

Meeting the Focus School

I went to visit The Focus School yesterday and spoke to the pupils about my work as an MP.

They showed me their projects on the Anglo Saxons which were impressive, and the School choir sang.

The School's Inspection report is good. The pupils participated well in the lessons I saw, and their project work reflected the emphasis on individual learning with personal research and enquiry.

What would a better Bank of England policy look like

The Bank and the FSA allowed far too large an expansion of credit and derivatives prior to 2007, as many pointed out at the time.

They then decided to crash the banking system by withdrawing liquidity and putting up rates, leading to the Great Recession.

Since then they have restricted banks in making new loans, and have sought to offset the negative effects of this on jobs and output by keeping interest rates near zero and creating money themselves which they inject by buying up state debt.

Savers suffer from the low rates, but benefit from the inflation of asset prices this causes. Credit is cheap from banks but rationed strictly. Alternative credit from shadow and non banking sources is quite expensive.

This is not a good model. Getting to a better one will take time and patience, but we need to sketch the direction of travel.

The first task is to wean us off QE, by setting out a programme to cancel the state debts the state now owns and to cease reinvesting the income and capital proceeds from the state owned bond portfolio. We will then see that UK state borrowing as defined by international standards is relatively modest at around 65% of GDP.

The second task is to allow the commercial banks to create a bit more credit to finance a bit higher rate of growth. This should be done by adjusting the macro prudential requirements now that the banks have much better capital and reserve ratios.

When better growth is restored then the Bank can gradually increase rates

when the data justifies it.

The aim should be to end up with 2% inflation, growth at over 2% and a small real return for savers instead of a negative real return.

Statement from South Western Railways on next week's strikes

Today (Thursday) we met with the RMT and had hoped we could persuade them to suspend next week's planned strike and allow the positive local talks we had been having to continue. We still believe that by continuing to engage with our local staff representatives we can find a way to work together and deliver the passenger benefits our new modern suburban fleet will bring when the trains enter service in late 2019. However, I am sorry to report that despite re-stating all our previous commitments – that we will have more jobs not less; that we plan to retain a second person on every train; and guaranteeing salaries and terms and conditions for Guards – the union executive is going ahead with these strikes which will damage both passengers and staff.

We will operate a contingency timetable on 8 and 9 November which see us run around two-thirds of our normal train service on those strike dates. Details of our contingency timetable can be found on our website

<https://www.southwesternrailway.com/plan-my-journey/rmt-strike>

The Bank of England twists and turns

I thought the interest rate cut some weeks after the Brexit vote was needless last summer. The economy was speeding up at the time, credit growth was lively, house prices and home building were on the up, new cars sales growing strongly and unemployment coming down. The Bank had all the wrong forecasts , arguing that unemployment would rise, jobs would fall, house prices would fall and confidence would crash. Instead of looking at the data the Bank trusted its own wrong forecasts and cut rates!

Yesterday the Bank did the opposite. The data shows house prices slowing, car sales falling, credit growth slowing and money growth retreating. The Bank should know that because it has deliberately brought it about by ordering a credit tightening under its macro prudential powers. The latest retail sales figures, growth figures and house prices figures are showing much slower

rates of growth than in the summer of 2016. So what does the Bank do? It puts rates up!

Its argument is a sloppy one. It says we are getting close to capacity, and cites the fall in unemployment. This it says requires a rate rise to bring inflation back to target though it has previously always said the inflation spike this autumn is a one off which will subside.

It is odd that the MPC in its explanation of the economy refers to Brexit several times and makes no reference to the Bank's own monetary tightening, reduction of credit growth and tax attacks on housing and cars by the government. The Bank seems to have lost its impartial interest in the figures and gained an unhealthy wish to blame Brexit for anything adverse. If Brexit is such an all pervasive influence why doesn't it get the credit for the strong jobs growth, the rise in housebuilding and the strong manufacturing performance over the last year?

If you look at a graph of car sales they rise strongly up to March 2017, with no effect from the vote or the Article 50 letter but a big effect from the budget and government statements on diesels. If you look at a graph of BTL investment you see it takes a big hit in April 2016 before the vote when the government introduced big tax rises. I suggest people look at the evidence instead of trotting out alleged Brexit effects for bad news, and saying despite Brexit for good news.

[South Western trains strike](#)

I met with Andy Mellors, the MD of SW Trains to ask him about the RMT planned strike on 8 and 9 November. Other local MPs were also present.

Mr Mellors said the company had contingency plans should the strike go ahead. They aimed to run most services, with a few being covered by a replacement bus service. Travellers should go on to their website before travel on the strike days to see the latest position.

The RMT strike threat has arisen over the introduction of new trains to the network. These trains have the capability for driver operated doors. The Company wishes the drivers to carry out this function, but has guaranteed they will roster a guard for every train and each guard will continue to have safety training. The Guard's role will be to work for and with the passengers more than at present. The Company will be recruiting more staff and will not be making guards redundant.

The new trains are crucial to increasing capacity and improving passenger comfort. They are air conditioned and more spacious.

I stressed the need for the Company and the Union to put passenger needs

first, and to seek an answer to their dispute.