

## More potholes and worse potholes

This weekend when I did one of my regular visits around the constituency I found trying to steer round the bigger potholes was getting more difficult than usual. There are too many new holes, and the lack of work to deal with the smaller ones is leading to more large ones which hurt tyres and shake up suspension if you hit them.

I have taken the matter up again with Conservative Councillors who are pressing to get more work done to rescue our roads. The Lib Dem led Council likes spending money on closing and narrowing roads and making the lives of motorists more difficult but does not do enough to stop worrying deterioration.

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## How you could get a green revolution

I say to all those who write to me wanting to make faster progress to net zero two things. This needs to a world wide movement, as the main producers of CO<sub>2</sub> currently are China, the USA and EU, and the main growth comes from China and India. It can only succeed if it is a popular revolution, as for success it requires everyone in the world with a gas or coal heating system, with an ICE vehicle, with a meat diet, with a wish to travel by plane to change the way we live our lives.

Popular revolutions have been common in my lifetime to date. There was the revolution in advanced country living standards based on the arrival of the phone, the car, the washing machine and the fridge as the commonplace of each household rather than the privileges of the few in the later decades of the last century. This century has seen the digital revolution rush to success on a wave of popular buying and support. So many people have afforded a mobile phone or a home computer or pad, because they wanted the on line services these gadgets can bring. It took no government subsidy, no bans on rival products, no endless exhortation by Ministers to power the revolution. Mighty corporations, mainly American arose and vowed the public, with Amazon's all conquering on line shopping, Alphabet's far reaching searches and information, Microsoft's near universal software, Apple's dominance in equipment and Facebook/Meta's ways of people talking to each other by internet.

So the Green revolution will succeed when it has the products and services that fly off the shelves because they serve us better and are affordable. Instead of governments taxing, regulating and lecturing us on what we have to do to get CO<sub>2</sub> down, they should be creating the conditions where companies can emerge that vow us with the new ideas. I would like a heat pump heating system for my London flat but am told there isn't one that I can buy as I

cannot place a box outside my window on the side of the building. If there is a supplier out there that can help me let me know. I have just bought a modern replacement gas boiler for my home because the heat pumps were far too dear to install and to run and would not necessarily heat to the same standard as gas. Where are the electric heating systems that are better and no dearer than the gas ones most of us use? What is the point of a heat pump if you operate it on a cold day when most of our electricity is generated from fossil fuels as it uses a lot of electricity?

The refusal of around half of UK households to readily take up the offer of a "free " smart meter shows the revolution has a long way to go to be truly popular as the digital one is. Many people fear the new electricity system will mean dearer and less reliable power, and fear the smart meter will come to control or manipulate them in ways they do not want.

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## **The UK drive to net zero is too expensive and will not lower world CO2.**

I have long been critical of some UK plans to take us on the road to net zero. They entail making it very dear to use energy here so we import high energy using products from abroad. They stop us getting out our own oil and gas so we import more from overseas. They run down our food production from home farms, only to bring in more from abroad.

All those who do think getting world CO2 down is a crucial priority should attack these plans, as they mean more CO 2 produced in shipping all the things to us. If we bring in more LNG gas that produces far more CO 2 in its compression, shipping and conversion than our own gas down a pipe. If we import German or Chinese steel they may produce more CO 2 in its manufacture than we do, but they will certainly produce more CO 2 in its transport.

Today I want to concentrate on the damage these policies do to our state finances. They lose us lots of revenue, by substituting foreign for domestic production. All the super taxes paid on oil and gas output go to a foreign producer government not to the Treasury. All the taxes on wages and profits in making things go to overseas governments where the exporting factories lie. There is a major drain on our balance of payments which means the country has to borrow more from overseas to pay the bills in foreign currencies, leading to a higher debt interest burden. This is economic self harm on a grand scale.

