

Green New Deal

Time for the big 'Reset'



Alan Simpson

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The '**Reset**' inquiry launched by parliament's *Green New Deal APPG*, could not come at a more important time. The world, post-Covid, will be nothing like the one preceding it.

- ***There will be no 'V' shaped economic recovery.***
- ***Britain will struggle to avoid further economic decline.***
- ***There is no prospect of shopping our way out the current crisis.***
- ***Large numbers of consumption-based jobs will simply disappear as the lockdown lifts.***

To make matters worse, while jobs disappear, personal debt will not. Huge numbers of people will discover that the biggest holes in current rescue programmes are that most are directed at saving yesterday's economics rather than constructing tomorrow's.

Deferred rent or mortgage payments are still debts to be paid; often by people without the resources to do so. This debt overhang threatens the prospects of small businesses as much as young families. At no time have the owners of capital assets been told to take the major hit on rent or mortgage payments.

Higher up the scale, too many 'rescue' measures have gone to corporate entities that continue to bank offshore, avoid uk taxes, still pay out shareholder dividends and have taken no executive pay cuts. Britain will emerge from the current crisis in more financially polarised terms than we went in. And throughout the process, ***climate*** has barely received a mention. Any sustainable rescue plan will require a complete inversion of present economic orthodoxies.

Tomorrow's economics is going to be defined more by how we live than what we buy. To understand this, economics itself requires a reset.

The Climate Clampdown

The Covid pandemic has brought home the fragility of UK dependence on externalised supply lines. Britain's inability to deliver PPE equipment to its hospitals and care facilities, or obtain sufficient respirators and aspirators to meet NHS needs, undoubtably cost lives. The pandemic also highlighted the fragility of existing globalised trade presumptions; cutting air freight and shipping movements by 50-60%¹, and leaving ports congested and containers 'parked' at sea. The addition of further climate crises will only accelerate this Covid-collapse of globalisation.

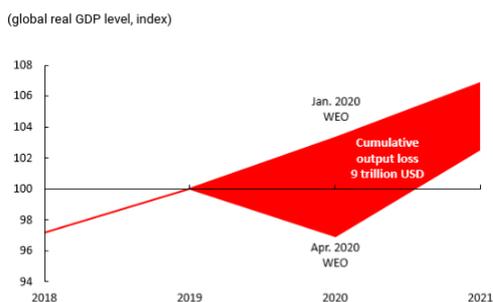
¹Pandemic strains shipping, air and rail freight operators - Financial Times, 22 May 2020, <https://www.ft.com/content/8403ddbc-9363-11ea-899a-f62a20d54625>

All credible economic modelling now recognises that, across the planet, sufficiency and survival have become paramount political considerations. Those predicting a sudden revival of globalised trade are on the wrong planet. The climate, as much as coronavirus, is already sinking this model.

On the one hand, coronavirus has delivered the largest ever fall in global carbon emissions. Carbon Brief put the CO₂ contraction figure at 5.5%/p.a.² However, this still falls short of the 7.6% annual reductions needed to stay within the 1.5C Paris Climate target. It's impact on global economics, however, has been dramatic.

Output losses

The cumulative output loss over 2020 and 2021 from the pandemic crisis could be around 9 trillion dollars.



Sources: IMF, *World Economic Outlook*; and IMF staff calculations.



The IMF estimates that global output losses in 2020 could reach \$9 trillion³. This is before you factor in further climate disruption. Those without wages from production will not be looking for new global markets for consumption. It all argues for more localised/circular approaches to regeneration.

We are already in a period of wild weather. Droughts, infernos, floods, plagues of locusts and crop blights are playing havoc across the planet. This will get worse.

A climate clampdown will be with us for longer than Covid-19. Until a new international framework of mutual support emerges, **resilience, security and self-**

sufficiency will be the most powerful elements re-shaping domestic politics. This is what the **Reset Inquiry** should focus on.

It opens the gates to a different approach to climate economics; where **reduced carbon-miles and reduced carbon-footprints become virtues rather than costs.**

A re-cast *Green New Deal* could become the cornerstone of transformative thinking that Britain needs. To do so, however, all Parties will have to break from some of their more traditional shackles and obsessions.

No Rescue for Reliant Robins

Parliament must understand it cannot bail-out the past. High-carbon bankrolling might appeal to interests in several Parties, but it would only accelerate the next crisis. Moreover, it would send parliament sleep-walking into a barrage of derision.

