

# Should travel by electric cars be taxed?

Let me begin by stating clearly I am not advocating any new taxes and certainly not lobbying for any. There are, however, many worried that if electric cars take off and significant numbers of petrol and diesel cars are pensioned off there will be a collapse in fuel duty and Vehicle Excise Duty revenues that will need replacing. They think it is a good idea to ask how this hole in public revenues might be filled. Before buying an electric car some people want to know what the future tax regime might be for them.

Some think the electric car user should have to pay a tax just as the diesel and petrol car owners do today to keep the revenues up. Electricity for charging car batteries could be taxed at a higher rate than domestic electricity, with the charger point incorporating suitable smart meter identification of use. After all electric cars use the roads as much as the ICE cars they replace, will add to the wear and tear and will need road maintenance and improvement programmes.

It is true that the tax raised on the motorist greatly exceeds the costs of providing and servicing the roads. There has been cross party agreement to a permanent transfer of income from car users to public services and benefit programmes. There is no reason some argue why this choice should change, or why electric vehicles should be exempt if that transfer remains multi party government policy.

Others think the advent of more electric vehicles should be used for a more comprehensive change in travel and vehicle taxation. Why not, they say, introduce road pricing? The state could sweep away fuel duty and VED and replace it by a comprehensive system of charging cars who use roads. Some would want to charge electric vehicles less per mile than petrol or diesel as a further incentive to adoption. Some want to just charge for congested roads, flexing the charge by time and traffic conditions. Some think just charge for the trunk roads and motorways which account for so much of the miles travelled and which tend to be more used by business and people on better incomes. That way people using cars to get children to school or themselves to nearby work would not be taxed.

Road pricing has been looked at before and so far always rejected. Many motorists/taxpayers fear it would become an extra tax. They fear the government would extort too much out of their monopoly control of the roads. Many MPs think of it as a poll tax on wheels and would not wish to support it. So I ask you all in a genuine spirit of enquiry how should the government handle revenue loss from electric cars? I do not have a good answer to offer.

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## Mrs Merkel's party turn their fire on the European Central Bank

There is no such thing as an independent Central Bank, owned as they are by governments on behalf of states or the EU. It is possible for Central Banks to call the shots on interest rates, credit, banking and money supply for periods without government interference, but in the end these are all issues that may come to matter to politicians and the public. When they do governments replace Governors, change the remits, change the legislation or the rules which control them. Under Mr Brown as Chancellor then PM the Bank of England accepted a change of inflation target, and during the banking crash was effectively rightly overridden by the government to cut interest rates at the height of the troubles. Substantial changes were made after the 2008 banking crash by the incoming Coalition government. Even during periods of apparent independence there is usually behind the scenes agreement. Chancellor Mr Osborne in the UK chose a new Governor of the Bank of England who shared many of his views. The Bank obligingly saw independently the Remain campaign in the EU referendum that followed as the right answer and produced inaccurate pessimistic forecasts of what would happen if Leave won. The current Fed Chairman is at one with Treasury Secretary Yellen over running the US economy hot. The Fed has a dual mandate on employment as well as inflation and is always expected to work with the Administration of the day.

The doctrine of independence is most advanced in the case of the European Central Bank. It should be much easier there, as no single state or national government can bend it to its will or appoint a new Governor. In practice the ECB works closely with the EU Commission and is understandably an advocate and enforcer of more EU integration. They came to see they needed to take extraordinary action that German opinion would not like to head off Euro crises and allow the continued financing of the deficit countries.

Nonetheless most establishment figures and mainstream political parties claim Central Banks are independent. This means the politicians in office or seeking government positions have to refuse to comment on a wide range of economic instruments from interest rates through cash and liquidity levels to credit policies and bank regulations, leaving these to a so called independent Bank. It is a shock to the system if a senior government figure does venture any public criticism of a Central Bank. Their efforts at behind the scenes influence have to be done invisibly.

That is what makes the decision of Germany's CDU party, the party of Mrs Merkel that claims to welcome EU integration, all the more remarkable. Mr Merz, runner up candidate to lead the CDU and the new Leader's chosen expert on economic matters has been critical of ECB policy. He thinks the ECB is allowing too much inflation. He shares the Bundesbank Chairman's fears that German inflation is heading for 5%, an unacceptably high figure to them. He thinks the ECB should stop buying so many bonds, facilitating yet more borrowing by the deficit states of the Union at low rates of interest. Like

it or not ECB policy has become an important tension in the German election.

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## Burning crops – where should ethanol come from?

