

## The price of green policies

Yesterday I heard a short discussion on the media about the rising cost of renewables on the typical electricity bill. Some think it unfair that low income consumers have to pay the renewable surcharge alongside better off consumers. Others think it right as we are all users of power, and the cost has risen thanks to the renewable surcharge. Those who want to take the surcharge off lower income consumers either want the whole charge put onto general taxation as a subsidy to the power industry, or want means testing of the bills with reductions for low incomes.

This raises the bigger question of how much are people prepared to pay to go green. In Chile there were riots over higher charges that led to the last global climate change conference having to move to a different country to avoid the protests. In France the jilets jaune movement started as a protest over high fuel taxes imposed for green policy reasons. In the UK it was popular politics to suspend or cancel planned fuel tax increases.

As governments consider new tough targets for the next fifteen years they start to have more reality. They do mean according to their advocates the end of all diesel and petrol cars, the wholesale replacement of all conventional heating systems in people's homes, the complete electrification of the railways and the total greening of the electricity generation system within a few years. Given the increasing reliance on electrical power it will also require a substantial increase in generating capacity.

I would be interested to hear views on how much of these big investment and spending programmes should be paid for by the users and consumers, and how much from higher taxes on those same consumers. The polling points to a tension between the numbers who think we should do all these things, and the numbers who think they should help pay for it. This also has a bearing on the pace of change people want.

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## Average incomes and growth rates

I do find it extraordinary that people write in to complain about me citing World Bank figures for GDP and Incomes per head for the EU, UK and USA. They complain I am attacking the EU because it shows the EU with the lowest figures of the three. I am merely stating the facts as set out by an international body these correspondents are usually keen to praise. I have no reason to doubt their past statistics, though I do not always agree with their forecasts.

As we prepare for full departure from the EU it is most important we look at what works. What does the USA get right to promote prosperity, freedom and

happiness for the greatest number, and what does the EU get right? What do we wish to change, because we are currently following the EU model, and what do we wish to keep because it is good?

One of the big differences which will be contentious with some is the different approach to energy. The USA is increasing its output of oil and gas from onshore deposits. The EU is against further exploitation of oil and gas deposits and shale reservoirs at home, but is wedded to importing more gas from Russia. It is busy constructing a new large pipeline to increase its dependency on Russian gas. If you wish to promote higher incomes and more jobs at home you need to accept more domestically produced gas and oil. If you wish to be greener you need to reduce reliance on Russian gas and find alternatives that meet your green requirements.

The USA has increased its oil output by more than fifty percent, taking it up to 13 million barrels a day this year. This big expansion in recent years has been an important boost to incomes and jobs. Meanwhile Germany imports 90million tonnes of oil a year, and burns its way through 66 million tonnes of coal a year to keep the wheels of its car factories and other industrial activity turning. Burning so much coal is not a good idea in the leading industrial economy in the EU which claims it is a world leader in removing fossil fuels. The EU is a large user of coal but is of course dwarfed by China which consumes 4 billion tonnes of coal a year. None of these industrial economies is yet able to rein in their use of fossil fuels in the way the Green movement would like.

The UK needs to move back to energy self sufficiency, without coal in the mix. This may well require more UK gas to replace imports as well as further renewable electrical power.

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## [My interventions during the debate on Transport, 5 February 2020](#)

**John Redwood (Wokingham) (Con):** I am grateful to the hon. Gentleman. Would he accept that the UK has done more than practically any other country in the world to cut its carbon dioxide emissions since 1990, whereas China, for example, is greatly expanding its coal extraction and coal power? What is the Labour party's message to China in the run-up to the conference?

**Shadow Secretary of State for Transport (Andy McDonald):** My message is that our country is about to miss its own targets for the fourth and fifth carbon targets, and that is an appalling record. That is on the Government's own statistics, so we really need to focus on getting our own house in order.

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**John Redwood (Wokingham) (Con):** Does my right hon. Friend agree that a lot of our public want us to bust congestion and get people on the move, so that they can get to school and work more easily? That requires short-term measures to improve junctions, change light arrangements and so forth, and medium-term measures to put in bypasses and additional capacity. That is a very green thing to do, because then we stop people churning out emissions in traffic jams.

**The Secretary of State for Transport (Grant Shapps):** I agree with my right hon. Friend on the importance of stopping those pinch points, where traffic just idles, pumps out all this CO<sub>2</sub> and creates pollution. That clearly is not sensible, so we have a big programme in place; we are putting £28 billion into our roads. We will shortly be announcing more developments on our road investment strategy, RIS2, and getting rid of more of those pinch points. It is also important to get the traffic that runs on those roads to be greener and to get greener quicker, with electric and other forms of lower carbon and zero carbon production. I will talk a little more about that shortly, but I am clear that simply saying that we will not build any roads anywhere will increase pollution and the toxins in our atmosphere, not reduce them.

The targets have to be tough, and they have to be challenging. That will help to focus the minds not just of the consumer and business but of Government, and that is absolutely right. Targets also have to be viable and practical. That goes to the point made by my right hon. Friend the Member for Wokingham (Mr Redwood). It will not be easy to meet these goals if we simply try to do it by destroying industry along the way. That point is easily forgotten, but if we do forget it, we will not get the miracle that we have had of a 42% reduction in the amount of CO<sub>2</sub> at the same time as a 73% increase in the size of the economy.

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## [Meeting with Heathrow over noise and airport development](#)

I met the management of Heathrow again recently. They are consulting further on the development of the airport, and will early next year consult on possible flight path changes.

I reminded them of the noise increases constituents have experienced since the change of the Compton Gate and routes and pressed them again to change back. I also urged them to make faster progress with new technology that allows air traffic control to slow planes at distance from the airport to remove the need to stack over built up areas, with the extra noise and risk that entails. I also revisited the issue of on angles of descent and climb to get planes higher over Wokingham, and on work to reward airlines with quieter fleets and good conduct by pilots.

If you are troubled by noise report it to the Noise line at Heathrow, and put in your views to the airport over how in future we need less intensive routes over us and other measures to ensure quieter flights.

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## Why is income per head so much higher in the USA than the EU?

If you read the World Bank figures for per capita GDP in 2018, the last annual figures available, you will see that the USA has the highest figure for GDP per head of any of the larger countries, and is ranked 8th in the world. The EU comes in well below its levels, some 42% lower in GDP per head.

The table is always led by a few smaller rich countries with special advantages like oil and gas reserves or a high concentration of rich people or their bank accounts. The US at \$62,641 is well ahead of the EU at \$36,532.

The UK is high by EU standards at \$ 42,491. Only Germany amongst the larger countries is higher , with France, Italy and Spain below the UK.

The gap between the USA and the EU has been growing in recent years, and clearly grew again in 2019. The USA has lower unemployment, higher in work incomes, lower tax rates, more successful technology companies and more small businesses than the EU as a whole.

Much of the media spend their time criticising the USA and features of its economic model. Their personal dislike of Mr Trump spills over into a series of campaigns against US policies and conduct they think could be criticised. They rarely or never do the same to policies and conduct of the EU.

In the interests of fair and neutral reporting they should from time to time ask what the US gets right, and what the EU gets wrong. The large gap between the GDP per head and employment results between the US and EU implies some of the US policies of promoting growth make sense and are worthy of study. The persistently high unemployment in much of the Eurozone and the slow pace of growth in countries like Italy should be matters of concern.

As the UK sets out its own policies to promote greater prosperity we need to learn from both the best in the world and from the mistakes around the world. It is clear from the figures the US has a better tax system and climate to promote innovation and small business than much of the EU manages.