² Simon Evans, Carbon Brief, 09/04/2020, <https://www.carbonbrief.org/analysis-coronavirus-set-to-cause-largest-ever-annual-fall-in-co2-emissions>

³ IMF, The Great Lockdown: Worst Economic Downturn Since the Great Depression, <https://blogs.imf.org/2020/04/14/the-great-lockdown-worst-economic-downturn-since-the-great-depression/>

Put bluntly, there is no case for a public stake-holding in airlines, fossil fuel ventures or conventional car manufacturing. You can't rescue the Reliant Robin; especially not when an array of EV's, E-bikes, and hydrogen/solar trains, trams and busses are already beginning to re-define the shape of tomorrow's transport modalities.

Only steel makes the case for a domestic, public stake-holding. The repatriation of responsibility for UK iron and steel consumption would internalise the carbon footprint of global imports that is currently hidden from view.

Beyond this there should be ***an immediate end to all direct and indirect fossil fuel subsidies***.

Parliament may want to consider the argument in favour of a stake-holding in airports (if only because the land itself will always hold value). But airports themselves need to be given ***annually reducing carbon budgets*** to live within. Nothing else will rapidly and radically cut Britain's aviation carbon emissions.

Without doubt, the pressures to financially reconstruct yesterday will be enormous. To run with such demands, however, would be catastrophic. The only hope - for people and planet - is to set a completely different agenda. The cornerstones for such a plan are straightforward -

- ***Britain has to cut its carbon emissions in half within the current decade,***
- ***The emphasis must be on environmental repair, reduced consumption patterns, and social inclusion within a more circular economy, and***
- ***For more honest carbon accounting, imports and exports should be included in Britain's carbon budgeting (allowing import substitution to lighten the current footprint of product miles and concealed emissions).***

Effectively, carbon budgeting needs to assume greater importance than financial budgeting. The one big 'plus' to come out of the Covid-19 crisis is that it has forced Britain into massive financial interventions in order to avoid societal breakdown. Austerity is off the agenda, and must be kept off it.

Living with debt

Post-Corvid public debt levels will be massive. But these are neither unique nor insupportable. In 1835, just 2 years after passing the Slavery Abolition Act - the British government borrowed 40% of its annual income (the equivalent to ***over £300bn*** in today's terms) in a massive rescue act. It was to compensate plantation owners (not slaves) for the ending of slavery.

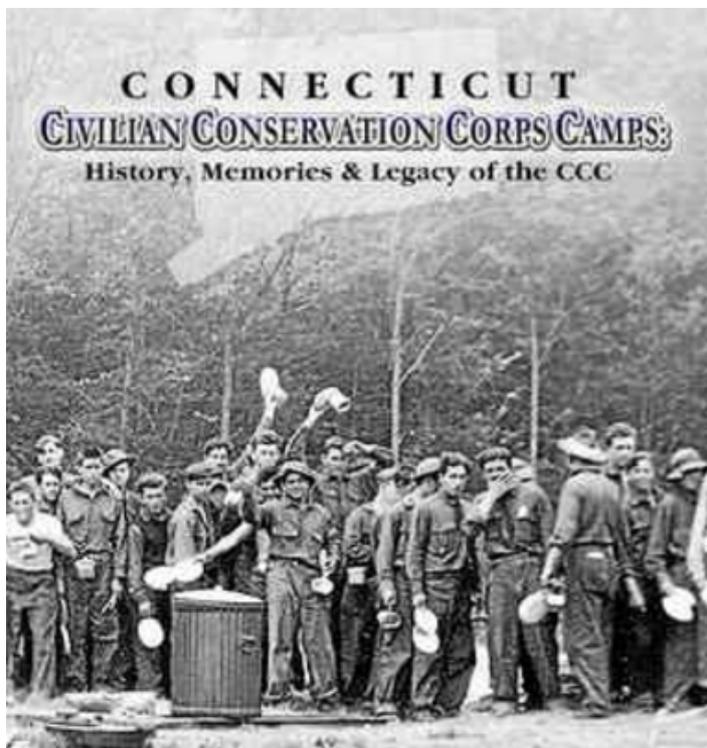
UK taxpayers only finished paying off this questionable debt in 2015... almost 200 years later. Used wisely, today's public debt can save the planet *and* repay itself over a far shorter period. What we must avoid, though, is throwing money at rescuing today's problems rather than tomorrow's solutions. It is the siren call all Parties will need to ignore.

