

SERA Speech – 13 March 2007

Reds and Greens: Social Justice and Environmental Justice

Peter Hain

Thank you for inviting me here today, and thank you for granting me the accolade of the SERA Vice Presidency. I first joined SERA thirty years ago, so it has taken me quite a while!

I am delighted to be speaking here today on the day that the Climate Change Bill was published – the first legislation of its kind anywhere in the world.

The Labour Party was founded for a clear purpose: a dedication to social justice. But that has meant continually addressing new problems and new priorities.

And today, by far the biggest challenge for social justice is successfully tackling climate change. The future of the planet is not just a green issue, but a red one too.

Why? Because the poorest in the world will be those who suffer most from climate change. As the Stern Review found, declining crop yields, especially in Africa, are likely to leave hundreds of millions without the ability to produce or purchase sufficient food. Deaths from malnutrition and heat stress will rise, as will rates of diseases like malaria and dengue fever. Flooding and rising sea levels could result in 200 million people around the world being permanently displaced.

And in industrialised countries like Britain, those who are least able to afford insurance, or who do not have access to loans, will not be able to protect themselves against the risks to property and livelihood from extreme weather conditions.

So if we are committed to a fairer and more equal society, we must also be committed to a greener society: not just a “middle class issue”, but a working class issue as well. An issue for all classes.

We face a catastrophic rise in global temperatures. Carbon dioxide levels are 40 per cent higher now than they were before the industrial revolution. And total levels of greenhouse gases are higher now than at any time in the last 650,000 years. These changes are directly attributable to human activities, notably the burning of fossil fuels, deforestation and changes in land use. The scientific debate is over. The facts are clear.

And the economic debate too is increasingly clear cut. The cost of these dramatic shifts in our climate will be gigantic. Fully 5 per cent of global wealth will be lost, each and every year, now and forever, according to the Stern Review – rising to 20 per cent once the terrible human costs are taken into account.

These costs are avoidable, and action need not cost us more than 1 per cent of GDP, says Stern – a fraction of what we stand to lose. But to do so, we must act now, and act decisively. Carry on as we are, and we risk passing the tipping point beyond which climate change becomes irreversible.

Our government has been at the forefront of international efforts to tackle climate change – leading the way on the negotiation of the Kyoto protocol, pressing for tougher EU action, and prioritising it in the G8 for the first time.

But despite that, climate change is still not at the centre of British politics. Even now, many regard environmentalism as a middle class indulgence, while others talk green but do not act it.

The skimpiness of David Cameron's green credentials is clear – denouncing wind farms as “bird blenders” when addressing Tory nimbys, but signing up to get his home energy from the very same wind farms the moment he smells a photo opportunity.

Shallow Tory posturing is not the only problem. The Liberal Democrats too talk green, but their campaign against congestion charging in Edinburgh tells a different story. And despite our strong record, we have not always taken the green agenda seriously enough either as a Labour government.

This cannot continue. If we are to rise to the challenge, we must make the green agenda the responsibility of every government department, build it into every policy, and make it compelling to every voter. This requires a fundamental change in how we think and talk about green politics.

Real jobs are threatened by environmental disruption. Real people's homes are at increased risk of flooding. Drought and crop failure will result in real food shortages in real shops and real markets around the world.

Since no area of policy will be untouched by climate change, no part of government can ignore the responsibility of tackling it. It must be woven into everything we do.

That is why the Government today published the Climate Change Bill, which will establish clear targets for reducing emissions.

But that must only be the beginning. I would like to see a single Department for the Environment and Energy, to ensure that tackling climate change is at the forefront of policy-making right across government.

It should develop and monitor Climate Change Agreements with all government departments, modelled on the system of Public Service Agreements set by the Treasury. Underpinning this would be a system of carbon rationing within government, rewarding those departments that oversee the biggest savings, and giving civil servants a direct incentive to make all their policies green policies.

First and foremost, climate change is not something that we can tackle unilaterally. The United Kingdom accounts for only 2 per cent of global emissions, compared to 15 per cent collectively for the European Union and around half for the G8. Even if we were to reduce our emissions to zero tomorrow, the annual growth in emissions elsewhere in the world would exceed any savings in less than eighteen months.

That means putting climate change at the heart of our foreign policy. Traditionally in foreign policy, nation states vie with one another to advance distinct and competing interests. But climate change impacts on all nations. No country can insulate itself from the emissions and environmental recklessness of others.

