

# MPs demand greener hue to stimulus

By **Fiona Harvey,**  
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The chancellor must devote a far larger slice of the economic stimulus spending to green measures, or risk the UK falling behind the US and Europe in the race to build the low-carbon economy of the future, a group of MPs and businesses has warned.

Most of the £535m in the pre-Budget report package that was said to be directed towards spending on green measures, such as home insulation, was not new money but spending already earmarked for such meas-

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## £535m

**The pre-Budget report figure for green measures**

ures and brought forward by a few years, an influential select committee of MPs will say today.

They said this meant that the spending would be offset by cuts in future years.

The environmental audit committee will call for more details on how the £2.3bn bail-out of car manufacturers will be accompanied by provisions to ensure they embark on building low-emission cars instead of petrol-guzzlers.

It will also want the chancellor to explain what the net impact on carbon emissions of its £3bn fiscal stimulus package will be.

"The Treasury has announced very little new money for green investments," said Tim Yeo, chair-

man of the committee. "Yet...there is clear evidence that investment in low carbon industries will lead to net job creation. The budget should contain a much bigger and more coherent package of green fiscal stimulus."

The committee's calls were backed by the Aldersgate Group, a group of businesses, which wrote to Mr Darling urging him to enlarge the green stimulus to 20 per cent of the overall package. The group of more than 10 companies, including BT, the homebuilder Barratt, United Utilities and Johnson Matthey, said spending more on low-carbon development would create jobs, give the UK a competitive advantage internationally, and cut fuel bills and improve energy security.

Peter Young, chairman of the Aldersgate Group, said: "The government's aspirations for a low-carbon industrial strategy will only be credible if they are matched with genuine ambition in the upcoming budget. We have heard the rhetoric, we now need to see action."

He also recommended that the green part of the stimulus be boosted to at least £14.2bn in order to match the level of green spending promised by Barack Obama, US president.

This year's Budget will be the first time the government is required to present a "carbon Budget", which will measure the effect of the Budget measures on the UK's carbon emissions, and explain how emissions will be reduced.