A Different Starting Point

As the coronavirus 'lockdown' lifts, Britain will be confronted with the scale of economic collapse that has taken place. Many of the *disappeared* jobs have gone for good. A poorer general population will not be looking to binge-spend on consumption, entertainment or foreign travel. More will be worried about accumulated debt levels that they carry forward into the post-pandemic world.

Between 600,000 and 1 million younger workers will be without work or prospects. This has to be Britain's starting point. But we can learn from the past.

In 1933, one month after his inauguration, President Roosevelt created the **US Civilian Conservation Corps**; recruiting some of the millions of workers abandoned during its Depression era.



In the 9 years that followed, **3 million US workers** planted **3 billion trees** in a massive environmental repair programme.

This slowed soil erosion on **40 million acres of farmland**, built **800 new state parks, 10,000 small reservoirs, 13,000 miles of hiking trails, a million miles of fencing** and re-stocked America's rivers with over **1 million fish**.⁴

In the midst of today's coronavirus crisis, **Pakistan** has followed a similar line, paying unemployed workers to be part of their **10 Billion Trees project**.

In Britain, calls for **a national Zero-Carbon Army** could capture both the mood and the moment that Covid has created. To deliver it, however, **Britain would need a radical shift in powers and priorities, along with more devolved partnership arrangements between the national and the local.**

Important as they are, today's New Deal can not be limited to trees, reservoirs and hiking trails. The coronavirus lockdown opened up an international conversation about how towns and cities might work if we were to put the interests of breathing before driving. A raft of cities has already begun to do so.

⁴ Neil H Maher - Nature's New Deal: The Civilian Conservation Corps and the Roots of the American Environmental Movement, OUP, 2008, p43.

Green Lungs

By the end of 2020, Anne Hidalgo, the Mayor of **Paris**, will have installed 100 hectares of vertical gardens around the City. To an extent **London** has joined in too.



But it has been **Milan** (in its *bosco verticale* programme around the City's apartment blocks) and **Barcelona** that have taken this up on a more holistic basis.

From a different angle, **Rotherham** shifted the focus through its award winning *Rivers of Flowers* programme; seeding wild flowers along the major arterial roads into the city.

During the Covid crisis a raft of European cities began to use spaces opened up by the pandemic to 'green' their transport priorities; saying it with roads as well as with flowers.

Paris has taken on the motoring lobby, creating 30km of bike lanes around the capital. Their aim is to replace Parisian car journeys (which average 4.1km/day) with a structured plan promoting walking, cycling and public transport. Parisians are offered €50 towards the cost of repairing old bikes. This is part of a €20m project to develop a clean transport infrastructure across the whole City. In **Lisbon**, citizens can apply for €100 vouchers to buy standard bicycles, €350 for e-bikes, and up to €500 to help pay for cargo bikes.

Rome is constructing 150km of temporary and permanent cycle routes. **Milan** has transferred 35km of existing roads to cyclists and pedestrians. **Berlin** has re-designated 22km of new bike lanes, almost overnight. This transformative movement now includes over **100 European towns and cities**. A large number of UK towns and cities would like to incorporate the same air quality gains into their own *modal shift in transport priorities*; creating designated roads and routes for cyclists and pedestrians only.

The problem is that Britain's localities have far more limited powers (and resources) than their European counterparts. This has made it difficult for UK localities to be the drivers of dynamic modal change.

An economics of using less

Before the last General Election, the independent *Energy Systems Catalyst* produced an analysis of UK carbon commitments. Their conclusion was stark and challenging: no single, quick fix technology can meet current UK climate targets. Moreover, Britain is unlikely to meet such targets without **radical decentralisation**. Their rationale was simple. Tomorrow's energy systems will need to be interactive, crossing traditional separations between heating, cooling, power, storage, energy saving and transport⁵. This is where European models of decentralised *systems thinking* become pivotal to the prospects of delivering a Zero Carbon Britain.

Energy saving then takes centre stage. A **30-30 Programme** - raising the energy performance standards of 30 million UK homes and buildings (by 2030) - would deliver a huge number of *green* jobs, offer immediate opportunities for those displaced by economic collapse and profoundly change the life prospects of those in fuel poverty. It would also demonstrate how an economy based on consuming less energy does not mean less prosperity or security.

