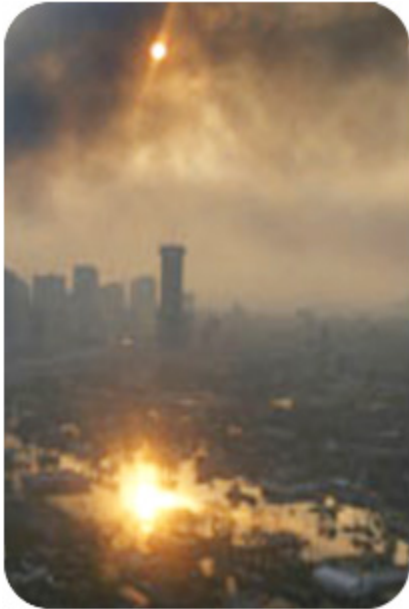


ANOTHER INCONVENIENT TRUTH



As Al Gore's film on climate change begins to fill cinema seats all round the country, the Labour Party is confronted with an inconvenient truth of its own. This does not revolve around Tony Blair, whose premiership is already dead in the water. His civil servants know it and foreign leaders know it. Even his friends know it, which is why they have started to jump ship. In reality it is the end of New Labour as much as of the man who came to represent it.

At best New Labour was only ever a marketing device. At worst, it disintegrated into a moral confusion that lied its way into an illegal war and unwinnable occupation, threw public services into the pockets of private predators, and ended in a 'cash for contracts/honours' fiasco all too reminiscent of the Tories.

What passed for New Labour's philosophy was the Third Way. But the Third Way was a philosophy for those who had lost their way. Throughout history it has emerged only at times when governments lost the courage to manage the economy and decided to micro manage the lives of their people instead. Its demise should be a cause of great celebration. So why is the Party mood so downbeat?

The inconvenient truth for Labour is that post Blair, none of the candidates likely to get into the ring of a leadership election are worth voting for. Nowhere is the paucity more obvious than on the climate change agenda. See Al Gore's film. Judge for yourself how far Labour's hopefuls are adrift from the seriousness of the issues facing us.

It is easy to put the blame on Blair and Brown for the shallowness and inconsistency of Labour's climate change policies. Between them they controlled both the policy and the purse strings. But where were the other ministers willing to make a stand for something bolder? You could, of course, say the same for any number of issues from the war to privatisation to cuts. But it is on climate change that we have seen the greatest lack of coherence and clarity. On issue after issue, after the fanfare of launch publicity was over, up stepped the Treasury veto, the PM's obstructions, or the imposition of bureaucratic rules so complex you lost the will to live.

As a government, we pledged to end fuel poverty in housing (massively cutting carbon emissions in the process), but have refused to allow council's to borrow the money to do so unless they sold off their council tenants in the process. We introduced licensing requirements for some of the worst housing in multiple occupation, but refuse to set today's energy efficiency standards as a condition of licensing.

We extol the virtues of public transport, but allow freight (and mail) to be transferred from rail to road. Cities are encouraged to bid for new transport systems. But their grandchildren die before the Treasury gives borrowing approval.

Instead, the Treasury takes its foot off the brake of the Fuel Price Escalator, and then gives the go ahead

to airport expansion, but not to aviation fuel taxation. It was a license to pollute concealed behind a thin veneer of environmental concern. So, while the tabloids went off chasing the distractions of John Prescott, the real problems of Britain's nocturnal emissions went virtually unreported and unchallenged. Every time there was a choice between short term demands of the market and long term needs of the environment, the market won. It wasn't even good economics because short term markets destroy long term prosperity.

British Energy companies whinge about closed European energy markets while UK consumers have faced 70% increases in gas charges and 50% in electricity. But in Europe they went in for long term contracts whilst we went for short term price competition.

The contrasting outcomes are stark. Denmark and the Netherlands have invested in decentralised energy systems. Sweden heads towards a non-fossil fuel, non-nuclear economy. Germany has changed its market rules to force companies to pay four times more for energy you generate than for the energy they supply to you. But in Britain we still have no long term sustainable/renewable energy plan and no radical transformation of energy markets.

Worst of all are the things that New Labour heralded as Britain's big ideas. The Climate Change Levy was 'sweetened' by concessions on Employers National Insurance contributions. Businesses largely just swapped the tax for the concession. It ended up being activity-neutral rather than carbon-neutral.

The biggest con of all, though, is probably the folly of tradable emissions permits. If the scheme hadn't been so incomprehensible the public would have rumbled it from the start. It rests on the creation of a market in non-goods (credits) and then on the ability to trade (speculatively) on what future prices of carbon credits might be. City speculators are almost orgasmic in their support, but business assessments are more cautious.

Some have argued that a tradable credits system could work if the credits were distributed equally between citizens rather than companies. But the Treasury's market men decided to give most credits to those who pollute and none to those who don't. There's wisdom for you. No wonder that the EU concluded that the German model of altering tariffs was far more effective at bringing about radical change than any tradable credits system.

And it has. Some 80% of buildings going up in Berlin now generate their own energy. There is a 'Bundesliga' of German cities competing to top their eco-city league. Cities in Britain who want to do the same are held back by a ministerial mindset that is shallow, timid, unwilling to intervene directly. Yet these are the interventionist changes the Gore message demands. Instead, in Britain, we get leadership by the intellectually out to lunch.

Like it or not, climate change will change the whole of economics. It is already bringing crises in energy supply, water management and food security. Today's global trade agreements will be torn up as countries make their own plans to meet these challenges in a radical upheaval in the economics of survival. Forget the idea that change will be led by today's political leaders. It is more likely to be driven by flash flooding, drought disappearance of coastlines, freak storms and an insurance industry that declares that climate change damage is an uninsurable risk. Social movements will lead the demand for change in areas politicians still fear to tread.

Scientists give us 10 years in which to make these changes before the earth passes its tipping point into climate chaos. There are potential leaders in the Labour Party who understand this, and would not be afraid of the radicalism this challenge demands. But the current list of leadership hopefuls would be lucky to make the starting line in 10 years, let alone make the changes.

With this sort of vacuum, maybe we should ask Gore if he is open to offers?

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