Green New Deal Francis Stuart

Tackling climate change requires nothing short of a complete and fundamental restructuring of our economy. Over the next ten years we need to change to how we produce our energy, construct our buildings, transport our people, manufacture our products, grow our food, and process our waste.

There may be a lack of green jobs, but there is no shortage of work to be done. However, 40 years of privatisation, outsourcing, short-term investment and austerity have weakened the power of workers and undermined the capacity of the state to respond.

The deindustrialisation of large parts of Scotland in the 1980s has caused gaping wounds which many parts of Scotland have still to heal from. And let’s be clear, this isn’t just a story of the 1980s. Over the last 25 years, Scotland’s manufacturing workforce has dropped from 346,000 to 179,000 today.

Rebuilding our manufacturing sector and localising supply chains, through an industrial strategy, public sector investment and new models of ownership, is absolutely crucial to a green recovery. A Green New Deal could help tackle climate change while tackling inequality and rebuilding our industrial base. But let’s be honest, Scotland’s track record on renewables – while impressive in terms of deployment – has led to real scepticism in parts of the trade union movement about the benefits of climate action filtering down to working class communities.

A decade ago, the then First Minister, Alex Salmond, spoke about Scotland becoming ‘the Saudi Arabia of renewables’. In 2010, the Scottish Government’s Low Carbon Strategy predicted there would be 130,000 low-carbon and renewable energy jobs by 2020 – with 28,000 direct jobs in offshore wind alone.

The latest figures show there are only 23,000 direct jobs in the entire low-carbon and renewable energy economy. And what is worse – these figures have fallen since 2014, despite massive deployment of renewables. Chart 1

Source: Authors analysis of ONS statistics

These promises of green jobs are being broken because Scotland’s low-carbon and renewable energy economy is dominated by private and overseas interests. Our low-carbon economy suffers from a huge trade deficit - importing more goods and services than we export. Apart from one single demonstration turbine off the coast of Leven, all of Scotland’s offshore wind is controlled by private corporations or overseas governments: 45% is controlled by overseas private companies, 29% by overseas Governments and 25% by UK based multinationals. These multinational companies have limited interest in providing good quality jobs in Scotland’s supply chain. See Chart 2

To take one example, SSE and Total’s £5.7 billion offshore windfarm, Seagreen, off the coast of Angus, has been found to be paying migrant workers less than the minimum wage to undertake survey work. Rather than award the contract to manufacture the 114 jackets – the huge steel structures the turbines sit on – to local yards in Fife and Arnish, SSE and Total have offshored the work to China and the United Arab Emirates, transporting steel foundations half-way round the world on diesel-burning barges.

**Chart 2 Is it Scotland’s Offshore Wind?**

Source: Author’s analysis based on Transition Economics data

It is real life events like this, that make many of Scotland’s energy workers and unions suspicious when business and government talk of a ‘Just Transition’, at the same time as they engage in a race to the bottom on terms and conditions and fail to intervene to create real jobs.

Put simply, if trade unions are to be more green, we need green policy to be more red.

As well as cynicism there are constitutional challenges to a Green New Deal. For Scotland to decarbonise, we need investment in the hundreds of billions of pounds. The STUC estimates that it would take £13 billion of investment, to create 140,000 green jobs through a green economic stimulus. Beyond an immediate stimulus package, decarbonisation requires hundreds of billions of pounds of investment. That’s unlikely to come under a Tory Government and so greater borrowing and tax powers for the Scottish Parliament are required.

However, public investment, in and of itself, isn’t enough. The story of Scotland’s wind sector highlights that too often we’ve seen an approach to climate action based on throwing public money at the private sector. Multinationals then hoover up the profits, offshore the jobs (and the tax revenues), and leave little social or environmental benefit to workers and communities. The fact that more than a quarter of Scotland’s offshore wind is owned by the public sector highlights that there is no practical barrier to public ownership. The only problem is, it is the Chinese, Danish and French public sector, not the Scottish or UK public sector.

So what devolution of powers might be needed in the key areas of energy, transport and buildings to enable more public ownership and local economic benefit?

**Energy**

While energy is largely reserved, the Scottish Parliament has powers over planning consents as well as rights to the seabed through Crown Estate Scotland. It is therefore in the Scottish Government’s gift to ensure that consents for new offshore windfarms are conditional on providing genuine social and economic benefit. That they have not yet done so is the fault of the Scottish Government.

It is also in the gift of the Scottish Government to establish a publicly owned energy company. Until recently this was Scottish Government policy. While initial proposals focussed on buying from existing suppliers, a publicly owned energy company that invested in generating renewable energy could have helped democratise Scotland’s renewables industry. That a publicly owned energy company appears to have been ditched by the Scottish Government is therefore deeply disappointing.

At a UK level, subsidies for renewables are mainly delivered by the UK Government through its ‘Contract for Difference’ (CfD) mechanism. This is intended to incentivise low-carbon technology but as contracts are awarded solely based on price, companies are incentivised to bid at the lowest possible price. This effectively drives cost savings down the supply chain and leads to work being offshored.

While CfD could, in theory, be devolved, the funding for CfD comes from a levy on household fuel bills. Given the UK has ten times as many dwellings as Scotland, there is a need for some form of continued cooperation between the UK and Scottish Government to ensure that Scotland’s renewables resource (which is necessary for the UK to meet renewable energy targets) benefits from the broader UK financial resource. The SNP’s White Paper on Independence supported the continuation of a UK-wide energy market for this very reason.

**Buildings**

Almost a quarter of Scotland’s emissions are associated with our buildings. To create good quality, unionised jobs and ensure that profits aren’t hoovered up by the rich, we need a street-by-street retrofitting programme to insulate and climate proof our homes. While this requires national funding, it is best delivered by local authorities, using direct labour, with national sectoral bargaining to improve terms and conditions.

This doesn’t require further devolution to Scotland, but it does require political will and public investment.

**Transport**

The Scottish Government’s commitment to nationalise Scotland's railways next year is warmly welcome. But it must come with investment, rather than cuts to the service.

Bus fares have soared, and passenger numbers have slumped since Scotland's buses were deregulated by Margaret Thatcher more than 30 years ago. The current system allows private bus companies to cut routes and raise fares, with no regard for the communities that rely on them.

The alternative, illustrated by the success of Lothian Buses, is to take back control of our buses’ networks, re-regulate services and set up municipal bus companies. Again, this doesn’t require further devolution to Scotland, but it does require public investment and political willingness at both local and national level to move beyond ‘Bus Partnerships’ with private operators.

Beyond sector-specific policies, the devolution of employment law and further devolution of social security could help workers to transition between high-carbon and low-carbon sectors without losing out.

Rather than lining the pockets of the rich, a transformative Green New Deal could benefit the majority of working people. But it requires significant public investment, far greater levels of public ownership and clear answers to longstanding constitutional questions.