

Changing people's lives

People's lives are changing a lot. Some of us welcome change when it is for the better, as much of it is. There is plenty of change which is driven by us as consumers. We willingly buy the product or service when it is better than the old or when it allows us to enjoy new experiences.

It is consumers who choose to watch downloaded films rather than BBC programmes, or who use a mobile phone to shop or pay a bill. It is people who choose to spend more of their lives on line and to learn and be informed from the web.

There is another kind of change which is more contentious. That is top down change driven by governments. Governments sometimes presume to know better than we do. They seek to stop us buying some goods and service with higher taxes, regulations or outright bans. They want us to buy or use other goods and services so they subsidise them ,give us tax breaks or supply them free at the point of use.

Some people think this is becoming excessive. They see too many attacks on their traditional way of life or their pleasures. The fire in the grate is to be changed. The roast beef meal may have too large a carbon footprint. The tried and tested diesel car is evil. Offering cash for a transaction is old fashioned. Their electricity meter has to be ripped out and replaced by a meter too smart for users to understand what it is really up to.

The quest to change public services does not always lead to improvements in them. The GP no longer does home visits. A telephone or on line surgery booking service does not always allow a same day appointment. Many public libraries are only open when working people are at work in the week and not open on Sundays. Governments want people to leave the car at home so they make it more and more difficult to use it, whilst many people regard it as the only way to get to work and to get the children to school.

Government needs reforming to get closer to how people lead their lives, and be more understanding of people's aspirations.

The missing fire service budget

Some weeks ago I was asked to support a substantial tax increase for the fire service. Before doing so I asked to see the existing budget and the case for how the extra money would be spent. This was not available at the event I was attending but they promised to send me these documents.

When they did not turn up I reminded a senior Councillor involved with the

Fire service. He promised to follow up to get them to me. They still did not arrive. I concluded they had either thought better of their tax rise or did not need MP support.

Yesterday my office told me the Fire service wished to talk to me on the phone about this. I said I would be happy to talk to them about their budget once I had read it. They told my office in that case they would send it to me. It has still not turned up. I wonder why it is so difficult to send it. Presumably the Councillors who back this tax rise were shown it before they agreed.

The continuing collapse of the car industry

Car sales in China fell 92% in the latest figures reflecting the closures and stay at home advice in that epidemic torn country. Meanwhile EU plans to accelerate the shift to electric cars is hitting diesel and petrol sales in Europe.

Countries are falling over each other to cut demand for petrol and diesel vehicles with steep car purchase taxes geared to output of CO₂. French sales fell sharply in January by 13% on the back of new higher taxes. UK diesel car sales are well down over the last year thanks to higher VED and threats of more taxes and regulations to come. Germany is imposing bans on older diesels from entering various cities. The new EU Commission intends to make a frontal assault on CO₂ the centrepiece of its economic and industrial strategy.

Even in the USA where the government does not share EU fervour against CO₂ car sales fell last year. The industry is wrestling with the shift to electric, the more draconian environmental regulations, higher taxes and a strike by many buyers not persuaded by the new ideas.

On top of this a new generation of urban dwellers doubts they need to own a car, whilst some look forward to a future when many more will hire a car when they need it, slashing the number of cars required to sit in the garage or in on street parking for most of their lives.

It is unusual for governments to set out to damage a big industry like this in quite such a concerted way. It is even more unusual for the industry to accept it and to collaborate as freely with the demise of its existing products and method of working. I find it odd the industry in the UK lobbied so hard against Brexit which was not designed to damage it, yet does not lobby against the many EU policies determined to close all factories making diesel and petrol cars as quickly as possible. It means writing off huge amounts of sunk capital and firing many workers. It is also possible the winners in the electric car wars will be new companies.

Flood risk

The bad floods in some parts of the country are a reminder of the dangers of building on flood plains and low lying land. One of the best arguments for a lower rate of new building in Wokingham in the next plan period is the need to protect the remaining floodplain in our area. Those of you responding to the Council Consultation document on the local plan might like to include this crucial point. Putting in better management of the water around development to dump it more quickly into the rivers is not the answer as the rivers are already full when it rains a lot.

Inflation is not a problem

The small spike upwards in inflation last month is likely to be temporary. Inflation remains below the 2% target. The recent 20% fall in the oil price, and the fall in a range of other raw materials is likely to push the CPI figure back down again.

In the Euro area and in Japan the authorities are desperate to get inflation up a bit. The general disinflationary and deflationary forces worldwide remain a worry. The virus has struck China and made a temporary hole in her output. It has also hit international travel and tourism. Japan reported a fall in GDP in the last quarter of 2019 owing to her tax rise and is still weak owing to the effects of the epidemic. The car industry everywhere is reeling from the tax and regulatory attacks on diesel and petrol vehicles. US GDP is losing important output from Boeing with the current cessation of manufacture of what was the firm's best selling plane, the 737 Max.

Meanwhile the media that spent three years boring us rigid with silly false scare stories about supply chains after Brexit say very little about the genuine threat to our supply chains from the big decrease in Chinese production this month. We are currently living on product made before the Chinese New Year, as it takes a month for product to reach us by ship. What happens next month?

The Bank of England will doubtless use the uptick in inflation and the stirrings in the housing market as an excuse to do nothing. The rest of the world is busy fighting the downturn with monetary as well as fiscal action. The Bank should join in. The government may face pessimistic OBR forecasts of the kind they specialise in. To the extent that they are sensible, based on the big world slowdown, the problems in the car industry and the effects of the virus, they need to be offset by positive action.

One of the follies of the UK system is it is usually pro cyclical. When a downturn or slowdown hits, forecasts show revenues falling and spending rising, so the demand goes up for spending cuts and tax rises. Instead policy needs to seek to offset any slide to low growth or no growth.