The Green Economy – Making it Work, Woking LA21 26.09.12

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1. Introduction

Since my parents moved the family to the East End of London when I was 15, I've been a city boy. But I've recently been down on two farms which epitomized the environmental and economic emergency and opportunity that we face as a country – and indeed which faces the wider world.

- The first farm was a large mixed arable and livestock one in Norfolk. They have been doing well. But the terrible weather this year – which we expect to become more of a norm with climate change – is forcing them to consider abandoning growing some crops as too economically risky, if extreme weather will increasingly wipe out their harvest. *You can already see how climate change will affect our food supply, our economies.*
- Then last week I was down on a farm in Wiltshire. Here they grow… *energy*. It was, in fact, a wind and solar energy farm! With 5 middle-sized wind turbines producing enough for 2.500 homes and, even more recently installed, 30 acres of solar panels. *And the incredible thing about this, is that it's the UK's first entirely cooperatively owned wind farm, where local people among others have a stake in the benefits – rather than it being owned by an anonymous energy corporate.*

We are in the UK stuck in an economic downturn and an emerging environmental crisis. I believe a green economy provides the best way, indeed, the only way to overcome each. And that's what I will talk about tonight.

[THANKS TO WOKING/LA21/ TONIGHT]

But first….thank you to the Woking LA21 group for inviting me to speak tonight. It's good to be on a platform with WDM too – of which I am a longstanding member.

And congratulations to you in the LA21 group for all you have achieved over the years in encouraging and working with your local authority so that it takes such a relatively advanced position on cutting carbon.

- *I believe Woking is the first to adopt a comprehensive Climate Change Strategy on a scale that is likely to meet targets of 60% reductions of CO2 equivalent emissions by 2050*

Friends of the Earth is a charity that exists to promote sustainable development. Our vision is of a new and positive relationship between people and the environment. We've brought about huge changes in the UK over the last 40 years – including the world's first climate change act. We've got a network of 200 local groups who are key to our impact.

- The existence of persistent and dedicated local groups like yours, with influence on local authorities and local MPs, which makes me positive that the UK as a whole *can* take the necessary steps to increase our environmental, and thus economic, sustainability.

So, to the green economy. Tonight, I'd like to talk to you about:

- What we at Friends of the Earth mean by green economy, and why we think it is important
- The economic and economic context we are in – and where Rio Plus 20 left us
- Our assessment of the government's performance so far in supporting the green economy
- And, most importantly, what *you* can do to help drive the action we need locally and nationally

2. What is the green economy, and why is it important?

When we at Friends of the Earth talk about the green economy we mean an economy that respects nature's limits. An economy that recognizes that it operates within the environment and which has as a core organizing principle, protecting and even restoring, the environment on which we all ultimately depend.

For clarity, Friends of the Earth has huge concerns about the way that some corporates and governments are trying to commodify nature – to put a definitive monetary value on things that have multiple and ultimately immeasurable value – intrinsic, cultural, social – as well as being economically useful. We can say more about that in questions.

For us, the green economy is not just a theory or dream. It's an emerging reality. I see evidence all around me:

- From solar panels on the roof of my kid's school – and Woking station!
- the new electric car charging points that Ecotricity is installing at motorway service stations
- the huge expansion of cycling in London and other cities
- new firms springing up, like DfX technology in David Cameron's constituency which I visited a few months ago, where they are developing and exporting ultra-efficient LED lighting and rapidly expanding their workforce.
- The wind and solar farm I visited last week.

But our view is not just that a green economy is emerging and critical to protect the environment, but that it's the only durable way out of our economic morass too.

So let me explore the environmental and economic crisis, and their interactions, a bit more:

3. **The environmental and economic context – and where Rio leaves us**

<u>3.1 Environmental context:</u> First, on the environment context: We stand on the brink of an unprecedented environmental crisis – a looming planetary emergency.

