



# Giving Labour the edge on climate policy

Hugh Compston

**The politics of climate change is not entirely untouched by the left-right dimension. Strengthening state capacity in fields such as energy is a distinctively left strategy that we will need if we are to implement vital climate policies**

It is often thought that climate change is not really a left-right issue and that David Cameron's commitment to taking up the cause demonstrates that the main parties are pretty much the same when it comes to climate policy, but in fact there is at least one respect in which Labour has the edge, at least potentially. Consider the following.

First, the politics of climate change are going to be largely run by weather-related natural disasters. If climate change is under way, extreme weather events such as heatwaves, droughts, storms and floods are going to become more frequent and more intense. To the extent that they are linked by the media with climate change, and they will be, they will arouse public concern and thereby open up windows of opportunity for governments to put through more radical climate policies.

Second, government strategy on climate change has generally been aimed at obtaining agreement on climate policy – the consensus approach. This minimises opposition, but at the cost of watering down proposals for more radical action. One way of overcoming this problem without resorting to confrontation is by changing the balance of power between the government and other stakeholders in relation to climate policy. In particular, what a Labour government could do that would be harder for a Conservative government to do would be to make the state less dependent on the private sector for implementing climate policies.

Carbon capture and storage (CCS) is a case in point. The technology is just about there, and once its effectiveness has been demonstrated the next step will be mass implementation. To do this, however, governments need the cooperation of energy companies to deliver, that is, to build and operate power stations equipped with CCS. Yet the caveat here, and this is an important

consideration, is that if for some reason the energy companies don't want to do this, it simply won't happen.

Of course it may well be the case that negotiations between governments and energy companies in relation to CCS are moving ahead, with energy companies raring to go.

On the other hand they may be quite worried. This is because, on a level playing field, electricity produced by power stations equipped with CCS will necessarily be significantly more expensive than electricity produced by stations that operate without it. This creates a scenario where the firms that come on board become totally dependent on governments to ensure that the carbon price is high enough to render electricity from CCS-equipped power stations competitive with that produced by power stations that do not have CCS fitted.

But can they depend on this? The record so far is not very encouraging, as carbon prices as indicated by the prices of EU Emissions Trading Scheme allowances have fluctuated a great deal. So these companies may wish for perfectly good business reasons to extract very large amounts of money from governments, plus ironclad guarantees, before they will move to invest the money needed to roll out CCS on a large scale.

The problem here is that governments may resist making such big commitments, leading to a standoff with energy companies and a standstill on CCS.

It is worth pointing out at this point that governments weren't always dependent on private firms to implement policies such as this: before privatisation of the energy industry the state ran the electricity system, so that if the government wanted something done it could simply give orders. Not so now. Privatisation has been very successful in many ways, but the government has traded control to get these advantages. In many areas this is not important, but where action is needed, such as here, it is a problem.

This does not mean that we need a wholesale renationalization of the energy sector. I simply want to make the point that if the state had the capacity to build at least some power stations itself, it would be in a much stronger position to make CCS happen. It would also give energy companies greater confidence that the government won't leave them high and dry, since the state too would lose money if the carbon price was not high enough.

Governments could obtain the capacity to build and operate their own power stations by setting up an agency to do the job or by buying or nationalising one or more power companies.

None of these courses of action might seem very likely at the moment, but think back to the first point. During and shortly after extreme weather-related natural disasters political reality will be different, just as it was during the height of the financial crisis: policies that were not viable will become viable – or even necessary. This means that there will be opportunities to take radical action such as this.

Admittedly it may not be possible to do this here and now in relation to CCS, but that is not the point: CCS is just an example. In years to come this problem of dependence on private companies

will repeat itself in relation to technologies such as advanced marine energy, deep geothermal and nuclear fusion. The same logic applies to all of these: governments that have at least some control of the means of implementing vital climate policies, in this case the capacity to build and operate power stations themselves, will have a much better chance of getting things done.

Finally, it hardly needs pointing out that strengthening state capacity is a left issue, not a right issue, which means that Labour is realistically the only party that could take action to do this. We are serious about climate change, we say: the conservatives talk the talk, but don't walk the walk.

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