

[Loan subsidies are the same old government picking losers stuff](#)

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This little story is instructive as to what is really happening in [our bright new world](#) [3]:

The Treasury is to underpin a £75m loan for the Drax power station in North Yorkshire, marking the first project to be financed using the Government's £40bn infrastructure guarantee scheme.

Even the Labour Party understands these days that government coughing up the money for one specific firm or another, even one industry over another, doesn't really work. For the money ends up going to those politically favoured rather than those best able to use such aid. So the code words have changed: now we're supposed to applaud "investment" in "infrastructure". Or greenery. Or perhaps just the subsidy to interest rates to those engaged in such activities. This apparently is much better as it means that the market will decide who gets the subsidy.

Except of course nothing has actually changed. Here we've got money going to Drax. In order to change over some of the boilers from burning coal to burning wood pellets. Wood pellets that will have to be sourced from thousands of miles away so great is the volume required. Far more than Britain's forests could possibly provide. Wood pellets that are actually much more polluting than coal too.

And why is Drax converting from cheaper and cleaner burning coal to wood pellets? Because the EU says that it should. So we've not in fact got markets allocating anything at all here. We've one level of government picking a loser and another coughing up the subsidy for that losing choice.

As I say, nothing much has changed, we've still got the same groups of bozos wasting our money. The only real change that has happened is that it's now rather more difficult to kick them out of office for being bozos. This is not an advance in the necessary management of politicians.

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