When I was still a Minister at the Foreign Office in 2001, I wrote a pamphlet entitled *The End of Foreign Policy?*. It argued for a new approach based on what I described as “the globalisation of responsibility”. In an increasingly interdependent world, nations face increasingly intractable policy challenges which are resistant to conventional diplomatic solutions and approaches.

It is now impossible to disentangle climate change from other foreign policies issues – whether it is the security of energy supplies from the Middle East, or our growing dependence on imported gas from unstable parts of the world.

So we need a massive increase in international co-operation and collective action. Hand-in-hand with the opportunities presented by trade and economic development must come the responsibilities collectively to safeguard our planet’s climate and resources.

The European Union Emissions Trading Scheme is the first and the most ambitious example of such an approach – covering the most carbon intensive industries accounting for half of the EU’s total emissions. By limiting the overall level of emissions, the scheme ensures that the price of carbon reflects the environmental damage it causes, and creates an incentive for companies to find the most economically sustainable carbon reductions – rewarding greener industries over dirtier ones.

As with any innovative policy, the Emissions Trading Scheme has had teething problems. Emissions caps have in practice proved too low, meaning that polluters have not had an incentive to curb their actions. The lack of certainty over future obligations has put off companies from investing in greener technologies. The scheme currently covers far too few sectors. And the way permits are allocated has led to unwanted distortions in the market – rewarding rather than penalising the biggest polluters.

But these problems are fixable. Tougher emissions caps would ensure a proper price for carbon and strengthen financial incentives. Tougher control from the centre would make it harder for member states to free-ride by setting inadequate caps for their home industries. Greater certainty over the scope and structure of future phases of the scheme would give companies the

confidence to invest in green technologies. And auctioning a greater number of permits would reduce the distortions which reward the biggest polluters.

Because of our Labour government's leadership, Britain has the best record of any EU nation in implementing the emissions trading scheme, and we are trying to strengthen it still further to include other industries, most notably aviation. The boom in air travel means that global emissions from aviation are expected to grow three-fold by 2050 and account for 5 per cent of global warming. And because kerosene remains the only viable aircraft fuel, the prospect of switching to a less environmentally damaging source of energy for aeroplanes is slim.

But by bringing aviation into the scheme, we can still make a difference. It will encourage airlines to buy aircraft fitted with less fuel-hungry engines and to cut down the number of empty seats on planes.

The Emissions Trading Scheme also demonstrates the paucity of David Cameron's green rhetoric. So too does the historic climate change deal agreed in Brussels last week, which established binding targets for renewables for the first time ever, and major progress on energy efficiency, clean coal and biofuels. And your Labour government was at the heart of achieving that.

As a dedicated Eurosceptic, how would David Cameron give the European Commission the tough powers it needs to make emissions trading work in the face of hostility from his own party?

Euroscepticism would surrender Britain's best hope of delivering real international action and progress on climate change. The EU economy is now bigger than the combined value of both the world's largest economies, the United States and Japan. Yet, instead of harnessing that potential, David Cameron is turning his back on it – isolating himself from mainstream European leaders like Angela Merkel in favour of figures like the Czech president who does not even believe in climate change. Only through Labour's insistence on Britain's place at the heart of Europe – rooted in our internationalist traditions – can we tackle climate change effectively.

Although the Emissions Trading Scheme is not yet perfect, it nonetheless provides a template for global action. California recently announced that it was joining with other US states to form a new North American emissions trading bloc. We should now invite those states to link up as soon as possible with the EU Emissions Trading Scheme as a forerunner to a truly global carbon market – encompassing, first, the industrialised world, and then, in time, developing countries too.

We also need to reform other international institutions like the World Trade Organisation, World Bank and IMF to ensure that they work towards a greener world, not against it. For example, trade rules currently restrict the international trade in biofuels, which could help reduce our carbon emissions. But at the same time, they prevent us from introducing safeguards to ensure

that biofuels are not produced through deforestation. A double whammy against green trade.

Just as we won the argument about international trade and global poverty – working successfully with campaigns like Make Poverty History – the time is now ripe for a global campaign to ensure that free trade is not just *fair trade*, but *green trade* also.

The election last year of a new Democratic majority in both Houses of Congress in Washington could boost the prospects for global action. Not only does the United States have a duty to reduce its proportion of global emissions from the full quarter that it currently accounts for, but it has the power and the influence to lead the rest of the world towards a greener future too.

