

## Meeting with Reading Buses

I met the new Chief Executive of Reading Buses today to discuss local services.

I asked him for more information on how they can assess demand and maximise fare paying passengers on local routes, discussing service frequency, bus itineraries and patterns of demand. I also pointed out some of the difficulties for buses and other road users where routed on narrow country roads.

He has promised to come back with more information about the current pattern and some ideas on how to improve.

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## The Withdrawal Agreement should be renamed The Stay in and Pay up Agreement

The EU does have a sense of humour. The so called Withdrawal Agreement is designed to keep us in whilst making us pay up. No sensible person could regard it as being Brexit, and no good negotiator would ever say Yes to a one sided proposal. Worse still it completely undermines our negotiating strength for the next prolonged phase, negotiations on the so called Future Partnership. This is not a deal for the future, and it does not end the uncertainty. The quickest way to end the uncertainty is to leave without signing it. Leave voters did not vote Leave in order to subjugate ourselves to new EU Treaties that we can't get out of.

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## Is that it? The Political declaration with the EU

As expected, the latest draft of the Political document about our possible future partnership with the EU is empty of any enforceable content of benefit to the UK. It is an invitation to trade and customs talks extending over an unspecified period, delaying our exit from the EU. Far from taking back control of our money, our laws, and our borders, this Agreement if signed

alongside the Withdrawal Agreement which is legally binding means we stay in and have no unilateral right to leave if the talks prove fruitless.

Under this non binding proposal our fish are still in play for a future negotiation. The Irish backstop remains etched legally into the Withdrawal Agreement, with words about a future technological solution as a possibility. There is plenty about the need for future regulatory convergence and for the UK to keep adopting EU laws we have no say over. The proposed format of the Future Partnership would be an EU Association Agreement. These Agreements are designed to bring potential member states of the EU progressively into line and under legal obligation to the body they wish to join.

This disappointing document confirms that this negotiation does not deliver Brexit, and does not give us control of our laws, money and borders, any time soon, with the risk that it might never properly do so.

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## Central Bank errors can cause recessions

Last night I was privileged to give the inaugural annual Trustees lecture at the London Institute of Banking and Finance.

I used it to examine why we had large recessions in 1974-6, 1990-3 and 2007-10. In the UK we lost 4% of our output and income in 1974-6 (Labour), 1.1% in 1991-2 (Conservative) and 4.5% 2008-9 (Labour). In each case we lurched from rapid credit and money growth to a dramatic tightening of credit and money in an effort to curb past excesses. In each case two errors were made – the initial excessive credit build up, and the decision to stop it by rapid tightening.

In the 1974-6 period there was lethal inflation which reached 27%. Lots of jobs were lost but unemployment peaked at 5.5%. In 1990-2 inflation hit 10.9% but unemployment rose to a worrying 10.8%. In 2007-10 unemployment hit an unacceptable 8.1% whilst prices started to fall as the crisis intensified, such was the extent of the monetary tightening.

The 1990s crisis was entirely the result of the European Exchange Rate Mechanism. As I had written before we adopted it as policy, it was a destabilising system. We started with the markets trying to force sterling up, which meant printing lots of money and keeping rates low to stop them. This resulted in a surge of credit. Then the pound wanted to go down, so the reverse took place with a major tightening of money and credit leading to recession.

The 1970s and 2000s crises were the result of mistaken views of the Central Bank and commercial bankers that they could take more risk and lend more

money without adverse consequences. This was followed by too rapid a change of tack. Today we do not yet face a similar policy induced recession, but we need to be aware that the Bank of England is tightening too much which is visibly slowing the economy. Money growth is also being slowed a bit in the USA and China.

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## Wokingham Post Office

Knowing of worries about the possible move of the Post Office counters service from the Broad Street premises to a local shop, I am chasing an answer from the Post Office on why they wish to do this and what level of service they think they could supply with such a change. There is understandable apprehension that service could be worse if they refuse to engage and provide us with the rationale.