

# 'The Digital and Green Revolutions Compared'

John Redwood's Lecture, All Souls College, Oxford: 'The Digital and Green Revolutions Compared'

Friday 8th March 2024

11:00 – 12:30

All Soul College, Old Library, Oxford

## 1. The Green and Digital revolutions

- Green. Top down, set out by governments and large corporations
- Advanced by subsidies, tax breaks for green products and regulation, higher tax and bans for products thought to be generating CO2
- Digital. Popular, bottom up, fuelled by an innovative industry launching popular new products. Spreads quickly without laws, taxes and subsidies.

## 2. The extent of product adoption

### Digital

Mobile phones  
8.58 bn (more than the world's population)  
Laptops and desktops  
3.8 bn  
Internet users  
5 bn  
Facebook users  
3 bn

### Green

Battery Electric cars  
18 million  
Heat Pumps  
177 million  
Rail 7% of travel (by distance) and 1% of journeys  
Free smart meters  
57% take up

## 3. The electrical revolution

- 20% of world energy is currently electric
- Fossil fuels dominate
- Most vehicles run on petrol or diesel
- Most heating systems run on gas, solid fuel or oil
- Most energy intensive industry burns gas or coal

## 4. To decarbonise energy

- The world needs to switch most of the 80% currently burning fossil fuel to electrical options
- The electricity generators need to switch their large generation from fossil fuels to renewables or nuclear
- Renewable power would need to increase by at least tenfold
- There would need to be substantial battery storage, pump storage and other means of handling weather induced falls in supply

## 5. Why don't more people buy EV's?

- Too dear
- Range too restricted
- Shortage of recharging points
- Length of time to recharge
- Fear of new taxes on EV's
- Insurance and repairs issues

6. Why don't more people install heat pumps?

- High cost of installation
- Need for major rebuild of older home to raise insulation standard
- High running costs in cold weather

7. Why do more people not go by train?

- Tickets can be dear
- Trains often do not go to where you want to go
- The times available may not suit your busy day
- It is difficult handling luggage or heavy shopping on a train
- Most train journeys also need journeys to and from stations that can be dear and complex without a car
- Once you own a car you find it convenient to use.
- The car goes when you want directly from your home and returns when you want. It can get to practically every place in the country.

8. Why do so many people refuse a "free" smart meter?

- They suspect it will be used against them to charge high prices at times of high demand or to cut off power when system is struggling
- They fear it will go wrong as some have leading to wrong bills
- They do not want the disruption to their home from installation
- They think it wasteful and not green to throw out a working meter they already have

9. Why do people oppose planning permissions for grids, pylons, turbines and solar farms.

- They find these green needs intrusive on the landscape
- They do not want the disruptive works in their area
- They do not want more farmland taken away from local food growing
- They do not want the noise of turbines

10. What do people like about digital?

- Online shopping offers more choice and price competition and saves the journey to High Street
- Downloaded entertainment allows you to choose when you watch a film and gives you much more choice of viewing
- Social media allows chat on the move wherever your contacts are
- AI helps you problem solve
- Google searches let you find out instantly what you need to know
- Zoom, Teams etc allows you hold remote meetings

11. What do people like about digital?

- The business model of many of the digital companies is customer friendly.
- There is often a free offer for a basic service paid for by adverts and or business users e,g, free Google searches, free AI, free social media platforms
- There is often a subscription option as with Amazon Prime, download and software regular payments
- Mobile phones can be provided as part of a rental/ service package
- A lot of charging is to business rather than directly to business customers.

## 12. Covid lockdowns accelerated digital

- Many people who were wary or unwilling to use digital had to get up to speed to buy online and communicate with friends and family
- Online solutions to shopping took off for many as a good alternative to physical presence in shops
- People wanted more in home entertainment to absorb the hours of house detention
- Digital products to allow person to person conference calls and get together took off.

## 13. Why do some fear AI?

- Some see AI as a big threat to employment
- Some see it as a threat to academic standards, exams and teaching
- Some see it as favouring big government that will be able to control and manipulate people more
- Some worry that it could help false information spread, it could increase cyberattacks and could be used as weapons by criminals and delinquent states
- Its invention cannot be cancelled so we need to manage it

## 14. The good news about AI

- The co-pilot model means a firm can achieve higher productivity and more worthwhile jobs by using the AI to do the drudge work quickly and accurately
- There will be more jobs in technology as an offset to fewer clerical and repetitious jobs as with the factory automation phase of development

## 15. What role does Government play?

- It regulates it after the event
- It seeks to increase its tax take from successful digital companies
- It slowly adopts it for its own service

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## The NI fund

The NI fund last year collected £129 bn in NI contributions from employers and employees. More than half came from employers. It paid out £110 bn on pensions and was left with a surplus after its small contribution to other benefits.

The pension itself is paid to people over retirement age based on their contributions. Some people are awarded credits but most earn them by making tax payments from employment or self employment income.

If the government did abolish employee NI there would be a significant shortfall in the NI to pay the pensions. Government would need to set out how it would transfer money to the NI fund to keep it solvent, or would need to abolish it and take payments into its general accounts.

