

Inflation stays stable at 2.6% on the CPI

The BBC did its best this morning to talk inflation up, inviting on interviewees prepared to say inflation would rise owing to a weaker pound. They were wrong. Inflation stayed stable, with food prices dipping a little. The rise was sustained by Council taxes and associated housing costs and utility bills contributing. These are largely domestic costs given the switch to renewables and the high UK labour content of utility service and local government.

The poor performance of Network Rail

Network Rail had a disappointing last year. Their accounts for 2016-17, published in July reveal that they were £172 m net or £424m gross below target financially. Their operating costs rose by £124 m or 4.6%, well ahead of wage inflation. Total debt was up by £4.7bn, and debt costs were £370 more in the year. Much of this was the impact of the higher inflation rate on the index linked borrowing they decided to do in past years.

Worse still from the travellers point of view, they had to report cancelled trains in excess of target. Only 87.6% of trains were on time, well below target. Whilst it is good news no staff member was killed on the railway, under general safety they reported 680 injuries which was worse than target.

The railway is spending on increased capacity which drives debt higher, as does the failure to raise productivity and control costs. They are in consultation with the government over how to spend £450m on digital signalling. This could offer a much cheaper and more efficient way of increasing capacity. Lines currently only take 20 trains an hour, leaving the tracks unused for much of the day to allow safe braking. With better signals and controls, given the fact that trains are all going in the same direction on any piece of mainline, it should be possible to run 25% more trains on the same track with new systems. Indeed, with better brakes, lighter trains, better signals and sensible timetabling it may be possible to increase capacity by 50% to 30 trains an hour on any given piece of track.

I look forward to early decisions on how to step up this approach to capacity. I also look forward to the management having better success at raising the quality and curbing the costs of running the railway.

Moderating this site

I asked the service provider to protect this site from an excessive number of commercial and automated responses. They have come up with the picture question system which some of you dislike. I also have to go through it each time I moderate and find it works OK. I do not have available another system to keep out so many unwanted responses.

I moderate this site when I have the time. I will repeat again. Long posts, posts with allegations about people and institutions that need checking, and posts referring to electronic sources I do not know may take longer. I leave those until I have more time, which may not be the same day depending on my other duties. Sometimes I just delete them if they look too difficult to understand and check.

I do now sometimes just delete a post from someone who has written multiple posts the same day to cut down my reading time. People who write several shorter posts without material that needs checking may secure more postings as my aim to speed moderate as many as possible may favour them over someone who writes one or two long posts. I am trying to put up a range of views and interesting material from as many as possible, but will tend to err on the side of caution over allegations.

The costs of population growth

There have been various studies of migration arguing that migrants that come to the UK make a net contribution, paying more in income tax and National Insurance than they receive in benefits. These studies ignore the wider picture and do not look carefully enough at all the budgets involved. They are not based on a very pleasant premise when they imply we only want the migrant if they do "make us a profit". It is a pity their calculations are also simply wrong.

When we invite someone into our country we wish them well and want them to live to a decent standard of living reflecting the society they have joined. This means they do need adequate housing, their children need school places, the family requires access to an NHS surgery and if necessary an NHS General Hospital. If just one or two migrants arrive there is sufficient slack in the system, but when 250,000 additional people a year turn up the country has to get on and build the extra homes, schools, surgeries and other facilities they need. We also require extra roadspace and railway capacity. I see this in my own constituency where we have had to provide extra schools and

surgeries as the new homes are built.

None of these items comes cheaply. A migrant couple will need a flat or house which will cost say £200,000 to build and provide. They may need a school place for two children. That could have a capital cost of £45,000. We are currently spending massive sums on increasing rail capacity in London and on HS2, and are beginning to spend more on road capacity. Some part of this is the result of an expanding population.

The figures calculated on revenue costs are based on the fact that public spending does transfer money from working age people to the elderly in more need of pensions and NHS care. It also transfers money from people without children to those with children at school. Migrants who work here for a few years, have no children and then move away may indeed make a net contribution to the revenue budget, but they will need expensive housing and transport capacity on capital account which needs to be put into the calculation.

Mr Trump's threats

It is not easy being the world's superpower. Mr Trump swept into office on a programme of America First. He envisaged doing good deals for the USA. He did not seem keen on military interventions around the world of the kind favoured by the Clintons and the Bushes, by the State department and the Pentagon. Many people warmed to the idea that the west had intervened too much. Maybe the west had resorted to arms in too many cases where it did not have the political ability and influence to settle things well after its force had dislodged dictators or unsettled evil regimes.

Mr Trump has avoided escalation of military involvement in the Middle East. He has tried rapprochement with Russia, though this has been badly knocked by outraged Democrat opposition seeking to allege that it was all to do with Russian help for his election campaign. Just as it seemed he was turning to the main economic matters which dominated his election statements, the absurd and unpleasant dictator of North Korea decides to provoke and taunt the USA with stories of breakthroughs in weaponry, tests of missile systems, and his usual threatening language.

US policy seemed to be based on the diplomatic playbook. The State department engaged with the UN and the leading powers Russia, China and Japan to back an important UN Resolution. This pledges all to seek diplomatic solutions, whilst imposing much tougher sanctions which seek to block one third of all North Korea's exports by value. There are also travel bans and other restrictions imposed on 9 senior officials and four institutions of the North Korean state.

It therefore looked as if it came as a surprise to the US establishment when Mr Trump started talking of massive military responses should North Korea

threaten the USA and its allies and territories. They soon came into line with their President and pictures emerged of the kind of weaponry the US could deploy from Guam and their carriers if need arose. This builds on the traditional exercises conducted annually with South Korea under previous Presidents to display to North Korea ability to fight and resolve to defend.

Some think Mr Trump was right to speak in the kind of language the North Korea dictator uses. Others think it is unhelpful and gives too much publicity to North Korea. I would be interested in your views.