

Text A - The real price of petrol

Introduction

Anyone who reads the newspapers on a regular basis could be forgiven for thinking that the car-driving population of Britain is being victimised by a hostile government, greedy oil companies and unpredictable oil producing countries. Petrol prices do yo-yo to some extent, particularly when there is instability in the international oil market, but the overall impression given by motoring organisations and some newspapers is that motoring costs are more generally becoming crippling. Motoring organisations and haulage interests continually call for government duty on petrol and diesel to be reduced to reduce the cost of fuel for cars and lorries. In this briefing, Transport 2000 sets out some of the facts behind the price of petrol and diesel, motoring costs overall and how we use our cars. It explains just what would happen if motoring became cheaper through lower fuel costs.

Traffic and how we travel

Road traffic grew by 73 per cent between 1980 and 2002. The majority of the growth was in car traffic. Traffic is continuing to rise by between 1 and 2 per cent per year. Reducing the price of petrol would encourage people to use their cars more and lead to a faster growth in traffic and greater congestion. Already the UK has the most extensive traffic congestion in Europe. Cheaper petrol does not encourage people to buy more fuel-efficient cars, nor to consider whether they really need to drive for a particular trip or could use other transport methods.

People in the UK make more use of cars than any other European country despite having below average car ownership. The UK has the most extensive traffic congestion in Europe but public transport fares are more expensive than in other European countries, with the exception of Denmark and Sweden.

A quarter of all car trips in 1999/2001 were less than 2 miles in length, ideal for walking or cycling. Cars were used for 18 per cent of trips under 1 mile and for 61 per cent of trips of between 1 and 2 miles. Walking and cycling have both declined significantly over the past 20 years. The distance people walk on average has fallen by about one-third and distance cycled by about 14 per cent. Twenty-six per cent of households in Britain don't have access to a car. People in low income groups make the fewest car trips. On average, people living in households in the lowest income group made 338 car trips a year (42 per cent of all trips) in 1999/2001 in Britain, compared with a general population average of 639 trips (63 per cent of all trips). People living in households in the highest income group recorded the highest use of cars, 835 trips a year (72 per cent of all trips).

Pollution

Cheaper petrol and diesel would also lead to more pollution. Car exhausts pump a range of pollutants into the atmosphere that are responsible for up to 24,000 premature deaths each year through respiratory and other diseases. Although catalytic converters are making cars cleaner, the continuing rise in traffic is counteracting this. There was a doubling of asthma cases in children under five during the 1990s. One in eight children now suffer from the condition in the UK, a total of 1.4 million (this figure has increased six-fold over the past 25 years). Eighty-one per cent of people with asthma say that air pollution brings on asthma symptoms. New research shows that pollution can cause asthma in children in the first place, supporting recent evidence from the US that has proved car fumes cause asthma. Air pollution, including particulates from traffic fumes, could be responsible for one in six cot deaths caused by Sudden Infant Death Syndrome. Air pollution could also be responsible for nearly a quarter of all respiratory disease deaths of normal birth-weight babies under one year old.

Climate change

Carbon dioxide from the transport sector is a growing contributor to climate change. Extreme weather may become more common making life more difficult for all of us. The effects of climate change are not completely understood but other possible results could include drying out of grain producing areas, growth of deserts and a failure of ocean currents that at the moment bring a mild climate to the UK, possibly leading to much harsher winters. Direct financial losses from climate change could run globally at £213 billion a year by 2050, not counting social and environmental costs. Globally scientists say we need to cut greenhouse gas emissions by 60 per cent by 2050 if we are to avoid catastrophic climate change.

The 73 per cent increase in road traffic between 1980 and 2002 has resulted in a 39 per cent increase in greenhouse gas emissions from transport, which now accounts for 26 per cent of UK emissions. Road transport makes up around 21 per cent of total man-made carbon dioxide emissions in the UK. Carbon dioxide emissions from vehicles in Europe are set to rise by 30 per cent by 2010.

Cars are a very inefficient way of getting around in terms of the fossil fuels burned in the process. The average carbon dioxide emissions for different modes of transport are as follows (in g carbon dioxide per passenger kilometre): passenger rail 73, cars 114, buses 77, short haul air 330.

Fuel tax and the cost of motoring

Over the past 20 years the overall cost of motoring has in real terms, ie once inflation is accounted for, remained at or below the 1980 level while bus fares have risen by 31 per cent and rail fares by 37 per cent. The real cost of motoring fell by 4.8 per cent between 1997 and 2003 but during the same period the cost of travelling by train rose by 3 per cent and the cost of travelling by bus rose by 8.2 per cent. Fuel duty is higher in the UK than most other EU countries but the full basket of motoring taxes, including fuel duty, purchase tax, Vehicle Excise Duty (the tax disk) and road tolls, is about average.

Tax on fuel is a general revenue raiser for all governments. It contributes to the whole range of government spending, including education, health care, social security, the police and so on. If fuel duty were to be reduced to satisfy car drivers, it would mean less funding being available for these crucial public services.

Motorists don't pay the full cost of their effects on the environment and the community. The external costs of motoring, as they are known, including congestion, road maintenance, air pollution, road crashes, noise and climate change, average 21p/mile, rising to £1/mile in London. High fuel prices are not popular with rural motorists, who often feel they have no option but to drive. But this is masking the real problem in the countryside: rural communities are increasingly being deprived of even basic facilities because life is based more and more around car travel. Grocery stores, banks, post offices and even schools are being closed across the countryside, while at the same time public transport services are being withdrawn. And so rural people are being forced to drive even further...

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