

# Can we discuss the performance of the Bank of England?

Media commentary on the outgoing Governor and the new Governor hit a new low. We were told of the rock star Governor leaving, with silly mildly abusive comments on the alleged personality of the incoming Governor. There was no critical commentary of the failings of current Bank policy, nor comment on the huge opportunities to change things for the better under new direction.

Governor Carney leaves an economy stalled, pursuing a uniquely tight money policy at a time when all the other main Central Banks are rightly fighting slowdown and recession with a range of monetary tools at their disposal. He has been besotted by Brexit to the point where he has not understood the forces at work on the UK, which are largely the same as anywhere else in a globalised world economy suffering from sluggish growth and mercifully low inflation in the advanced world. All the time he has been Governor we have been full members of the EU, just as he wanted .

When he first arrived he promised reform. He told us he was going to use forward guidance to give markets a clearer steer of where interest rates and monetary policy were going. The first two occasions when he guided people to expect a rate rise he did not follow through with one, and after the third warning of a rate rise after a gap he actually cut rates. It was difficult to see how any of this helped.

During the referendum he politicised the Bank by producing a series of very pessimistic short term forecasts of jobs, unemployment, output and house prices which only Remain could accept. They turned out to be very wrong as I and other Leavers forecast.

After the vote he did nothing. A few weeks later he decided to cut interest rates, relaunch Quantitative easing and make money available to the banks. This stimulated activity and inflation, and pushed the pound down a bit. From 2017 onwards he then changed tack, withdrew necessary facilities from the commercial banks, put through two rate rises and slowed the economy markedly until over the last three months there has been no growth at all. This was needless and predictable.

He could have shifted UK policy in late 2018 to promoting more growth and activity as the Fed did. He could have done so this autumn when the ECB did. Instead he ignored the obvious signs of global weakness and tightened controls over commercial bank lending. On his watch the repair of the commercial banks has been completed so they are now robust and able to withstand bigger external shocks. They now need an LTRO or funding for lending scheme to access money to lend on to businesses who wish to invest and to people who want to buy homes and cars.