- Of nine <u>'planetary boundaries'</u> that academics have attempted to measure, we're already way over the mark in three of them – greenhouse gas emissions; excess nitrogen production; and global biodiversity loss. In others, we're pushing the limits too.
    - The International Energy Agency say we only have a few years, maybe five, to peak and decline greenhouse gas emissions if we want a fighting chance of avoiding the worse impacts of climate change.

- A foretaste of what that could look like is already with us. If you think back just over the last few years we have had:
    - unprecedented floods in Pakistan, Australia, Phillipines and Thailand;
    - fires in Russia
    - the US was breaking its temperature records almost weekly through the spring and summer, and the failure of their grain crops as a result has pushed food prices up.
    - The UK went from drought to flood in the UK, in one of the driest springs then wettest summers ever.
    - And we've all been watching with horror as the white artic turned predominantly blue this year the summer arctic ice melt has smashed all records – exceeding the scientists worse case scenarios.

So, unless we are prepared to simply accept a slide into chaos for ourselves and our children, we know that we need to change tack fast. Indeed we need urgent action at scale. Above all we need to get our energy systems off fossil fuels - as the way we produce our electricity, and power our transport, is the biggest single contributor to the UK's greenhouse gases emissions as it is to emissions globally.

This will require considerable investment over the next couple of decades – but the short and long term benefits will be huge. Most importantly the research shows it will be much cheaper than paying for the costs of runaway climate change.

That brings me to economic context.

<u>3.2 The economy:</u> Here we have another crisis. We're now in the second quarter of our second recession in 4 years. In fact the downturn is the worst since the Great Depression.

- There is high unemployment and widespread economic insecurity
- Businesses are not investing; consumers are not buying.

Not surprisingly ordinary people are focused on short term survival. Some politicians argue that we should postpone environmental action until the economy recovers. I believe this is profoundly misguided and damaging to the economy itself, not just the environment. Let me focus on one issue, as an illustration: the consequences of our current fossil-fuel dependent electricity production.

- Currently, the UK's electricity production is predominantly reliant on gas, and largely imported. But international gas prices doubled in the last decade, leading to rocketing home fuel bills.
- One consequence is rising fuel poverty in the UK – people having to choose between heating their homes properly or eating. The combination of recession and rocketing fossil fuel prices, has tripped more than 5 million households into fuel poverty.
    - Even here in Woking, the percentage of households in fuel poverty rose from around 6% in 2006 to over 9% by 2010. It's probably worse now.
- This has huge consequences in terms of human misery, public health, kids' ability to learn etc.

So, getting our energy generation off fossil fuels and insulating our housing stock would rapidly bring this terrible toll down, as well as cut carbon emissions. But it wouldn't just be good for fuel poverty – which would be a huge social and economic win in its own right. It would have extraordinary economy-wide benefits. For example:

- Jobs: getting off fossil fuels has the potential to create millions of jobs in industries that shift us towards a low-carbon, low-resource use economy, saving billions of pounds in the process:
- Financial savings: meeting our 2020 renewables and energy efficiency targets would lead to reductions in oil, coal and gas imports resulting in a staggering £12 billion of savings per year!
- Energy security: a switch from an energy system that has become increasingly reliant on imported gas, and oil, much of it from unstable states, to one reliant on UK based renewable energy.
- Income distribution: Indeed for the UK, the green economy is a particularly exciting opportunity. We already have a small but growing green sector, one of the most extraordinary features of which is the extent that benefits are shared, in great contrast to our current finance-driven, highly unequal economy.

