You cannot have capitalism without capital.

History and geography teaches us that societies that back free enterprise, freedom and private property more deliver higher living standards. Societies where government regulates, taxes and nationalises on a grand scale deliver lower incomes and less freedom.

The great east-west communism against more free enterprise systems in post war Europe delivered much higher living standards to the west of the Iron curtain. In today's world the most socialist or communist states like North Korea, Venezuela and Cuba have much lower living standards than western countries. China is still a long way behind the USA in GDP per head.

Socialists argue against more free enterprise, claiming it creates unacceptable inequalities. In communist societies the luxuries of the elite who govern are often extreme compared to the average worker.

Essential to a more free enterprise democratic system is equality of opportunity. To work well these societies need to offer a number of routes to prosperity for the many, and need to be generous to those who cannot walk those routes.

The government needs to revisit pathways to home ownership, to self employment, to personalised pensions saving, to building small businesses , developing co ops and partnerships, and gaining shares in a company you work for. I will be looking at all of these in the days ahead. Wider ownership is important campaign. Everyone an owner is the way to embed free enterprise and higher living standards and greater freedoms.

Imports galore

The combination of belonging to the EU until 2020 and adopting strange accounting practises for attributing carbon has left us in permanent balance of trade deficit in goods with the EU. Taking responsibility for CO 2 generated here by producing fossil fuels or industrial products from fossil fuels, but accepting no responsibility for CO 2 on energy and industrial production for our imports has reinforced the impact of EU rules and tariffs to make us a heavy importer of European goods.

It is alarming to see in recent low electricity using days we have at times been importing more than one fifth of our electricity.I have been warning about this for some years, and have been very critical of energy policies that keep putting in extra inter-connectors to allow us to import more

instead of more domestic generating capacity. New CCGT, wave and water power, new oil and gas reserves and nuclear have been blocked or delayed whilst cables have been built and imports encouraged. We have made ourselves more dependent on an energy short continent.

The government now says it wants to get more oil and gas out. So where are the production licences? Why is there still a windfall tax on home production when the windfall has subsided? Why is the UK still using a carbon accounting system that encourages imports whilst boosting world CO 2?

Which technologies could replace our fossil fuel driven economy?

With most people relying on fossil fuel for vans and cars, deliveries, holiday travel and heating and with most industry using gas coal and oil for its factories and processes, shifting from fossil fuels requires an enormous investment and change.

Net zero enthusiasts regularly tell us a huge increase in wind farms, onshore and offshore, would enable a faster UK transition. Yesterday I asked them to guide us on how quickly the grid and street cable systems can be greatly expanded and how this will be paid for. We await cogent answers. Without more grid and cable the wind farms cannot send their power to customers.

Today I want to ask what do we do on days and at times when the wind does not blow or blows too much? There are various technical answers being explored. There could be more large battery farms, where the batteries are charged on good wind days and discharged to the grid on low wind days. There is considerable power loss on charging and discharging, and issues over effective battery lives.

There is the possibility of using surplus wind power on good wind days to make green hydrogen. Direct drive hydrogen engines are arguably more effective for heavy plant, trucks and buses, than trying to make powerful enough batteries. Hydrogen home heating may prove warmer and better than heat pumps. A hydrogen system would require large plants to make and store commercial quantities of the gas and a distribution system for it.

There is the possibility that new synthetic or plant based fuels might emerge which are thought to lower CO 2 output and could be used in a variety of transport, industrial and heating uses.

The problem of intermittency could be abated by one or more of these answers. It would still be difficult to have enough battery or stored hydrogen capacity should a long cold windless period emerge in winter. Each of these answers requires further work on best methods for achieving them and on how

they would be rolled out quickly and paid for on a large scale. Going over to hydrogen or to electricity for the many things that currently run on fossil fuels requires large investment in new grids, cable systems, and hydrogen pipes,stores and deliveries . The same applies to other new fuels.

When might we get greater clarity on the preferred technologies, the timetables and costs?

Expanding the grid

To get to net zero the Uk would have to shift most people away from petrol and diesel and aviation spirit to electric transport , shift most away from fossil fuel to electric heating ,and eliminate most fossil fuel use by business. This would require quadrupling the grid capacity and greatly increasing capacity of the cable system to every home and factory.

It will also be essential to end the output of the coal and gas power stations and find a way of storing and time shifting the output of wind turbines and solar panels.

How realistic is this on the time scales the government wishes? How is this done so there is enough renewable power in time for the new EVs and heat pumps? It’s pointless to put in wind farms if there is no grid to carry the power and self defeating to spend on EVs and heat pumps if the power is generated from gas.

So far there is no plan I can read for a massive expansion of the grid and cable systems let alone large sums of committed capital to build out the necessary facilities. There are planning rows over the modest additions to the grid being discussed. There is little thought about digging up the streets to provide more power to each home, nor positive thoughts about trying to bury the cables somewhere other than under the middle of the main roads.

Who will pay for all this? Presumably it will fall to electricity consumers as ways are found to add all this to bills. It would be good to know how much of an increase this might entail.

My Interview with Talk TV about the

Bank and inflation

I gave an interview yesterday to Talk tv about Bank of England monetary policy.

I called for an urgent review of their economic model and forecasts. The Bank has admitted its forecasts have been wrong on inflation for sometime but have announced a long winded review of what to do about it. If they cannot forecast inflation well it is difficult to understand how they can carry on setting rates to adjust inflation.

Their justification of a fourteenth rate hike this week was they needed to depress demand more to cut inflation further. They wish to do this by hitting the spending power of those with mortgages. It does not seem to have occurred to them that raising rates increases the spending power of those with savings. Their current policy is creating a manufacturing and housing recession.

I called for an end to selling bonds at huge losses. They pass the bill to the Treasury and are now lurching from creating too much money to destroying too much. Letting their balance sheet contract as the bonds repay is sufficient a squeeze.

Why does the Bank lurch from inflation to recession inducing policy yet again?

find my interview with Talk TV’s Mike Graham on You tube where we discussed the Bank of England’s forecasts and monetary policy.

You can find it between: 33:4344:23.