

THE DOWNING STREET QUADRILLE



"Will you, won't you, will you, won't you, will you join the dance?"

Will you, won't you, will you, won't you, won't you join the dance?"

Gordon Brown's declaration that he is about to review New Labour's policies sent a flutter of excitement through the parliamentary press lobby. Was this to be the distinctive political lead everyone has been waiting for? Is it to be the genuine break with the Blairite obsession with transferring public assets into private pockets? The answer is still that no one knows.

At one and the same time, Downing Street were keen to play up and play down the prospects for radical change. Those who have been pushing for this for years are not holding their breath. The greater likelihood is that it is more likely to be part of the death throes of an

administration that cannot bring itself to acknowledge that the game of the last 20 years is irretrievably coming to an end.

Nothing summed this up better than the government statements about fuel poverty and renewable energy. When the Secretary of State announced the setting up of the Office for Renewable Energy Deployment (ORED), the fanfare surrounding it suggested a dynamic transformation of the UK manufacturing and energy sectors. The claim was that this could generate a million new jobs in the economy. It is a long way from where we are now.

The truth is that the UK's renewable energy sector is minute. There are around 7,000 people employed in it (if you believe the Industry) or 15,000 (if you believe the government). It is fair to say that, whatever, the precise numbers, this sector of the economy is made up of heroes. They survive despite UK government policy rather than because of it. The £150 million pledged to ORED will make little difference to this. The 'success stories' within the renewables sector are by and large companies that exists in the UK, but whose markets are predominantly elsewhere.

Companies like Solarcentury and Renewable Energy Systems (RES) survive here because they are expanding their overseas divisions in Europe and the US. Sharp (in Wales) and a specialist solar pv crystal manufacturer near London have grown in the same way; principally selling their goods in more favourable markets elsewhere. Many of the smaller firms in the UK have simply been driven to the wall by a failure of the UK to deliver a viable domestic market. At times this has resembled farce more than tragedy.

The government had a potential success story on their hands when it began providing 50% grants for the installation of solar panels. The scheme became so successful that the government decided to change the rules rather than expand the budget. The problem was that applications were in danger of exhausting the budget within the first month of the year. So the government broke this down into monthly allocation packages. It simply meant that each month the budget pot was emptied within the

first hour of the first day of the month. The next response was to reduce the scale of allowances; a market philosophy directed towards reducing demand rather than expanding the sector. The strategy has been so successful that it has left Britain at the bottom of the European energy league rather than the top.

Many of those who take this issue of market transformation seriously also point out that the issue is not just about having a Labour government that will create a dynamic domestic market in the way other countries are already doing. It is also about delivering a genuine skills base that the market can work on.

When you look at the projections for a million jobs it turns out that the date by which these are to be delivered is 2030. Anyone who thinks that this amounts to anything 'dynamic' or 'radical' is living in a Lewis Carroll world where words mean only what you choose to mean. In Germany, where they have changed energy market rules to create the most dynamic renewables transformation in the world, over 250,000 new jobs have been delivered in 4 years in this sector alone.

In the UK, energy companies say they could not manage this rate of change. They are obviously struggling to keep up with the task of pocketing windfall profits that have fallen into their lap as a result of spiralling energy charges. Any suggestion that this might be taxed is greeted with howls of protest that to do so would deter the investment needed for the promotion of renewable energy in the future.

It seems strange that the same companies, in other European markets, have been delivering this investment and transformation without the inducements being offered in the UK. They have also been doing so against a background of much tighter restrictions on energy price increases. In the UK energy companies have already put up their charges by 38% in 2008 (and we aren't finished yet). In France, companies have been told that electricity price increases are to be limited to 2% this year and gas prices have a 5% ceiling imposed on them.

The difference is that the Regulator in France has the power and the duty to set price increases. Gordon Brown's Ministers have consistently refused to take the same interventionist line in the UK. This is the radical shift required now. It is to make the break with Thatcherite and Blairite assumptions that everything should be left for the market to decide for itself. Instead, we are left with the political humiliation of Ministers making appeals to Industry and Industry ignoring them.

This winter 6 million households will find themselves in fuel poverty. Gordon Brown says he will not resort to the gimmick of a windfall tax to tackle this. The longer term solution is better quality housing and a renewable (affordable) energy framework. He is right, but Labour's current policies will deliver neither. Of course it will cost money, but so too does poverty and ill health. Gordon could start by taking the £9 billion of carbon credits he has given out (for free) to major polluters, principally within the energy sector. Tell the sector to pay for the credits and you have the cash to tackle fuel poverty. This is the radical shift in favour of both equality and sustainability. The question is whether Gordon himself has the courage to make the change. Many suspect he has not.

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