

The builders and energy companies and fighting back to ...

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I am amused by business reaction to Ed Miliband's proposals this week. [Energy companies yell that his proposed price cap](#) will lead to energy blackouts, when there is no reason to think that is or should be the case. On the other hand, builders, to whom he tried to give the biggest boots possible are also yelling in protest. [According to the FT](#):

Developers [have] warned that production could only be stepped up by between 5 and 10 per cent a year — far short of the 20 per cent annual increase needed to reach Mr Miliband's target.

"We are an inelastic industry. Where are we meant to find that sort of growth?" said the chief executive of one publicly quoted housebuilder.

Actually the tale is the same in both cases. These are monopolists trying to preserve their profits. The energy companies are the winners in the wholesale supply market that they say forces up domestic prices and supposedly keeps their profit margins in that market low (hence the bullying), whilst the big builders know they make most of their profits by under-supplying the market with housing so that house prices accelerate more than inflation.

Their protests hide their greed.

Miliband is right to challenge them.