

# Establishment economics hits a new low

We live under the tyranny of the Bank of England and OBR. Politicians have given powers away to these so called independent bodies, only to discover they are unable to make accurate forecasts whilst recommending policies which lurch us from high inflation to no growth. Many of the electorate take the more traditional view that Ministers are elected to sift the advice and make good decisions. If inflation is too high or growth is too low voters blame the government. As we approach the next election voters face the problem that the main Opposition party thinks the problems of inflation and growth require more powers to be surrendered to the very bodies that have caused much of the bad outcomes so far. Why take more of the same medicine when it has proved to be harmful so far?

Over my time as an MP to date the record of the Bank of England has been poor for much of that period. The Bank along with the Treasury, the CBI and the Labour party nagged the Conservative government of the 1980s into the European Exchange Rate Mechanism. All the time I was Margaret Thatcher's economic adviser we stayed out of this system, which was obviously going to be destabilising and damaging as I set out in a booklet before the event. When they had their way it gave us first a rapid inflation as the Bank created money to try to keep the exchange rate down to the limits of the scheme, and then caused a deep recession when they had to arrest the inflation with an intense money squeeze to try to save the pound. That wrote off the period 1988- 94 and ended the Conservative government.

In the period 2005-8 the Bank allowed a massive expansion of credit as the Treasury went for an increase of spending and borrowing at the same time. The Conservative Opposition warned the government that this was dangerous and inflationary. So it proved. Then the Bank did the opposite and squeezed money and credit too hard, threatening the solvency of the banks. I warned against such an extreme lurch, but they were determined. Only when some of the largest banks in the land were teetering on the edge of collapse did they relent. They had to undertake a very expensive bail out of leading banks brought on by their own folly. As Gordon Brown was an important influence on the thinking behind decisions he ultimately had to take it was fitting Labour were thrown out of office for the big crash of 2008.

In the response to the covid lockdowns the Bank understandably made a large amount of money available to prop bond markets and offset some of the damaging economic consequences of widespread closures. Unfortunately the Bank continued with this policy throughout 2021, recovery year, in a way that was bound to be inflationary. So it proved. Now they are trying to overcorrect by taking large losses on bonds they paid too much for and reducing the money supply.

What a pity the experts of the Bank have not yet learned from these dreadful boom/bust swings that creating too much money or allowing too much credit is inflationary, and allowing too little brings on a recession. This is a clear case where expertise needs to be challenged, and experts with better

forecasting records should be listened to more.

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## Problems with green products- do they really cut CO 2?

Many people who accept the science of climate change do not buy electric cars and heat pumps because they do not see how that lowers CO 2. The establishment and the main parties all hold the same strange idea that forcing more people to buy these two products will in some way cut world CO 2. It is difficult to see how this would happen given current limits on renewable power.

If I bought a new electric car today and plugged it in to charge it the grid would need to call up more gas fuelled electricity to handle the needs of my recharger. We are usually using all the renewable power we can produce. If I spent a lot of money on a heat pump that too would require grid power to fuel it. How does it make sense to burn the gas in a distant power station and lose some of the energy in transmission when I could burn the gas directly in my home boiler and capture more of that energy as usable heat?

For the establishment view to work we need much more renewable power to power the grid, with reliable ways of storing green electricity for days and times when the wind is not blowing and the sun is not shining. We are somehow off that situation. Before demanding we switch cars and heating systems government and the energy industry need to decide how to make storing renewable power economic. There would then be a long period of gaining permissions and implementing the work necessary to put in extra renewable capacity, extra grid capacity, and the approved ways of storing. These might be the production of green hydrogen with all the additional changes that would then require, or more large battery installations, or more pump storage systems. None of this is easy to do, quick to complete or cheap.

There also needs to be whole lifetime accounting. Ripping out a gas boiler and putting in a heat pump uses large amounts of energy to make or scrap or install or remove the products. Much of the work today is undertaken by suppliers using fossil fuels. This CO 2 needs to be accounted for. Early retirement of gas boilers or petrol cars may add to world CO 2 from the CO 2 involved in their replacement. It has been shown you would need to do a high mileage for a number of years in an electric car, recharging it from renewable sources, to cut overall CO 2 compared to running your older petrol car for longer.

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# Update on flood risk position in your constituency

I have just received the latest update from the Environment Agency. Three flood warnings and six alerts are now in force.

Dear John,

Following our email on 3 January, I'm writing to update you on the latest forecast regarding the likelihood of flooding in your constituency.

## Latest situation

There are now 3 flood warnings and 6 alerts in force in your constituency area. You can see these listed in more detail below.

- Flood Warnings are issued when property flooding is expected.
- Flood Alerts are issued when flooding to low lying areas such as fields and roads are expected, and property flooding is possible.

