

Waves of destruction

It was Schumpeter who said capitalism was characterised by waves of creative destruction. The constant search for improvement throws out the old and welcomes the new.

In the last century out went the businesses shoeing horses, and supplying coaches and carts for the horse drawn age. In came the petrol car and van, and the garages and filling stations they needed. The transition happened rapidly, as people found the new vehicles more convenient, easier to keep and faster. Farriers and carriage makers had to retrain and change jobs. Mews properties were adapted to new use.

Today we have a new phenomenon. We have governments launching a huge wave of capital and job destruction. The Green revolution aims to remove the entire oil and gas industry, transform the electricity generation industry, and force change in the way we travel and power our homes and workplaces.

The extent of the planned closures and write offs is large . The mighty oil and gas companies of the last century have to plan the demise of their own main assets. The car companies have to close down all their diesel and petrol making capacity and replace it with very different production lines making very different vehicles, centred around the entirely new technology for them of a large floorplate battery. The home heating industry has to completely change its product range, weaning people off oil and gas boilers.

Governments who favour these changes argue that there will be lots of new green jobs. It is true it will take people to make electric cars and environmentally friendly heating systems. It requires new jobs to build windfarms and put in hydro power. The worry is the pace of this, and meanwhile how difficult will be the transition with massive job losses in the products and services the state wishes to close down.

At the moment there are many more people put off buying a new diesel or petrol car than there are people wanting to buy new electric vehicles. There are more people pausing over replacing their domestic heating system than there are people ripping out the old and spending on the new. The anti Covid Policy inspired recession adds to the dislocation and slashes spending power just when governments want people to buy new heating and transport.

Governments did not need to offer subsidy and incentives to get people to buy the motor car or the smartphone. People wanted them. Industry improved designs, generated economies of scale and cut prices until more or most could afford the products. This top down revolution is different. Government has demanded the electric car. It has to subsidise it and wait for industry to improve it so more people will willingly buy it. People want better performance on range, recharge times and battery life, and much lower prices.

People are happy with their gas boilers and will run them until they break down, unless the government forces them to change. One intervention in a

market leads to another and another. The danger is this will all prove very expensive for the public purse and will entail substantial direction and intervention in people's lives to get it done. Too much government intervention will mean lower incomes and living standards as well as less freedom.

Civil service working

The government is asking the question again, should more of the civil service work outside London? It is a good time to review this, given the larger changes being discussed about the balance to be struck between working in an office and working from home.

The case for more civil servants in future working away from the capital is based on the proposition that it would be fairer to spend more of the pay bill around the country, and better for taxpayers to employ fewer people in very expensive central London accommodation. Change of course should be carried out at a pace and in a manner which respects the needs of existing staff who have based their lives around the current pattern of office provision. The large size of the service and the turnover of staff means there is considerable scope for change.

There is also a case for recognising the wish of many to have more time working from home to save the travel cost and time it takes to get into big cities, especially London. The modern computer allows people to be set up with good means of carrying out many tasks. Some worry that some might abuse the privilege and not work as much as they do when supervised in an office. Modern computers can be tougher managers than a person in the office, as they know exactly how many emails a person has done, how many page views they have managed, how long they have been active on their machine. The civil service could move more towards an output oriented approach to working. Sitting for 40 hours in an office is not a particularly useful skill unless you are there to provide cover for client and customer enquiries. Getting specified work done is.

The number of civil servants who need to be in central London is quite limited. Minister's private offices can best support the Minister in person. Senior officials who mainly advise Ministers might well find it more convenient to be in the heritage buildings at the core of the central London public estate. Any Central London based public service of course needs to be there. Otherwise many officials can be based around the country, with good computer, email and video conference links to the centre.

There is considerable scope for a better balance around the country, with economies on office costs. The government can also now consider how much work can be done without an office at all.

Housing costs

Many people who rent would prefer to own their own home but cannot afford to. Anyone who owns a home is free to rent if they wish, but most do not want to do so.