For developing countries, the challenge of climate change is particularly acute. The industrialised world's addiction to carbon is spreading as other countries aspire to the prosperity we currently enjoy. In China, a new coal-fired power station – the dirtiest form of power generation – is built every week and will be so for the next five years. As a result of its breakneck economic development, emissions from China will overtake those of the United States by the end of the decade – just three years time. And they are not alone – collectively, developing countries will account for three-quarters of all increases in emissions between now and 2030. World energy consumption will double over the same period.

But to counterpose economic development and the challenge of climate change would be hypocritical. For us in the rich world to seek to pull up the ladder and place the responsibility for clearing up our mess on countries that are far poorer than our own, would be a flagrant denial of international social justice. In practice, it would not even work if we tried it. A global red-green agenda means there is a political duty – as well as an economic interest – in helping developing countries to grow sustainably.

In the long term, technologies like Carbon Capture and Storage are especially promising – particularly given that coal use is expected to rise by 60 per cent by 2030. We need to invest in making clean coal technologies commercially viable and must help developing countries to adopt them – building on the excellent example of the EU-funded carbon capture demonstration project in China.

To help check their dependence on carbon, we must help developing countries to generate a higher proportion of their energy from renewables. Like wind, tidal, hydro and wave – not to mention the huge potential energy sources of solar and photovoltaics.

Developing and sharing green technologies with developing countries must become a major strand of our international aid policy, particularly in Africa where solar and photovoltaic energy are ideally suited to the continent's climate. Where these green technologies have already been introduced, they

have provided people with light at night, access to the digital world, fridges to keep medicine and food safe, and have created educational and employment opportunities. We should therefore actively prioritise a policy (for which I, as a Foreign Office minister, secured agreement on behalf of the Government in Botswana at the EU Africa summit in 2000) to divert substantial development funding into a private public partnership with manufacturers to spread microgeneration right across Africa and take advantage of its sun.

These measures – whether in Africa or China and India – represent an opportunity not just for developing countries, but for Britain too. We could become a global leader in green technologies. Just as Britain's second largest company today is an oil company, our future economic giants could be specialists in renewable energy or providers of global environmental services.

And our influence could be far-reaching. Although as a nation we represent only 2 per cent of world emissions, British companies and British interests throughout the world account for 15 per cent of global emissions. A green revolution at home could trigger a green revolution far beyond our borders.

Indeed, I believe that our economic future depends on it, which is why we must do more to support green businesses. Not just through the establishment of a properly functioning carbon market, but through targeted tax credits for environmental research and development too.

Clean coal technology, for example, could provide both a technology for export, provide a future for UK coal and provide a use of our disused North Sea oil fields: spurring sustainable development abroad while generating jobs at home.

Although our ambition must be global, we must never allow the international nature of the problem become an excuse for the inaction at home pleaded by rightwing commentators. That is a prescription for failure not just in Britain but in every other country in the world, and for catastrophe on a global scale. If we are to make progress internationally, we must be willing to lead by example at home.

The proposal by David Miliband to introduce personal carbon allowances is one such example of radical intellectual leadership on the environment.

Every citizen would receive an equal allowance of carbon which they would be able to spend however they wished – on fuel for their car, on a foreign holiday, or on home energy, for example. Those using less would be entitled to sell their surplus, while others could buy that surplus on the open market – providing they were prepared to pay the price.

Crucially, the overall amount of carbon allocated would be capped and could be ratcheted down to reduce overall emissions. Everyone would have a financial incentive to be greener –insulating their home, buying a more efficient car, or making more journeys on foot or by bike.

Indeed, this idea could have a massive impact on one of the fastest growing sources of carbon emissions – air travel. You're more likely to have a stag party in Blackpool instead of Barcelona if you can sell your carbon permits to pay for the beer!

And it would boost social justice too, with those on low incomes being able to sell their allocation. A huge contrast to Tories' unworkable plans for air taxes, which would clobber British businesses and British jobs, while wealthy travellers proceeded regardless.

There is nothing more complicated about the idea of personal carbon allowances than the Tesco Clubcard which millions of us already carry around in our wallets. And yet it is both genuinely radical and distinctively a Labour idea. By granting equal carbon allocations to everyone, it is rooted in the historic socialist commitment to equality. By forcing the wealthier to buy additional carbon allocations from people on lower incomes, it would redistribute from rich to poor. And by intervening to correct the market failure of climate change, it proves the role of progressive government in improving people's lives.