Economic growth

Critically right now, the green economy is already proving very good for growth. The UK desperately needs to reboot its economic activity. But conventional growth that only uses resources, including contributing to more greenhouse gases, is not durable. But the good news is that the green economy represents 8% of the UK's GDP, and is one of the few sectors of the economy that has continued to grow in real terms in trying economic times. Some examples:

- The <u>renewables industry</u> in the UK alone already supports 110,000 jobs across the supply chain, and could support 400,000 by 2020.
- The <u>solar industry</u> now employs 29,000 people in the UK, and most of these jobs were create in the last two years.
- The UK is a world leader in developing <u>marine energy technology</u> – wave and tidal – and in deploying offshore wind power. Marine technology poles are developing at several poles around our coast, while the Carbon Trust estimates that wind and wave power alone will provide 250,000 new jobs by the middle of the century.
- <u>Community energy</u> production could rapidly spread, giving communities control and profits and breaking the stranglehold of the Big Six corporate power companies. This is already happening in Germany where 50% of its huge renewable production is individually or community owned.
- In the <u>housing sector</u>: insulating all homes in the UK to a decent standard could create 200,000 jobs
- In the <u>transport sector</u>, more walking, cycling and public transport would reduce air pollution and increase health in every town.

[Recognition from all quarters]

And recognition of this is not just coming from greenies like us:

- [CBI] The Federation of Small Businesses, the Confederation of British Industry and others are enthusiastic proponents of action on the green economy at the national and local level when so many of the solutions make good business sense.
  - As John Cridland, the Director-General of the CBI said recently, "*some people are fearful that 'going green' might further dent the economic recovery. For me, this is a false debate … there is a hard-nosed economic argument that moving to a low-carbon economy can drive significant business investment and create many new jobs".*

- [Public] And on top of this increasing support from the business community, we have numerous opinion polls showing that the public as a whole is overwhelmingly in favour of clean homegrown sources of energy from the wind, sun and water:
    - a recent poll by the Government itself showed that almost three quarters of people are concerned about the UK becoming too dependent on energy from other countries, and are worried that the UK isn't investing fast enough in alternative sources of energy.

Our challenge is to harness this widespread support and to ensure we have policies in place that unleash the vast potential of the green economy. Of course local leadership will be key to progress. But national government has a huge responsibility too, to set clear direction and create a conducive environment for investment.

<u>3.3 Rio:</u> As we heard from Sarah, Rio plus 20 didn't take the international community very far – in fact it was pathetic in the light of the real urgency of action. But what it does illustrate is how important it is that individual nation states and economic blocks move in the right direction – with or without wider international agreement – so that we get change on the ground anyway, and so that smart investors start switching their money into the greener countries, companies and technologies. That is why its' so important internationally that we get an old, rich, populous, industrial country like the UK demonstrating that it is possible to go low carbon rapidly.

So, let me turn to our assessment of the government's performance and what we need them to do next.

4. The government's green economic performance

As many of you will be aware, the Coalition Government started off reasonably well, with David Cameron declaring that he wanted to lead the *greenest government ever*. And he reaffirmed his commitment to the Climate Change Act (which was introduced after campaigning led by Friends of the Earth).

However, the government soon began to emit highly conflicting signals on the climate and wider environment agenda. For example:

- Announcing a sudden cut to the Feed-in Tariffs or subsidies for solar energy, to take effect before even the so-called consultation was complete. [We took them to court on that, and won – three times, thus saving many jobs and the nascent solar industry]
- Last October Chancellor George Osborne proudly told the Conservative party conference that he would make sure the UK *didn't go any further or faster than the rest of Europe in cutting carbon emissions*
- A month later he said that regulations to protect our precious natural habitats were a *"ridiculous" burden on business*?
- Then in the March budget he doled out *massive tax breaks* to the oil and gas industry
- More recently tried to *cut subsidies* for onshore wind by 25%
- Then there was the cabinet reshuffle, which moved environmentally switched ministers out or to departments where they would have less influence – like Justine Greening, moved from Transport where she was opposing a new runway at Heathrow, to International Development; or Owen Patterson (previously a climate sceptic, moved to DEFRA).

It's clear that the government is now very conflicted over what priority to give the environment and how far and fast to go in cutting carbon. The person leading the backsliding is none other than the Chancellor George Osborne. All this has severely shaken investor confidence.

