.

Mr Trump has highlighted the lack of symmetry or fairness in much of the world trading system. China is his main target, but he has also queried the higher tariffs on US cars in the EU than the other way round and has won a longstanding case in the WTO over subsidies to Airbus representing unfair competition to Boeing.

There are always some disputes going on around the world, but today tariffs and trade disagreements spring up in various places. There is the trade dispute between Korea and Japan with grievances going back to the last World War. There are trade frictions around Kashmir where they are related to the political tensions.

Freer trade is usually a good thing, but there are concealed within current so called free trade patterns injustices, subsidies and anti competitive practises. The present manufacturing downturn worldwide is often attributed to the so called trade war. In practice it is the widespread change of policy and attitudes towards diesels and partly to petrol vehicles that has done more to power the downturn than the imposition of new tariffs.