

## My Conservative Home Article: After Uxbridge, how to go green without soaking consumers

We should be grateful to the voters of Uxbridge. They have posed the main parties some important questions about environmental policies – even though the one most in question was in pursuit of the admirable aim of cleaner air. Many voters objected strongly to imposing a heavy charge on the owners of older vehicles, trying to force them off the road at a time of cost of living pressures. It is not a good look to undermine the precarious budgets of those who need to use an older car or van to earn a living at a time of high inflation. By definition, they cannot afford the newer greener vehicles that the Mayor of London insists on, leaving him defending a policy of cars for the better off only.

This result will lead to a wider rethink of green issues. The Government does need to reconsider some of its policies undertaken in the name of net zero. It has listened to those of us who pointed out its former policy of leaving more of our domestic gas and oil in the ground will increase world CO<sub>2</sub> output in a self-defeating zealotry.

And for as long as most people have gas boilers at home and industry fires its factories with fossil fuels, our choice is not to use less of them. It is: do we import more or produce more ourselves? Importing gas in LNG form generates more than twice as much CO<sub>2</sub> as piping our own gas to users, thanks to the energy it takes to liquify, ship and convert back. Some say that the cost can be several times as much CO<sub>2</sub>. Far better then to pipe our own gas and spare the CO<sub>2</sub>. It also is far better in every other way. We get more better paid jobs at home, far more tax revenue from taxing the production and a big saving on the balance of payments. Another net zero idea which produces more CO<sub>2</sub> is to spend UK grant money on stopping farmers in the UK growing food or rearing animals, only then to import the food instead. All those extra lorry miles and shipping routes burn more diesel in transport. And once again we lose the jobs, the investment and the tax revenues at home whilst adding to our balance of payments deficit. It is time to spend the grant money on investing in more automated and modern home food production instead.

The UK imposes the highest carbon tax and most penal emissions trading of the main economies. This makes such UK industries as steel and ceramics uncompetitive here. Government is then forced to hand some of the tax back as subsidy. Furthermore, there is the loss of more UK capacity, leading to more imports of high energy based products. This, too, can often increase total world CO<sub>2</sub>, given the extra fossil fuel consumed in long distance transport. We may also be importing from factories and furnaces abroad that generate more CO<sub>2</sub> from their processes.

The way to net zero requires many more people to change their heating from gas to electricity, more electricity to come from renewables, more transport

to be electric and more people to eat less meat. All this requires innovation and new products. Voters cannot afford some of the current green options, if they think they are inferior to what they already have.

So if the UK persists with the idea of banning new gas boilers as early as 2025, people will not be persuaded that heat pumps are cheap enough or good enough. They will make do with their old gas boiler. If the Government stops the sale of new petrol and diesel cars in the UK in 2030 before the other main car producing countries do, we will face early collapse of our car industry. Customers will want to buy nearly new imported petrol and diesel vehicles from countries that have not banned their sale.

The UK could help to find new products that work and are sensibly priced. Our innovative businesses, entrepreneurs and academics should be encouraged to do so. Government can use research grants, low business taxes and pro-innovation policies to resolve the difficulties. It makes little sense to plough on with taxes and bans that clobber our jobs and tax revenues whilst increasing world CO2 as we become ever more dependent on imports.

Government also needs to review its often speculative or poorly directed spending on net zero projects. Unresolved questions such as whether electric heating or hydrogen heating will prove more effective need answers that worldwide research and development can help determine. The Government should not think these can all be sorted by its grants and directions, given the scale and complexity of the task. It needs the best of large company research and entrepreneurial flair worldwide to drive a successful revolution. Government has not had to tax, ban and subsidise people into using mobile phones and laptops. Where is the iPad of the domestic heating world or the Beetle of the electric car ranges? That is the crucial consumer challenge on the road to net zero. More UK imports will make things worse, not better.

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## **Bank accounts**

Every UK citizen has a right to a bank account here. Mr Farage praised the UK government today for its words and actions over cancellation of accounts. The Nat West CEO has apologised for her conduct and left the job. I have not been involved in this issue but post this so people can comment on the matter if they wish. As usual contributions making personal attacks and unsubstantiated allegations will not be posted.

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# Nationalisation versus privatisation

There are pressures today to identify core public services and claim they need to be nationalised again. The list is often strange. Water is on but food is not. Rail travel is on but air or road travel is not. Electricity is on but broadband is not.

As I was pointing out yesterday there are very few monopoly provided services using state employees and equipment and offering a free service. We could not afford many of them given the large tax costs they entail. Prices that people have to pay provide a necessary curb on excessive demand in many cases and send signals about scarcities. Whilst the UK has made clear it has no wish to ration health care by price when people are in need of care and help, it is generally agreed that for most things in life charging makes sense. To make sure people can afford enough of the basics like water and energy all parties believe in income support, minimum pay and other means to ensure people can afford what they need. Offering free power or water to the family that can afford the heated swimming pool or the six bedroom mansion would not be a good idea.