I would like to see David Miliband's proposal at the heart of our fourth term Labour election manifesto. But, in the meantime, there is much else for us to do to entrench the green agenda across all aspects of policy-making.

The Government will shortly be bringing forward a new Energy White Paper prioritising the twin goals of tackling climate change and guaranteeing energy security. The White Paper will commit the UK to achieving 20 per cent of electricity generation by 2020, as well as substantial reductions in total emissions as a result of energy efficiency measures. It will also encourage decentralised energy – more efficient because it is generated closer to the end user.

Some parts of the Energy White Paper, like the new generation of nuclear power stations, are controversial – particular among people like me who care passionately about the environment.

I've never made any secret of my scepticism about nuclear, and it is by no means certain that anyone will want to build one in Britain. But government has a responsibility to keep the lights on, and the choices we face now are the result of the failure over many decades to invest adequately in green energy.

Now we must do so. For example, the Severn Barrage is now back on the agenda – a truly massive source of clean, green energy from tidal power which could meet at least 5 per cent of our entire electricity needs for 150 years.

New planning reforms will make it easier to build large-scale renewable energy projects like the massive Gwynt-y-Mor windfarm off the north Wales coast – 250 turbines generating enough power to supply 40 per cent of all households in Wales.

Both these examples show that Britain is better placed than any other country in the world to become a leader in offshore wind, tidal and marine power. With a huge natural resource, we have the potential both to boost our self-sufficiency in energy supplies and to create a massive new industry with massive export opportunities. Seizing this opportunity is not just in the interests of the planet, but of the British economy too.

The White Paper will also promise that the Government will work with Ofgem, the energy regulator, to improve the structure of regulation. Originally a legacy of privatisation, with the regulator intended to protect consumers against abuses by a privatised monopoly – mainly price abuses – in today's competitive energy market, regulation can play a different but equally important green function. It can reshape utilities as energy services companies instead of just as suppliers – advising people on efficiency measures instead of just sending energy down a pipe or wire.

For example, by encouraging suppliers to hand out energy saving lightbulbs instead of price cuts. And by encouraging the rollout of smart metering, providing consumers with the information they need to reduce their energy consumption.

We could go further, emulating the huge progress Germany has made on microgeneration by giving people a right to sell electricity back into the grid at a guaranteed tariff – rewarding people for fitting green technology. To promote changes like these, I believe it is essential to make environmental protection a primary duty of the regulator.

Furthermore, at present, the price structure for domestic energy rewards those who use the most – the people who are not just the wealthiest, but the most polluting too.

Instead, why not introduce progressive energy pricing - targeting discounts at the bottom, while rewarding efficient users, who also tend to be on lower incomes? Under a certain threshold, energy tariffs should be less, above, more expensive. At the moment, it is the other way round – you're encouraged to buy more by pricing it lower and lower. At a time when we are trying to reduce energy consumption, it is crazy to reward people for using more of it rather than helping those in greatest need.

Then there is transport, which accounts for a quarter of all our emissions, 90 per cent of which come from roads. Three-quarters of our oil supply currently goes on our transport system. Unlike other sectors, emissions from transport have continued to rise.

Buses make up two-thirds of all journeys by public transport, yet in many areas, local networks are patchy, unreliable and expensive. By granting councils the power to plan services in a strategic and not a haphazard way, as Douglas Alexander has proposed, we can get people out of cars and into buses. The massive rise in bus usage in London – almost 40 per cent up in

only 15 years, and carrying more passengers than for 40 years – demonstrates just what can be achieved.

Buses are not just a green issue, but a red one too. The people who benefit most from buses are those on low incomes who can't afford car travel. And it's something only Labour can be trusted to deliver. After all, the Tories may have apologised for rail privatisation, but they haven't apologised for bus deregulation.

But bus travel isn't right for everyone. Family commitments, work constraints and other problems mean that cars often offer the only practical solution. That's why it's so important to drive up the efficiency of vehicles – for example, by setting tough limits on emissions per mile for new cars.

And why stop at cars when setting minimum efficiency standards? Standby switches on electrical appliances like televisions account for 8 per cent of all domestic electricity use.

But why are they needed at all? Wasting so much energy on appliances we're not even using is a scandal, and we should put a stop to it – just as the EU has announced that it will put a stop to old-fashioned lightbulbs, phasing them out and replacing them with low-energy bulbs.

One of the problems people face in leading greener lives is accessing the information to help them make greener choices. So, just as the Food Standards Agency provides advice on healthy eating, government must provide a central point of information about greener living.