## Flood Warning in force in Wokingham constituency

- River Loddon and River Blackwater at Swallowfield
- Properties closest to the River Kennet between Shenfield Mill, Theale and Reading town centre
- River Kennet from Theale down to Reading

## Flood Alerts in force in Wokingham constituency

- River Pang from East Ilsley to Pangbourne and Sulham Brook
- River Enborne and Foudry Brook
- River Kennet from Thatcham down to Reading
- River Blackwater and The Cove Brook
- Lower River Loddon
- River Whitewater and River Hart

Our live map showing the latest flood alerts and warnings, and rainfall and river levels is available at the following link: [Live flood map – Check for flooding – GOV.UK \(check-for-flooding.service.gov.uk\)](https://check-for-flooding.service.gov.uk)

## Our activities

Our planned watercourse maintenance programme reduces the likelihood of river blockage and enables main river watercourses to flow as close to their optimum capacity as possible. We will, however, remain vigilant to any blockages that have the potential to increase flood risk and respond if safe to do so.

We continue to respond to the high river levels and to issue flood warnings when property flooding is expected. This allows residents time to prepare and activate their flood plans.

We will have Community Information Officers out in areas of highest risk to help assess impacts and reassure communities across the Thames area. Our operational response with barriers and pumping has been focussed where it

would be most effective.

#### Forward look

There is a small amount of rain forecast today, but river levels may continue to rise in response to last night's rainfall. We are watching the levels closely.

I'm currently on duty as the Area Duty Manager, acting on behalf of the Area Director for this incident. I'm focused on our immediate incident response to ensure we can warn and inform communities at risk and manage our assets effectively during this period.

#### How to contact us during this incident

If you have any specific questions about the current situation please contact us via this email address. If you are requesting a call back, please provide us with a contact number, so that we can arrange for the most appropriate person to ring you.

Members of the public can call our free Floodline service on 0345 988 1188.

#### Help communities stay up to date and prepare

Please do encourage your constituents to stay up to date with the latest information:

- Sign up for our free flood warning service Sign up for flood warnings – GOV.UK (environment-agency.gov.uk)
- Check the weather forecast UK rainfall radar map – Met Office
- Keep up to date with the current flood warning situation: Live flood map – Check for flooding – GOV.UK (check-for-flooding.service.gov.uk)

#### Encourage your constituents to be prepared:

- what to do in a flood:

<https://check-for-flooding.service.gov.uk/what-to-do-in-a-flood>

- what happens after a flood:

<https://check-for-flooding.service.gov.uk/what-happens-after-a-flood>

I will keep you informed of any changes and please do contact me if you have any questions.

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## **MPs, the establishment and expertise**

The Horizon scandal is a good extreme case of what can go wrong when too many Ministers and MPs accept official advice and believe experts, only to discover later that the official advice and expertise is badly wrong and doing grave harm.

I am all in favour of expertise. If I was ill I would seek advice from a doctor as they know so much more than I about diseases and health problems. I

would also be aware of the need to ask what the side effects of treatment might be and what the record of success has been if treatment was proposed as ultimately I would have to make the decision about what to do.

Valuing experts does not mean that experts are always right. Indeed, in the areas I know best where I have some expertise of my own I am well aware of the divergence of opinions amongst the experts. This makes a Minister's job both very interesting and very challenging. Advisers advise and Ministers decide. Sometimes a Minister needs to ask for a second opinion or a different expert view. Good Ministers are generalists but they have a sense of when the expertise is well based and when it could let them down. Good Ministers also wish to achieve good results for the public they serve. That too can demand changing experts to get a better answer.

I and a few other MPs, impressed by the work of James Arbuthnot, asked questions about Horizon from early days of the problems emerging. We all knew good honest local PO managers and could not believe some of them were accused of fraud and false accounting. As we realised the numbers involved I asked how senior managers of the Post Office and senior officials in the sponsor department could think there was suddenly a big outbreak of fraud around the same time as a new accounting system was introduced. It was also strange that no evidence came forward of these alleged fraudsters suddenly having bloated bank accounts or stuffed wallets of their own, going on a spending spree from the profits of crime.

It was frustrating that so many senior officials and Ministers stuck to the Post Office line. In future blogs I will look at other very worrying examples of where establishment thinking based on errant expertise is doing damage. As readers will know, I have been challenging establishment thinking over inflation, growth, reductions of CO<sub>2</sub>, energy policy and migration amongst others. When people say they want change in the way we are governed, they are often seeking change in the controlling theories and policy prescriptions. When all the main parties accept the same expertise which turns out to be wrong democracy is damaged.

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## [Car park misery in Wokingham](#)

Why does a Lib Dem Council in Wokingham so dislike motorists? Why do they want our lives to be miserable?

I recently attended an evening meeting with some Councillors at their Shute End offices. I parked in a near empty car park and went to the payment machine as they now charge for evening use of their car park. In the rain I waited patiently behind the only other user of the park at that time as he wrestled to try to pay. He needed several attempts to enter the data required, only to be thwarted each time because the machine would not accept his card in payment. He then went off to try another machine.

I decided to battle with the one I was waiting for. I needed to clean the rain drops off from the touch screen. It was hard work getting the touch screen to accept data as I tried to complete their questions. It took three goes to successfully load the data. I did have coins with me so I tried that and to my relief it worked. I eventually did get a printed out paper ticket which I needed to shield from the rain as I took it back to the car. I was soaked from doing all this in heavy rain.

Do no Councillors ever try out the technology they are imposing? Do they not experience what many of my constituents experience, that the technology is often poor and the instructions badly formulated? Do they have to money grab all the time? Why have they cancelled free visitor parking for those who do need to go to see them at the Council offices?