So the case for nationalisation is the case to restore public monopolies that have powers to charge people for energy, water or whatever they produce. When we had public monopolies for water, energy, and some transport modes in the 1960s and 1970s there were constant problems. These bodies did not do a good job in keeping prices down. There was no competitive threat to keep them honest or to press them to greater productivity. Rail fares, water and power bills often went up too much and there was little anyone could do about it. There was no opportunity to switch provider.

Nationalisation was bad for innovation and investment. Our telecoms system fell way behind the USA in terms of technology and efficiency, sticking with electro mechanical systems when the US was going electronic. Our electricity industry stuck with inefficient and dirty coal stations. Our water industry carried on running a pipe system that was creaking from age and inadequacy. They rationed access to a phone making people wait for a line or sharing a line with the neighbours. Water was often rationed in a dry summer with hose pipe bans or worse. The nationalised industries were always at the back of the queue for extra money to invest behind key services like the NHS and education. All their capital had to be approved and formed part of the state budget.

Service levels were often disappointing. The water industry regularly fouled our beaches. Trains were often late or cancelled. The telephone system limited the devices you could add to the network and could not provide good quality data lines for business in some cases.

Were the UK to want to renationalise it would be a monumental waste of taxpayer money. The UK could not confiscate the privatised assets like some communist autocracy, needing to respect international laws of ownership and trade rules. The money spent on buying the existing assets would balloon

state debt without adding a penny to the amount the industries could invest. No prudent Chancellor would want to find big sums for additional utility investment on top of the other many budget demands. There would be no guarantee that prices were lower or service better than the current privatised levels. Indeed, history suggest they would likely to worse, as the absence of competition blunts achievement.

We were prisoners of nationalised monopolies when we had them. Taxpayers had to bail them out and pay their losses. Customers were treated badly, faced rationing and poor service

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## Six types of public service

The crude public sector good private sector bad which dominates much opposition party thinking is no reflection of the reality of life.

Some years ago I wrote about how we could better characterise and assess public services. I proposed assessing each with three main questions:

Are they competitive or monopolies?

Are they owned and run by the state or by private individuals and companies?

Do they charge customers for their service or are they offered free to users?

These questions reveal that there is more to life than an all public or an all private service.

The two types that get closest to what the public v private thinkers have in mind are

1. A public sector provided monopoly service provided free to users using public sector employees and equipment    Defence is the nearest to this model
2. A private sector competitive service delivered by many, charging customers for their use and using private sector employees and equipment.. This is the most common model of public service covering things like food supply and mobile phone services

There are then the following

A private monopoly provided free to users – a free local newspaper, a local radio station

Private competitive services provided free to users    Much social media, independent tv

Public monopolies charging customers – Planning services, much licensing

activity like passports and driving licences

Public near monopolies using substantial private sector competitive contractors – the NHS buys in all its drugs and contracts out various hotel services to private sector staff

Competitive services delivered in part by public sector owned institutions – Council leisure services that charge, Public sector transport

“Free” competitive services provided by state organisations and financed from taxes BBC, state museums

You could add to this analysis the provision of services by the third or charitable sector, where their provision may be free to users or may be subsidised competition to the private sector as with charity shops and leisure offerings.

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## Public services, inputs and outputs

In the private sector attention is centred on what service or good the company provides. If I go to shop I do not want to be told how much the shop spends on buying and selling things and managing itself. I would not regard a shop that cost £1m to run each year as intrinsically better than one which cost £900,000. I go to the shops that offer the best prices and service quality, concentrating on what I as a customer receive and the value it represents. Shops can win more custom by cutting their costs of managing themselves to lower their prices. Discount food retailers have done well out of stripping down costs of display, property and support staff, When the private sector delivers poor service or bad goods it usually apologises, takes the blame and where necessary offers compensation.

Many people in the public services concentrate on the inputs rather than the outputs. Much of the debate is about how much extra money is put in, about many extra people are appointed to provide the service. To some political parties extra or additional or “new” money is all important and to them has magical powers which the base budget or the “old” money does not possess. This is strange misconception. The base budget is always the dominant part of the money, and more attention needs to be given to how that is spent each year with a constant thirst for improvement. When the public services deliver poor service they normally say they were “underfunded”. They say remedy for poor service is more cash and people. Rarely do they say they got it wrong, will do better and misspent or failed to direct the resources they had available.

Of course there are times when we do need more doctors and nurses or more teachers. If we keep expanding the population we need to recruit and retain more qualified people to provide extra service. You can also have too many

managers or administrators. You can fail to harness new technology to cut costs. Managers in some public services multiply and impose an increasing burden on the front line workers who get diverted by management from their main task of teaching or nursing.

Good management is about supporting the front line staff. It is about keeping the costs and intrusion of management down. It is best with few layers and clear responsibility for specified and measurable tasks. A well managed organisation has low rates of staff turnover, low rates of absence , high staff morale and unity of purpose in serving the public to a high standard. Some parts of the public esrvices fall down on these criteria. Their senior managers need to be challenged as to why, and asked to improve the way they treat the staff, spend the money and achieve results.