The government is keen to introduce plant based material into petrol for our vans and cars. They see this as a green option, and claim that moving to a ten per cent content in petrol is the equivalent of taking 300,000 cars off the road.

Given their strong wish to limit the number of cars this is another good argument to limit the number of additional people we invite into our country each year to live here, as many of them will naturally want a car.

I have other important questions for the government about its belief in the power of ethanol. Which crops does it recommend for the production of this material? Is the aim to grow more corn or wheat, or to take it from willow and other trees, or some other plants? Is the intention to grow our needs in the UK or does the government wish to add to our import bill? If the aim is to grow more at home, what crops will it displace or can it be an extension to the useful growing areas?

I would want the government to facilitate home production of the ethanol feedstock and the home processing of the crops. I would wish to see these fuel crops as an addition to what we are already growing for food. My concern rests with the current policy from the agriculture section of the Environment Department, which seems keener on wilding, taking land out of useful production.

We cannot afford to simply add ethanol to a long list of things we import, transferring the jobs and incomes out of the UK and reducing the taxable capacity of our economy as a result. We do not want another Drax on our hands, where we import timber across the Atlantic to burn in the power station, with considerable environmental costs for long distance transport, and a net loss to the UK economy of the work and incomes timber growing and logging produces.

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## Housing

It has become a popular question to ask those who recommend welcoming more migrants to the UK for whatever good reason if they will open up one of their

spare rooms at home to provide accommodation. I guess it can make good tv to see the responder hunt for some plausible reason why they themselves would not take such action.

It is however a diversion from the big issues that underlie the problem. It is no solution to a refugee family to find cramped accommodation in someone else's home. It is not even a good long term answer for a single economic migrant, as they too need some independence and opportunity to cease to be single if they wish. The British dream is to own your own home with your own front door and with reasonable freedom over how you organise it and what you do in it. The British reality for most with no capital and lower incomes is to rent a property which also affords the independence of your own front door, independent kitchen and bathroom facilities and sufficient sleeping accommodation.

We are not looking to downgrade expectations, or to seek to place more families in permanent accommodation where they need to share kitchens and bathrooms or lack the space they need to sleep and live in their homes.

Given this we need also to accept there are limits to how much accommodation we can provide and therefore to how many migrants it is possible to accept in any given year. Whilst housing is the main constraint, we also need to think about the provision of other public services. There are limits in the shorter term to how many school places are available, how much NHS capacity there is, how much roadspace and how much water and electricity can be delivered from the existing wires and pipes. When Wokingham was experiencing really fast growth some years ago there were problems getting the water and power system to catch up with rocketing demand. It was one of the arguments I was able to use to move us down then from a fast growth area.

In order to get housing supply and demand into better balance we do need to consider the pace of increases in demand as well as supply. Government tends to look at net migration figures, but in any individual place it may be the gross figure that matters, as people leaving the country do not necessarily free up both the number and location of properties needed for the new people arriving.

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## [What for NATO and the West now?](#)

The weakness President Biden demonstrated in the Middle East over Afghanistan was unfortunate. It should not be repeated elsewhere. The President wanted to be closer to allies but has instead upset them by his unilateral and unwise decision. That is all the more reason for him now to draw closer in other places where alliances are important.

In Korea the USA still maintains a substantial military presence to support the South Korean forces. North Korea with its erratic autocrat in charge

needs to know that the USA continues with her long term commitment to support the South. So does China need to understand that trying to control her wayward neighbouring state.

President Biden has in the past made clear he will support Taiwan. He will need to do so again, and be ready to respond to any further tests of resolve from Chinese naval vessels and planes coming close to the island. NATO as a whole is engaged, with naval vessels from other NATO countries assisting the USA in keeping open international waters in the South China Sea.

In eastern Europe NATO has forces in the Baltic Republics as a reminder to Russia that they have chosen to be allies of the West. US rapid reaction forces are an important part of the NATO support.

The world has just got even more dangerous with the collapse of the Afghan government and the release of prisoners from Afghan jails. Counter terrorism is a daily task for many years, not something democratic countries can get bored with or pretend the need has gone away. There are regular challenges to western defences by conventional weapons and by many cyber probes and assaults. Some come from rogue states or from terrorist groups. Some are tolerated if not directed by large states that the West has to do business with. This requires clear leadership, defining lines of conduct and imposing sanctions or responding as needed where lines are crossed. After Afghanistan President Biden will have to be tougher and clearer to avoid more disasters elsewhere. UK diplomacy could help rebuild trust between the USA and the allies, assuming President Biden recognises the need to reassert US leadership against violent and unacceptable conduct.