The key is to construct a joined-up policy platform, using different benchmarks and financing mechanisms. Britain could draw on an abundance of measures to deliver such a **systems change**. These could include -

- reinstating the **Zero Carbon Homes** standard for new buildings
- **refusing planning permission for new buildings connected to the gas grid**
- **requiring air handling systems to operate on a passive/clean energy basis** (and/or setting rent ceilings on buildings with systems that fail to do so)
- placing **a duty on energy network operators (DNOs/DSOs) to deliver annual reductions in both total demand and CO2 emissions**
- giving localities responsibilities for delivering **integrated heat and power systems** (incorporating energy storage and transport needs)
- giving **priority grid connection to renewable energy**; and socialising the grid connection costs of co-operatively owned projects
- **making commercial property owners of buildings (below Band C energy efficiency rating) responsible for the property's business rates/council tax**
- requiring **clean energy generation to be included in all property upgrades**
- **removing rate exemptions for empty properties**
- placing **a duty on localities to publish/deliver annual carbon reduction plans**

⁵ for reference, see Local Energy, Alan Whitehead MP (publication date tbc)

- making **food security/local supply part of UK resilience planning**
- **putting annual water auditing** (floods, drought, SUDS, nature restoration and re-wilding) **into local and regional planning responsibilities**
- producing **sectoral plans to accelerate the shift into renewable energy**
- using **'just-in-time'/local supply measures to reduce the carbon-miles content of production** (boosting resilience and domestic security of supply)
- **redefining energy as a (not-for-profit) service rather than a market**
- providing incentives for **innovative approaches to re-cycling and re-use**
- **making air quality standards a mandatory obligation**
- **giving localities a statutory 'right of local supply'**, promoting the growth of smart (and accountable) grids
- **restoring National Grid's original role as the provider of Britain's strategic reserve, maintaining high voltage networks (and interconnectors), on a not-for-profit basis**
- **making Ofgem responsible for delivering Britain's Zero Carbon and climate commitments, including specific pre-2030 targets.**

A different vision

The above is just an illustrative list of transformative measures, not an exhaustive one. What it addresses, however, is **the non-negotiable message from climate physics; there are no slow-track options left.** Everything going into any 'Reset' Green New Deal proposals would need to pass three important tests -

Resilience - do proposals meet the challenges today's climate emergency is already throwing at us - drought, flooding, wild storms, food security and heatwaves?

Security - do proposals repair/restore the social infrastructure needed to better manage the next health crisis nature throws our way? And

Credibility - do they (measurably) meet the climate physics obligation to cut UK carbon emissions in half within the decade?

If politics doesn't understand the pivotal importance of this final test, politics itself is going to be stuffed.

Finance

I have not touched on the financial levers needed to drive these changes, but this will be central to whether there is a coherent plan or not. The Covid crisis forced the



government to kick open the doors of conventional financing, almost on a war-time survival basis. One important lesson must be to avoid the errors of the 2008 bailout.

In 2008 the (then) Labour government was duped into rescuing the banks rather than the economy. Much of the cash creation went into the purchase of questionable corporate bonds. A decade of austerity followed. The public then propped up bank and corporate profits at the cost of their own well-being. Much of today's intervention, especially by the Bank of England, is going the same way. While the European Central Bank will now use €2.8trillion of asset purchases only for Green Bonds, so far **over £20 billion of Bank of England bond purchases have been without any climate conditionalities**. Immediate climate/carbon reduction obligations must become central to all UK financial intervention measures.

Finally, we should note that the most 'shovel ready' jobs available to a post-pandemic economy are not in construction but in the care sector. It is also where the majority of disappearing jobs will have human skill-sets that can most creatively redeployed. The task facing Britain is to use inspiration rather than desperation to drive the transformation.

Real change can still be driven from the Parliamentary benches. The key to avoiding a much bigger societal breakdown is to have a visionary alternative on offer.

Between them, Covid-19 and climate crises have trashed conventional economic modelling and presumptions. There will be no return to deregulated free-trade, free-wheeling globalisation and illusory growth. All are dead in the water ... or we are.

Today's 'Reset' challenge is to build a different, more enduring peace, not to restore a broken past. This is the distinction that will make the *Green New Deal* sink or swim.

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