

## 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.

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## Damage to car industry confirmed

Today's figures show that over the last year to end January new diesel car sales in the UK collapsed, falling by 36%, as a result of the heavily negative attitudes towards diesels. Petrol car sales also fell, whilst battery and hybrid sales rose strongly from a small base. Fully electric vehicles are still only 2.7% of the market. In the month of January alone

overall new car sales fell by 7.3%.

It comes as no pleasure to report my forecasts proved accurate when I warned that the higher tax rates, squeeze on loans, new regulations and general hostility to diesels would do damage to the new car industry.

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## [Banning diesel, petrol and hybrid cars](#)

Norway wants to end diesel and petrol car sales by 2025. France intends to ban their sale from 2040. This week the UK announced a planned ban on their sale from 2035. Each country will be asked when they are going to ban these vehicles at COP26, the big international Green conference planned for the end of this year in Glasgow.

The thinking behind this is that if countries are serious about net zero carbon dioxide output by 2050, they need to phase out new vehicles, new heating systems and new machines that still produce CO2 soon. They need to do so well before the cut off date for ending their use . Many of these substantial investments or purchases last for many years. They are replaced with long gaps, particularly for domestic heating, so governments have to think ahead.

The issue of vehicles poses a range of problems for legislators as the government wishes to go this route. Will there be any exemptions for defined classic and vintage vehicles that people wish to keep as part of our heritage? When it comes to banning the use of these vehicles as opposed to just stopping the purchase of new ones, will there be any compensation to those who have old vehicles that still work and which they rely on? How will all these vehicles be scrapped to put them beyond use?

The aviation industry is suggesting that maybe it can meet targets if it is allowed to burn plant based fuel or fuel from waste rather than aviation spirit from oil. If planes are allowed this, presumably surface transport could also use this method rather than having to go electric. Electric vehicles still have problems with torque for larger vehicles and heavier loads. Different fuels may not in themselves offer zero carbon dioxide, so aviation may need other policy supplements.

The government is probably concerned that last year, 2019, only 1.6% of the cars registered in the UK were all electric despite a £3500 subsidy for each vehicle. Conventional diesel and petrol cars were over 90% of the market. The policy to move to banning these popular vehicles has already hit demand and factory output for them. This new announcement is likely to put more people off buying new diesel and petrol vehicles and hybrids as well, but may not persuade them yet to buy a new electric. It may also deter manufacturers from developing the new hybrid models some are planning, if the opportunity to sell them is now only through a narrow window before banning in 2035.

Many potential buyers are awaiting lower prices, more subsidy, some reassurance about how electric cars will be taxed, better range, more charging points, faster charging and many other features. Some are also waiting to see if an alternative technology emerges to meet the CO2 requirement without relying on a battery.

Meanwhile governments are impatient to reduce or remove subsidies to electric cars. The UK subsidy is scheduled to be phased out in due course, whilst China withdrew subsidy at the end of last year. There is also the large looming issue of how will the tax gap be made up if there is wholesale conversion to electric, which will hit the big taxes raised on petrol and diesel.

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## Meeting with Environment Agency

I held a recent review meeting with the Environment Agency over a constituency case and over the more general problems of flood risk.

I have asked for an up date on progress with schemes to reduce the risk of flooding throughout the constituency on low lying land, and to control the run off of water into rivers from developments to a pace the rivers can handle.

I looked in particular at the flows into the Emm and Loddon, and asked about areas at risk of flood in Wokingham, Winnersh, Shinfield and Earley. I will post their responses when they come.

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## The EU has learned nothing from the negotiations so far

There is good news liberally written into practically every part of the EU's draft negotiating text for a future partnership. In most cases their plans for future conduct revolve around both parties observing international agreements that both are signed up to. So these matters do not need negotiating or even embedding in a new agreement.

We are told relatively friction free borders for goods will rely on the Facilitation of Trade Agreement from the WTO. Exporters and Importers will use the global system of Authorised Economic operators to speed their way across frontiers. The measures on technical barriers and Phytosanitary issues will be founded on the WTO model. The sanitary and phytosanitary

requirements themselves will come from global agreements including Codex Alimentarius, the International Plant Convention, and the World Organisation for Animal Health standards.

Access to each other's government contracts will stem from both belonging to the WTO Government Procurement Agreement. Nuclear matters will be under global rules and controls. Law enforcement will be under the Council of Europe Conventions. Anti Money Laundering will be under FATF. In some cases the EU says it would like to go further than these world standards that we use today, but without saying how and why.

All this makes the excessive demands and threats more silly. The document is an attempt to recreate all the rules and regulations of the current Treaties and apply them to the UK after we have left, whilst of course the UK would have no vote or voice on any of them as they evolve. The UK government has already made clear it does not accept this "level playing field" view that we become rule takers.

The crudest threat is over the fish. We are told the fishing issues have to be settled by 1 July, before the rest of any Agreement is decided. The Union wishes to avoid loss of fish for its fishermen (sic) though one of the wins for the UK is to get control of our fishing stocks and to land more of the fish in the UK. They suggest we will be blocked on a Free Trade Agreement if we do not sacrifice the fish again.

There is also a continuing refrain that we must play by their rules on everything from the environment and state aids to tax and climate change to qualify for whatever access they think appropriate to their market. They do not ask for any access to our market, where they sell us a lot of food which can attract high tariffs under global rules. They forget that of course we will have plenty of access to their market under WTO rules anyway for the things we sell them.

They confirm that the UK will not be under their control in foreign and defence policy. They state that they will "enable the UK to participate on a case by case basis and upon invitation of the Union in CSDP mission and operations open to third countries". In other words it is up to us and to them if we wish to join in on any particular mission.

The final insult is in the provisions over dispute resolution. Whilst they propose a joint body with every effort to resolve disagreements, they cannot resist inserting the European Court of Justice into any reference to "independent" arbitration. This is a silly provocation.