This is particularly important when it comes to home improvement. By 2050, only 30 per cent of homes will have been built between then and now. With three-quarters of all home energy consumption going on heating, and older homes often being the hardest to heat, helping people make the right choices about home improvement is crucial. That means, not just providing public information, but providing the training in the construction industry so that the right professional expertise is available.

We also need to do more to use our policies on planning and communities to tackle climate change. That is why I welcome the Government's commitment to show leadership by ensuring that central government is carbon neutral by 2012. And through public sector construction contracts, including PFI, we can set a new benchmark in green building standards.

As Northern Ireland Secretary, I have introduced radical measures which could provide templates for the rest of the UK – like changing building regulations to require all new developments to have microgeneration designed in. If that were extended to the rest of Britain, not only would it create a vibrant new market for small-scale renewables, it would cut people's energy bills too.

I've also created a substantial new fund to help people to have green technologies installed at their properties. At £60 million for a population of 1.7 million, it is the equivalent of £2 billion for the UK as a whole. And part of the fund is set aside to cover the entire cost of fitting technologies like solar heating to the homes of people on low incomes – reducing emissions and tackling fuel poverty at the same time.

This policy demonstrates how green politics and social justice go hand in hand, and why the green agenda is a core Labour issue. We are committed to green policies, not just as an end in themselves, but because in our hands, they further the goal of social justice too.

But that need not always be so – as the Tory agenda of green taxes demonstrates. Although green taxes have a crucial role to play in changing people's behaviour and tackling climate change, they can also be regressive, taking no account of ability to pay. And where they fall on essential expenditure, they hit heaviest those who are least able to pay. Let's not forget that John Major's decision to levy VAT on domestic fuel – a Tory tax on the elderly and vulnerable – could today easily be passed off as green taxation.

When we hear David Cameron talking about shifting the burden of taxation from economic goods to environmental bads, what he really means is tax cuts for the rich, paid for by the poor. In reality, Cameron's rhetoric about environmental taxation is nothing but old-style Tory tax cuts tinted green.

The kind of so-called green taxes the Tories want to introduce would actually do little to tackle emissions. Take the Tory air taxes announced yesterday. British businesses would bear most of the cost, hurting the jobs of ordinary people, while the rich and better off would simply absorb the extra cost, which is marginal to them, and carry on regardless. And the revenue from those taxes would go not on projects to help the environment, but on tax breaks for married couples which would benefit the better off.

The challenge for Labour is to stop the Tories getting away with presenting regressive measures as green ones, while at the same time showing where green taxation fits into our vision of social justice. So whereas the Tories levied VAT on domestic fuel, we reduced it to a minimum and then introduced the Winter Fuel Allowance for older people who were hardest hit. And in Northern Ireland, I have ensured that people on low incomes pay substantially lower water charges. Like the Climate Change Levy, which the Tories opposed, we want a tax system which is fair as well as green.

The public will not accept green taxes unless we can show they are both fair and make a tangible impact on emissions. And we must not fall into the trap, as some do, of believing green taxes are a magic bullet – otherwise the public will simply write them off as stealth taxes, designed to grab revenue not to help the environment.

So just as Gordon Brown brilliantly argued for the penny increase in National Insurance to pay for improvements to the NHS, so too we must ensure that

we only consider green taxes if there are clear social and environmental benefits.

Our guarantee is that, unlike the Tories, we will never use green taxes as a backdoor way of paying for tax cuts for the rich. Our priority is to change people's behaviour while protecting those on low incomes.

The fact is that, despite the Tories' green rhetoric, only a progressive party has the vision required to deliver real progress on the green agenda.

Climate change demands a collective response. Only by working together, and only by harnessing the power of government, creating the right framework, and empowering and supporting individuals can we achieve real results. Only a progressive government will be on your side, offering not just social justice but environmental justice too.

In contrast, a rightwing, individualistic approach, based on voluntary action, and with individuals left to fend for themselves, can never deliver. The Tories cannot acknowledge that climate change is the biggest market failure we have ever faced, and that government intervention is the answer. All David Cameron can offer is trips to hug huskies in the Arctic and little windmills on his roof. While he squeezes into his cycling shorts (with the Lexus not far behind), we are focused on practical measures which target environmental damage, not the pockets of hard-working families.

The Tories' attempt to fight us for the green agenda has shown up a new dividing line. They want the poor to pay for saving the planet. We insist on fairness and the ability to pay. A red-green agenda, not a blue-green one.

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