Smiths level crossing Wokingham

I met with local residents, the main authorised user of the crossing and Network Rail today. Local residents find the warning noise made for each of the 123 trains a day using this piece of track very disruptive, along with bright traffic style lights on the crossing and spoken warnings when more than one train is involved.

Safety is rightly the priority. I queried again the high speed limit of 70 mph given that this is a bend in the track close to the merger of the Waterloo and North Downs lines and close to Wokingham station to the west. Network Rail confirmed that in practice a train is likely to be travelling at half the speed limit on the bend to be safe, especially in wet and slippery conditions. The speed rating of the track affects the style of warnings needed.

Two of the local residents put their case well to Network Rail, who have promised to go away and see if they can work up proposals to keep the 4 authorised users safe but tackle the intrusive noise. The lights also need adjusting to reduce glare into homes whilst still be clearly visible to users on the ground near the crossing. I will follow up to see what solution is proposed.

The Archbishop of York is right about England, wrong about the remedy

It has taken the Anglican Church long soaked in the views of the international elite an age to discover the cause of England. Despite carrying our country's name in its own the C of E has regularly adopted fashionable global and EU tropes that are unwelcome to many in a doughty independent island country with global reach and ambition.

The Archbishop is by inference attacking the Lambeth Palace and Brussels oriented views of recent Archbishops of Canterbury by remembering his own Northern roots. He then reveals he too lacks understanding of how Englishmen and women feel by recommending we get another dose of regional devolution within England. So like the EU elite he wants to break up and balkanise England whilst leaving Scottish and Welsh devolution whole at the country level. The whole point about the English case is we wish to have for England some of the same devolved rights that Scotland enjoys.

I proposed to David Cameron that we gave England EVEN, English votes for English needs, in the Commons. Instead of setting up a costly new English Parliament with extra MPs and a new building, why not let UK MPs elected to

Westminster carry the dual mandate and meet as a Grand Committee at Westminster for any legislation or budgetary review matters that would mirror those powers devolved to Scotland or Wales. Mr Cameron on advice from Mr Hague watered that down to an English veto on English laws, with no right to initiate an English proposal for English MPs. Now Mr Gove has removed even that.

Meanwhile we need a BBC that gives equal billing to England as to Scotland. Why is there no BBC England? We need an anthem for English teams that we know and want to sing, and a better and more sympathetic presentation of English history, literature and culture by English and UK institutions.

[My interview with BBC Today]

Readers of this blog may be interested to hear my interview this morning on COP 26 and UK Domestic Heating.

The full interview is available here:

https://johnredwoodsdiary.com/wp-content/uploads/2021/08/Today-Programme-Recording.mp3

[What does a Growth policy look like?]

Yesterday I looked at targets and controls to ensure prudence. I recommended the existing targets for inflation and debt interest. Today I want to look at an additional target to replace the Maastricht requirements and to provide some balance to the controls. There should be a growth target to remind Whitehall and the Bank that growth brings higher living standards and brings the state deficit down more quickly than austerity.

Choosing a growth target is not easy for an economy that has been like many others so badly bruised by lockdowns and other anti covid policies. The pre financial crash economy could have sustained a growth rate of 2.5%. The post banking crash economy struggled to sustain 1.5%. With much better financed banks now and with plenty of cash around in the banking sector it should be possible to sustain a 2% growth rate for the next five years. That would make a sensible target, with symmetry around 2% inflation and 2% growth. That would mean typically wages rising 4% a year and real incomes 2%.

What actions should a government take to seek to sustain such a target? Just asking the question would be refreshing after years of asking how we meet the

Maastricht lower debt and deficit targets with an implied emphasis on doing and spending less. I have set out in past blogs some of the components of a successful growth strategy. We need more and cheaper energy, we need more domestically produced energy, industrial products and food. We need a policy aimed at cutting the large balance of trade deficit, with opportunities to replace imported energy, food, timber vehicles and much else besides. We need more intelligent use of government purchasing to back competitive UK products. We need lower taxes and easier rules on the self employed and businesses as they take on their first employees. The UK economy needs a larger small business and self employed sector, with more competition for the large businesses with strong market positions.

Bring on the new economic recovery

The UK economy is recovering from the big hit initial lockdown brought. The Chancellor did well with his generous furlough and business schemes which cushioned unemployment and limited bankruptcies. A combination of looser money policy and a large public deficit sustained activity somewhat at a time when public policy to curb the virus led to a sharp decline in output in all sectors needing social contact between customers.

Today the Bank of England thinks the sharp rise in wage and price inflation that we are witnessing will be short lived. They nonetheless aim to end their Quantitative Easing programme of new purchases of bonds by the end of this year, before the USA and the ECB. They have pencilled in the need for some modest further tightening in the following two years, which could take the form both of small increases in interest rates and an ending of purchases of government bonds when old ones are repaid. They may be optimistic in thinking we will have restored all lost output by the end of this year, and need to be careful not to dampen confidence too much too soon before recovery is well embedded.

The central task of keeping inflation down to around 2% remains a crucial target for policy. The Bank thinks inflation will be back a little below 2% in two years time, after first hitting 4%. That is possible, and I have no quibbles with them running at current settings whilst monitoring carefully wage and other cost pressures. I think the USA which has administered around twice as much monetary stimulus as the UK relative to its size and is planning to continue with a large bond buying and money creation programme has a more serious inflation threat. The USA should be doing at least as much as the Bank of England to move back to a more prudent policy given its much larger injection of cash.

Meanwhile we await the government’s decision on what targets if any the Treasury needs to impose on itself. I wish to see the end to the state debt as a percentage of GDP targets continued from the Maastricht Treaty. The relevant issue is net debt interest as a percentage of GDP or of public spending. The state debt figure they use appears very high because they look at the gross figure which includes all the debt the state now owns. What matters is the debt they owe to others and the cost of servicing that debt. Despite the big increase in gross debt the position has improved since the pandemic hit, both because they have been able to buy up large quantities of the debt, and because they have forced interest rates down lowering the additional cost of new debt or of refinancing old debt.

Japan has been doing this on a colossal scale for years and has got away with it because it is a low inflation economy with a high propensity to save. The UK has a lower average age with more private sector propensity to spend and borrow so we should not assume we can continue doing this without awakening the inflationary dragon. A sensible target for debt interest and a well paced monetary tightening sensitive to growth rates is what is needed. The UK already has a debt interest target which is fine. We do not need an austerity policy brought on by a wish to get gross debt down as a percentage of GDP. That would slow growth and make it more difficult to remove the deficit. The new policy must be growth oriented.The Bank needs to watch carefully possible inflationary transmission into wages and or excessive credit creation by commercial banks which would warrant earlier corrective action.