There is the excessive expenditure taxpayers are asked to pay for. We should immediately defer the £20bn spend on carbon capture and storage. Our competitors are not doing this and it is just another cost burden, only this

time a charge on taxpayers rather than business using the energy. We should cut the government spend on hydrogen development and the proposed new tax to pay for some of it. Hydrogen technology may well represent a good way forward for heating and transport, but there is no reason why taxpayers should pay for experimentation when the world market will allocate capital to what it sees as the most likely winners. The government did not have to send taxpayers money to businesses to develop smartphones and computer pads. The market found them out and paid for them.

The government should reduce taxation on energy using businesses by removing the emissions trading carbon taxes, allowing it remove the subsidies it currently has to pay to offset the damage the taxes do! It should unwind much of the money go round in the energy sector. Today we have subsidies to some ways of delivering energy allied to windfall taxes which are not actually geared to windfall prices but are just another levy. There are too many subsidies and too many taxes today, putting more companies off investing in the UK owing to the complexity and uncertainty surrounding how much anyone will be allowed to profit by large capital commitments.

The government should end the scheme to get taxpayers to pay for smart meters for all homes. Half the country does not want them and they should not be paid for out of taxes. The government should not fund local anti road schemes designed to create more congestion and to ensure vehicles burn more fuel in traffic jams.

The government has to spend a large sum on trying to secure a Jaguar battery factory. Its motor industry policy wants to close all existing diesel and petrol vehicle building and components factories by the end of this decade and it desperately needs new factories to build entirely different electric vehicles instead. To do this it is going to throw huge sums of subsidy at trying to attract the battery and EV plants some companies wish to build somewhere in the world. The government should lift its ban on petrol and diesel vehicles so that it keeps more of the traditional industry for longer. It would then look less desperate to attract EV business and would not have to bid so much subsidy in an attempt to limit the overall loss of jobs and activity.

I share the government's aim to get the deficit down. Saving money on damaging green policies which do not even cut world CO<sub>2</sub> would be a great start to control spending.

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## [The Bank and recession](#)

A few days ago the government celebrated news the UK unlike Germany has escaped recession so far, and welcomed IMF forecasts showing no recession ahead. Now a clumsy Bank of England has driven bond prices down so mortgage rates up as it needlessly threatens more bond sales at depressed prices.

There is talk of needing a recession to control inflation.

This is dreadful continuing mismanagement. Why did the Bank carry on with bond buying at very inflated prices for so long? Why was it forecasting 2% inflation for now just two years ago? Why does it not study and comment on huge changes in money and credit which must have a bearing on inflation and output?

The Bank told us it got inflation wrong because it did not foresee the Ukraine war and spike in energy. But why was UK inflation at 5.5% before the war? Why did non energy prices take off? Why did Japanese and Chinese inflation stay low despite energy rises?

The Bank needs to revise its models and try to bring them more in line with what is actually happening to inflation and output. It should not respond too much too late every time, making the cycle worse.

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## Lecture on Central banks

Today I will give a public lecture at 11 am in All Souls High Street Oxford about Central banks.

I will ask why the Fed, Bank of England and European CB all got their forecasts hopelessly wrong and took inflation up to around 5 times target. I will ask why The Peoples Bank of China and the Bank of Japan presided over inflation that stayed around 2%.

I will ask why the Bank of England first blamed the Ukraine war for the inflation, when UK inflation had hit 5.5% before the war, and when the war's impact on world energy prices did not cause the same problems in Japan and China.

I will ask why the Bank has more recently blamed bad weather affecting food crops yet they have no weather forecasting variable in their model, and when overall food commodity prices have actually fallen this year.

I will why the Bank's model has produced such wrong forecasts of inflation yet the Bank does not change its model.

I will examine the bizarre notion that these Banks are independent, when they are important arms of their respective states controlled by national legislation and in four cases owned by the state. Their leaders are appointed by governments.

I will ask why the 3 Banks that got it so wrong do not tell us why and remedy their mistakes.