Over the long term owning is cheaper than renting. Paying the interest and making the repayments of a 20 or 25 year mortgage may be a bit dearer than renting a similar property. After the mortgage is repaid there are no rent or mortgage payments for the rest of your life. It becomes a much cheaper option, even allowing for the high Council taxes and the repair bills which will still catch you. Best still, the time of least cost is your retirement after you have paid off the mortgage. If you rent the period of highest rents will be in your old age, as house rents trend remorselessly upwards.

Encouraging and helping people to own their own home makes sense for the government too. If more people own their own home the government does not have to spend so much on building and owning extra homes for rent. Part of the large state debt is a massive collective mortgage on a big estate of Council houses and debts to finance grants and loans to Housing Associations to own property. During the heydays of Council house sales some of the receipts went to reduce Council and therefore wider state debt, and some went to build new homes.

Home owners have greater freedoms to improve and decorate their homes as they please. As the value of the property rises, as it often has in the past, so the family have an appreciating asset. They can borrow against it to set up a business or meet other one off costs or investments.

The government wishes to expand home ownership. It is worth doing so . It chimes with the wishes of many people, builds prosperity and can lead on to reduced state debts. State subsidised housing is a dear way of providing homes when many of the tenants would prefer help to buy anyway. Clearing more of the costs and obstacles to home ownership should be a priority. Recent Stamp duty reductions are a good start.

Free trade and national security

As a free trader I think it is usually a good idea to specialise and then to buy in the goods and services you do not produce yourself. All individuals practise this, relying on the supermarket for our food and the power company for our electricity. They are better at those, with economies of scale,

whilst we earn a living as best we can.

It can be true for many things for a nation . There are, however, some obvious limits. It would not be a good idea to rely for your defence on importing war supplies when you need them from countries that may be on a different side in a conflict. It is probably a good idea to produce enough food at home so we do not starve should there be some major disruption of global trade.

The UK needs to reassess its national resilience and ask if it has become too dependent on the goodwill of foreigners to supply many of the things we need. Some things ought to be easier to supply from local sources. Water, quarried stone, many other building materials, timber and energy are heavy and expensive to move around, so going more local could make economic sense.

How would you arrange our affairs so we have more of the essential capabilities and technologies an advanced nation needs?

I have written to the government proposing an energy policy that puts self sufficiency at its core. I will take up the issue of more home grown trees leading to more home grown timber, as the government is already committed to the costs of more trees. We need to turn this into a sustainable resource cutting the need to import substantially.

Importing bottled water looks like a bad idea environmentally as well as Economically, so where are the U.K. entrepreneurs who can win the battle of the bottled waters?

The U.K. government controls a lot of economic activity which gives it power as a buyer to organise competitive procurement that can stimulate U.K. activity in the chosen areas. It needs to learn from the NHS experience with procuring protective clothing, drugs, and medical equipment in the pandemic. It can doubtless improve on its experience then. It relied too much on possible foreign supplies which let it down, and ended up paying expensively for more domestic output in a hurry. Longer term planning and working with suppliers who can match world prices for sustained orders is required.

[New primary school for Wokingham](#)

I have received this letter from the Department for Education:

Dear Sir John Redwood

Statement of Intent for a new primary free school in Wokingham Town (Matthews Green area), Wokingham

I am writing to inform you that The Keys Academy Trust has been given

Secretary of State approval to sponsor the new free school, which is proposed to open from September 2022.

Wokingham invited proposals from potential sponsors under section 6A (the 'free school presumption') of the Education and Inspections Act 2006 (referred to as 'the Act'). Following the local authority's assessment of the proposals received, the Secretary of State has agreed, in principle, that sponsorship of the new free school be awarded to The Keys Academy Trust.

With effect from May 2015, all new schools established under s6a of the Act have been classified as free schools. The school is not required to use the term 'free school' in its name, in line with practice within the department's centrally managed free schools programme.

Letters have also been sent to the DCS of Wokingham and The Keys Academy Trust informing them of the decision.

Yours sincerely

Dame Kate Dethridge

Regional Schools Commissioner, North West London and South Central