

Borrowing and printing money

When the government decided on a lock down of the economy which was bound to produce the biggest fall in output and incomes any of us had seen, I argued that the government did need to take big and quick action to offset the worst consequences of the collapse in activity.

I argued here and elsewhere for generous furlough and income support schemes for those who were prevented from working by laws and guidance. I supported the idea of a big surge in public borrowing , and a further programme of Quantitative easing to make sure the government could borrow a large sum at low interest rates. These policies were adopted, unemployment stayed low, and many people got through lock down with help from government support schemes.

I also argued that you can only do this once, for a few months. There is no magic money tree to pay millions of people wages for doing nothing. There is no magic money tree to pay any losses any nationalised activity like railways runs up, year after year. The more features of economic life the government controls and interferes with, the more likely we are to suffer shortages, falling productivity, and financial problems.

If we look at an extreme example of Magic Money tree thinking we turn to modern Venezuela. Their resort to excessive and continuous printing of money has given them a massive inflation and chronic shortages of basics, with a domestic currency that has little value to buy imports. This country with the world's largest oil reserves decided nationalising their golden goose would finance their governments wild excess. Instead under government control their output has slumped from a fairly poor 2.5 million barrels a day five years ago to a bare 400,000 barrels a day now. Their wells are run down or do not flow, and their oil transport system is in decay. Without the private sector to invest, produce and market they have almost lost their entire oil industry. The UK government understands western governments including itself need to stay well clear of such thinking and actions, as they wish to maintain the relatively high living standards people have worked hard to achieve.

From here the government is right to say we need to get back to work and avoid any further general lock down. They are right to ask the NHS to offer a full range of services, treatments and consultations again now the CV 19 numbers are much reduced. They are right to say we need all the schools back this September. They also need to start to rein in public spending and therefore borrowing. I have set out some of the ways of doing this, and will talk of others in the days ahead. The way to run a prosperous country is to allow people and companies the freedoms to make choices and supply needs given the demand and technology available.

Let's see a plan for the nationalised railway

Trains travel largely empty. Losses must be colossal. The railway has all the costs of the pre CV19 era, with the turnover of the post CV 19 social distancing era. Ministers need to seek a new plan and tell us how they will make the railways more useful and less costly to taxpayers.

For a long time the railway has been effectively nationalised. Network Rail is completely state owned and heavily subsidised. The private sector train operating companies have to run a timetable laid down by government, under heavy regulations that leave little scope for innovation or service change. Rail pathways are strictly rationed. It is little wonder many of them struggle to survive as management has little scope to cut costs or boost revenues. Trying to get productivity and service improvements is very difficult. There is a long tradition of industrial action against management induced change.

The railway normally prevents choice for passengers and competition to reduce fares and raise quality of service. Rail operators respond to requirements imposed by Regulators. Their remuneration in part depends on targets, where it may make sense to game the rules. Quite often the train operator fails to provide a reliable on time service owing to failures of the nationalised network operator. The whole system has out of date signalling which limits the numbers of trains per hour. Monopoly providers seek to prevent new challengers competing.

Instead of building a very expensive new line, HS2, the railway should accelerate digital signalling to increase track capacity by around 25%. The railway needs to reconsider what sustainable travel patterns are likely in this new world and adjust services accordingly . It is difficult to see how passengers will be attracted back and better served without private capital and competition in service provision. The nationalised monopoly based model we have been running for sometime is not delivering the services and quality we want. It is now sending unaffordable bills to taxpayers.

On line visit to CLASP

Yesterday I spent an hour talking to Wokingham's CLASP group. They raised a range of issues with me about the response to the virus, service for those with learning difficulties, use of public transport and the role of the Council. They asked me to tell them about the range of work and problems I deal with as local MP. I encouraged them to use this website. I would like to thank all involved in this charity for the work they do. I

promised to take up a couple of matters for them on receipt of the details.

Letter to the Education Secretary

Dear Gavin

You were right to warn us that grade inflation can cause problems for universities allocating limited places to the best candidates. Grade inflation leads to demands for more discriminating higher grades, as with the introduction of the A* to offer some distinction between a large number of students who all came to qualify for an A grade.

It is important that next year the Examining Boards and Ofqual re establish a sound process for awarding grades to students that commands general confidence in the qualifications and allows universities to select the best students for the courses they offer. I am glad to hear that we will be returning to an exam based system. Awarding grades determined by the pupil's own teachers places the teachers in a difficult position of having to defend the grade, and leaves open the worry that some teachers take a more generous approach to their own students than others. An exam is professionally marked by teachers marking the work of other people's students, removing the chance of judgement being influenced by personal knowledge and relationship with the pupil. The grade arrived at is recognised as independent of the pupil's own teacher and school.

Next year the Examiners and the Boards will need to ask themselves how to pitch the standards and the grade boundaries. Should they return to something like the level of 2019, or should they incorporate the grade inflation of 2020? It is an important issue because it will send out a message about how the Examiners see standards. If the best universities and courses stay with similar numbers of UK students between the two years it merely determines how high a grade any given pupil needs to achieve to get to the best institutions. If there are roughly the same total number of places grade inflation has an impact on grades needed to get a place at all.

There will also be questions to resolve over what to expect of A level candidates who lost some months of full time education in school this spring and summer. The Boards will also need to consider what impact if any complying with CV 19 guidance on social distancing will have on their education in the 2020-21 academic year. Will there be any adjustments to practicals, events in subjects like music and drama, foreign language conversations and other elements in some A level assessments? The Boards both need to be fair the class of 2021 and ensure that nonetheless they attain good standards that are comparable to other years.

One thing it should be possible to agree. Getting all exam year pupils back into school and offering them full teaching and good curriculum from here is

essential for their education and for maintaining standards. I would appreciate details of your approach to the teaching and standards of exam for 2021.

Yours

John

University places

I joined the on line meeting with Education Ministers yesterday evening to discuss the A level change of policy. The main talking point for MPs and Ministers was the knock on from the decision to University admissions. The University Minister said she would issue a letter today to the Universities urging them to offer places to all those with conditional offers who could now meet the requirements following A level upgrades. Any student who has accepted a place at their second choice can now contact their first choice institution if they can meet the conditions to see if they will honour their original offer. If they are happy with the place elsewhere there is no need. It would be prudent to sound out the first choice university about their conditional offer and whether they are still offering a firm place before cancelling the offer accepted elsewhere.

There may be shortages of places for qualified students following the upgrades for some subjects or at some institutions. Ministers were aware of particular pressures on places for medicine and promised to review capacity with the Health Secretary. MPs pressed for further communications about the availability of places in medical areas.