It will also need to set out who qualifies for a pension and how much pension

they will be entitled to in a world where no one is making NI contributions. It would be a bad idea to abolish all links with work and taxpaying. There could be some notional identification of Income tax on work income as a replacement qualification, or some calculation based on employer contributions per person.

It would not be fair to pay anyone reaching retirement age a full state pension. That way a work migrant could come here to work the last couple of years, gain citizenship and then claim a full pension.

The residual contributory benefits would presumably go. There will need to be conditionality and qualification criteria for these benefits.

The whole point of the contributory pension was to link working with saving. The idea of the fund was to relate cost of future benefits to contributions over a working life. If the aim is to eliminate all employee contributions the government needs to set out in a reform Green paper how a new system would be better, and how they will graft a new system for employees onto the old system of employer NI contributions. Meanwhile government needs to stress this is not a pledge or commitment to abolish employee NI as they have not identified how that would fit into OBR arithmetic.

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## **Dear Colleague from Robbie Moore regarding the Storm Overflow Action Plan**

Please find enclosed below the Dear Colleague that I have received from Robbie Moore concerning the Storm Overflow Action Plan:

12<sup>th</sup> March 2024

Dear Colleague,

I am writing to inform you of the publication of a storm overflow action plan dashboard which has been published by industry body WaterUK this morning. As part of our drive to improve transparency, we demanded these storm overflow action plans were created by industry and we will now closely scrutinise them to ensure significant action is taken to reduce harmful and unnecessary discharges.

Profit must never come at the price of pollution, and this Government is taking tough action on water companies not delivering on their civic and legal duties towards the environment and its customers. Yesterday, we confirmed that water companies will invest an additional £180m over the next 12 months to prevent more than 8,000 sewage spills polluting English waterways, following the Secretary of State directing water and sewage companies last December to measurably reduce sewage spills over the next year.

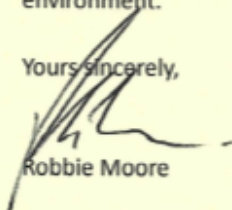
And last month we announced that water bosses are set to be banned from receiving bonuses if a company has committed serious criminal breaches. This is alongside a fourfold increase in water company inspections also announced last month. The new enforcement and inspection regime will see up to 500 additional staff over the next three years and an increase in unannounced inspections to reduce reliance on water company self-monitoring introduced under Labour in 2009.

We have also driven up sewage overflow monitoring from just 7% under Labour in 2010 to 100% by the end of 2023, giving us the tools we need to hold water companies to account. However, it is clear that companies across the country are not going far or fast enough when it comes to addressing the unacceptable volumes of sewerage entering our waterways. The plans published today are a clear demonstration of this, and I want to assure you that the Secretary of State and myself will be making that clear to companies as we evaluate these proposals over the coming weeks.

Attached to this letter is a briefing pack including a template letter which I would encourage you to address to your water company CEO, should you be minded to do so, urging them to go further and faster when it comes to investment in storm overflows and reducing pollution.

In the meantime, I will continue to hold companies accountable for their appalling records on the environment.

Yours sincerely,



Robbie Moore

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## [NI, the pension and the contributory principle](#)

Beveridge nationalised the popular and successful contributory or insurance principle. Working men in the 1940s paid weekly into “the club”, “the social” or “the sick”, charities and societies that paid them assistance if

they fell ill or lost their weekly wage. They believed in working to keep their families and thought it right to pay for insurance against worklessness.

Beveridge created a national insurance scheme which provided subsistence payments if someone could no longer get a weekly wage. It also added in the state pension when they retired. State pensions were included in the sickness and redundancy insurance scheme which depended on a single regular payment out of income.

Subsequent changes understandably saw us want more generous sickness, unemployment and pension payments. Gradually more of the non pension payments were made out of general taxation and no longer depended on contribution records. As the triple lock policy drove the real value of pensions up so pensions came to dominate the NI fund.

I do not wish to reproduce arguments over the fact that the NI fund has always been pay as you go, not funded. It receives a favourable audit certificate every year because current payments in exceed payments out. The current working generation pays the pension of the older generation in the knowledge that their children will pay their pensions in due course. I will look at the impact of abolition of employee NI tomorrow. If you wanted to convert to a funded scheme the current generation of workers would need to pay twice.

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## [Why cut National Insurance again?](#)

I do not recall MPs and constituents calling for a further reduction in National Insurance. Readers of this site will remember the list of targeted tax cuts I requested, led by IR 35, VAT Threshold, and energy taxes. Others urged Income tax thresholds, Stamp duty and the tourist tax.

I have been willing to back a further NI cut as it is on offer. It does relieve some pressures on working individuals and families and provides a modest offset to the Bank of England recession inducing money policy. It does make it worthwhile working which is a good thing.

It does not poll very well and has not led to a big Conservative poll bounce. Many disenchanted Conservative voters are over the age to pay NI but subject to more Income tax if they wander over the tax threshold. There is some bemusement over the longer term aim of abolishing NI, which came out of nowhere. It is clearly not affordable on current policies.

Maybe they mean to abolish just employee NI, leaving in place employer NI which would remain as a tax on jobs. That makes it more affordable. I will look in more detail at the wider impacts were they in due course to abolish employee (and self employed) NI.