- As an alliance of business including Unilever, Shell and Tesco wrote to the Chancellor earlier this year, *"Certainty on Government intentions combined with the right policy framework is vital to allow business and industry to make low-carbon investment decisions with confidence … [and] we look to you and your government to keep your promises".*

The government is conflicted – just as the UK is approaching some crucial decisions in the next months which are opportunities to accelerate the green economy or block it. These will affect Woking and communities up and down the country. Public opinion and pressure will be crucial.

So, what are these decisions, what do we need the government to do, and how can you add your voice?

5. What we need from central government and what you can do

1. *First: Energy Bill* The most critical thing right now is getting the new Energy Bill right as it's a once in a generation chance to decarbonize our electricity production. However, the draft bill currently lacks a clear decarbonisation target or anything serious about reducing demand, so will not do nearly enough for renewable energy or energy efficiency. It has been massively influenced by the big six energy companies and old-thinking officials and has been widely panned.

- However, we have launched a campaign called Clean British Energy, giving individuals, communities and companies the chance to lobby with us for a much better bill. Dragon's Den star, Deborah Meadon, is an ambassador for the campaign. And the campaign's urgent objectives are:
  - to achieve a clear target on the face of the bill to decarbonize the UK power sector by 2030.
  - To include a serious commitment to energy efficiency and demand reduction
- George Osborne has declared himself against this and clearly wants the new bill to bring about a new gas-based electricity system, with some new nuclear thrown in. But the fight back has begun and is going well.
- The Committee on Climate Change has declared that this would be incompatible with achieving the UK's legally binding climate targets
- The Enviromental Audit Committee of parliament has slammed the draft
- The CBI is asking for much clearer signals
- Last week Ed Miliband, the leader of the Opposition, announced Labour's backing for a decarbonisation target.
- And Ed Davey, the Lib Dem Secretary of State for climate and energy – who has been fence-sitting on the issue – has now come out and said he thinks there should be a target.
- Moreover, the Lib Dems conference just passed a resolution making it Lib Dem policy to decarbonize our power sector by 2030 – so Ed Davey must now fight for that in cabinet or face the ire of his party (and a few other people beside).

We've been working very hard behind the scenes to make this progress, but we know that we have to keep pushing and that the biggest battle – to get Osborne to drop his opposition, or the PM to over-ride him – has still to come.

So, please, if you do just one thing as a result of this meeting tonight, sign the postcard to put pressure on Cameron. Even better, go on line and get regular news of the campaign, and what you can do to help over the critical autumn period when these decisions will be made.

2. *Investment Flow/GIB:* Another area we need to get the govermnet to move on is to get more investment flowing into local economies like Woking, for renewable energy and energy efficiency measures. The Green Investment Bank (which we campaigned for) needs to be able to borrow on the financial markets now. This requires overturning the block which the chancellor put on the bank borrowing until at least 2015. But pressure is mounting here too. We'll be campaigning for this.

3. *Nature/Bee Cause:* Lastly, despite the urgency of the climate/low carbon agenda, we need to remember that sustainability is not just about climate. Decline in the natural environment also affects our economies, as well as losing intrinsic value, so we need to protect nature too, in our towns and countryside. A major symbol of this link is the bee. And with growing recognition that bees, as key pollinators of our food and vegetables, are in decline, it's important that the government moves to comprehensively address this. In the Spring we launched the Bee Cause campaign to try to achieve this. The Welsh Assembly government has already committed to a pollinator plan; and the Westminster parliamentary committee has opened an enquiry into why the government is ignoring the evidence that pesticides are causing bee decline. So pressure is mounting here too. Again, you can find out more about this on line.

6. Conclusion: Time for a green economy

So, to conclude: a green economy, one that respects nature's limits, is the best way to fix the twin environmental and economic crises we all face today.

The benefits of the green economy will be huge and many – not just in cutting carbon and protecting nature, but in lowering energy costs as we get off the fossil fuel hook, providing jobs, reducing fuel poverty and increasing public wellbeing.

We have key opportunities to go fast forward in the next year at local and national level – particularly getting the Energy Bill right. The choice is ours, nationally, locally, individually.