

Controlling public spending

The government has allowed a huge increase in public spending since 2019. Some of this was meant to be temporary relief or offsets for the grave economic damage lockdowns caused. Some of it has been further reliefs and subsidies to offset the inflationary effects of the Ukraine war and the Bank of England's inflationary expansion of money and credit.

Both these special interventions now need to run down as energy prices retreat from the Ukraine invasion highs. Meanwhile we also need to examine the magnitude of the net zero costs. The government is using taxpayer money to intervene to deal with consequences of carbon taxes and windfall taxes, to back as yet uneconomic new technologies and to seek to pick winners. There is no need to do so, as markets are perfectly capable of backing good ideas and competing to sort these things out. The public sector costs of carbon capture and storage and hydrogen development are too high. Trust the private sector more and draw on the results of experiments and developments worldwide.

We need more normal affordable levels of public spending, and need advances in public service productivity.