Carbon counting has its limits

Yesterday I drew attention to some of the many areas where carbon counting is the main driver of U.K. policy. As a few of you point out, it does not seem to drive the one policy where some of you want it most. One of the most obvious ways to cut the UK's carbon footprint would be to cut inward migration. Every additional person clearly adds substantially to CO 2 output as a direct result of their personal output and all the output needed to supply them with food, heating and transport. Indeed additional people are in the first years more carbon intensive as we need to build additional homes, surgeries, schools and utility capacity to accommodate them . Their very way of transport to get here is also carbon intensive.

The anger of people about the migration is increased when they hear leaders tell us the U.K. must do more to control CO2. The more people we invite in the more we need to throttle back to compensate for the extra CO 2 from an expanding population. The Home Secretary says she intend to close down the people smuggling and trafficking. So when? When will the new legislation go through? How will she make it less attractive for people to come here illegally? When will border enforcement crack these smuggling rings and arrest the boat owners and people runners?

The place of carbon counting in policy making

The UK has been the most successful larger country at cutting its carbon dioxide output since 1990. Some of this was a gain for our economy and society a well as a win for the world, where new investment substituted more efficient fuel saving ways of making and growing things or generating power. Some of it was not a gain for us or the world where it entailed ceasing doing something at home and importing from somewhere else, often in ways which increased the amount of carbon dioxide produced in making and transporting them.

The world system for counting and managing carbon dioxide output is understandably based around the national production of carbon dioxide. As the policies to cut the output of CO2 are decided and implemented by national governments (or the EU)and companies acting under national laws, that makes sense as a means of management. It does not, however, make global sense if countries decide to cease making or growing things that produce a lot of CO2 in order to import them and shift the CO2 onto another country's budget. It is positively harmful both to the country ceasing production and to the wider world if as a result the addition of CO2 from long distance transport and or from more carbon intensive ways of production in the exporting country actually increases the total world output of CO_2.

In the UK it appears that many officials and some Ministers regard national decarbonisation as the main or only imperative in thinking through policies. In the energy department there has been a mad dash to close down coal power stations, to block new gas combined cycle stations and greatly increase reliance on imported electricity through interconnectors. If we end up importing power which comes from Russian gas or German coal that is not a win. The same department has been keen to plan the run down of existing gas and oil fields in the North Sea and to prevent new connections to untapped reserves that are discovered. Instead they prefer we rely on increasing volumes of imported oil and gas during the “transition”. The agriculture department seems worried by methane from cows for milk and beef cattle, so it offers grants to wild our land and to make us ever more dependent on imported meat and dairy products. It allows us to mainly import salads, flowers and other items needing greenhouse heating from the Netherlands instead of helping the UK create more jobs and cut the food miles with more home production. The Business Department watches as the UK retreats from aluminium, steel, ceramics and other energy intensive manufactures, only to rely more on imports.

In each case departments need to give greater weightings to the need for more better paid jobs and more successful businesses in the UK, and the need to increase national resilience at a time of disrupted world trade and global shortages. They need to also see that even given their main preoccupation, CO_2 output, there is a case for doing more at home to cut the food miles and to improve the fuel efficiency of processes in industry.

This site and allegations about individuals

Some of you wish to post items based on Labour’s latest campaign about the conduct of Conservative MPs. Others wish to counter post, examining cases involving Labour MPs and their conduct. This site has no wish to do this and is not equipped to investigate the truth or falsehood of the various charges being made. Both sides need to understand that both sides will have their posts binned to be consistent and fair. Writing and publishing an untrue attack on anyone could be a libel.

Carbon pricing, carbon offsets and green wash

As we near a final text from COP 26 it appears the main producers of CO_2 in the world are wedded to their fossil fuel economies and most plan to produce more CO_2 over the next few years. China is planning more coal power stations, Germany is keen to keep hers at least for this decade, India thinks she needs to burn more fossil fuels to grow her way to better prosperity. There will be no new Treaty out of Glasgow. The idea was to flesh out the Paris Agreement with detailed national plans and targets, and to move towards more global enforcement of action through sharing information and applying moral pressure to countries that are falling short. There was never any plan to have an EU like structure with enforcement in court and with sanctions against non compliance.

Meanwhile the rich and powerful of the world turn to carbon offsets to allow themselves to enjoy private jets, air conditioned hotels, grand meat meals and the rest. Faced with charges of hypocrisy when they lecture the rest of us on stopping travel by passenger jet or diesel car, and criticising our reliance on gas boilers and meat from the supermarket, they tell us they have offset their more extravagant carbon based lives by buying pardons. They identify an investment in trees or windfarms or solar panels somewhere and claim that part investment as an offset for their carbon generation. The offset market can grow massively, as there is a plentiful supply of potential projects that some agency will rate as suitable as an offset.

The EU has also established a system of carbon permits. If a company wishes to burn fossil fuels to make steel or cement, it needs to buy or be granted carbon permits to allow it to burn the necessary fossil fuels in the process. There is much discussion about what the price of the carbon permits should be. The market in them has recently driven the price up to Euros 60 a tonne of carbon. This is now a substantial added cost on industrial activities that require a substantial fossil fuel input.

I would be interested in your reactions to this activity. There is a need to avoid scams and greenwashing. There has to be an understanding that this will make things dearer as the cost of carbon taxation enters the industrial calculations.

I was talking to a London taxi driver yesterday about the new electric cabs. He pointed out that they also contain a 1.5 l petrol engine which can be turned on to keep the battery charged. Apparently to get the range for a day’s work the petrol engines are much used. Such developments need to be taken fully into account when trying to work out how to decarbonise transport.

National Income, wealth and taxes

The UK’s national income per head is higher than France, Italy and Spain, but a bit lower than Germany. All are massively lower than Ireland’s. The Republic of Ireland has a per capita income more than twice the UK’s and three times Spain’s. The main reason is Ireland has held its company tax rates down to 12.5%, far lower than the other larger European countries. As a result large US and other overseas companies have wanted to set up in Ireland and book more of their activities through Ireland to take advantage of the lower tax rate. Far from collecting less company tax through lower rates, Ireland collects far more company tax as a percentage of the economy than the countries setting higher rates.

President Biden’s success in getting leading countries to approve his idea of a minimum level of corporation tax worldwide will mean Ireland will lose a little of its advantage, being persuaded to put its rate up to 15%. This will still leave it below most of the other larger European countries.

The UK should use this opportunity to increase its company tax receipts by lowering the rates. The UK could now match Ireland with a 15% rate. This would doubtless be a good draw for large companies to locate more to the UK, and would remove the big competitive advantage Ireland gives herself by her current very low rate. Why don’t the Treasury want to increase the tax take from companies and boost National Income? How much more evidence do they want that lower rates are successful?

Figures in US $ from World Bank Per capita GDP

France   39,030

Germany   46,208

Ireland 85,267

Italy 31,676

Japan   39,538

Spain 27,063

UK   40,284

USA   63,543