

Ed Miliband MP's speech to Green Alliance

28 March 2023

Can I start by saying what a pleasure it is to be here and to thank Green Alliance for your brilliant advocacy on energy and climate.

In particular, Shaun, I want to thank you for your leadership in bringing together businesses, green organisations, trade unions and others to make the case for climate action, including for the huge jobs dividend that can come from climate leadership.

It's that latter theme I want to talk about today.

My argument is this:

First, we are at a decisive moment when it comes to the global race for the green jobs of the future.

Second, net zero is a massive economic opportunity for Britain but we are losing the global race.

Third, those who say we can't be winners in that global race are wrong. We should match the ambition of President Biden's Inflation Reduction Act and stop moaning about it.

Finally, I want to set out how the next Labour Government will work with businesses, communities and workers to win for Britain.

The decisive moment

So first, we talk a lot about this being a decisive decade when it comes to the climate crisis - and we are right to do so.

We are at grave risk of breaking through 1.5 degrees of global warming within the next 10 years. This might sound like an abstract number, but the decisions we take now will dictate how high global temperatures rise, and shape the outlook for generations to come.

But this is not just a decisive decade for climate. Alongside it, we now face a decisive few years for the jobs that can come from climate action and the new industries of the green economy.

This is the economic opportunity of the 21st century.

It is the opportunity not just to transform our energy system, or our transport or housing, but to transform the economy itself, creating hundreds of thousands if not millions of jobs.

And we know there is such an unmet demand for decent work, at good wages, stretching back over decades.

This is our chance, but it can easily slip from our grasp.

And we are at a moment of jeopardy.

The impact of the Inflation Reduction Act

The global race for these jobs has now entered its critical phase.

And as everyone knows, that is because of the passage of the Inflation Reduction Act in the United States in August of last year.

Talk to any business and they will tell you the same thing: this is a game-changing event in investment decisions.

In everything from electric car manufacture to hydrogen to batteries and heat pumps.

So the winners of this global race will be decided not in the next decade but in this one, but in the coming few years.

We know that with these new industries, the country that hits their stride first in the race will so often be the winner.

We saw it for example with wind turbine manufacture in Denmark.

We have seen it with solar in China.

The UK response and record

That is why the passage of the Inflation Reduction Act has obsessed governments.

With the EU's announcement last week we see the signs of a large-scale European response.

What about Britain?

What we have seen from the UK government is the actions of a group of people caught in the headlights.

Kemi Badenoch dismisses the Inflation Reduction Act as “protectionist”.

Grant Shapps calls it “dangerous”.

The Chancellor echoes the sentiment.

As the US and Europe speed off into the distance, we are spending our time back in the changing room arguing about the rules.

Sore loser syndrome won't win any jobs for Britain.

Of course, there are British success stories of which we should be proud like the Beatrice offshore wind farm off the coast of north east Scotland that I visited with Keir Starmer and Anas Sarwar on Friday. Being on the boat to that wind farm and seeing those turbines, you were seeing the future.

Talking to the workers, so proud of their role, many of whom had worked in oil and gas you could see what the green economy can deliver.

Powering the country and providing great jobs for people to do.

So we do have successes to point to, but there is too much evidence that we were already behind in the global race even before the Inflation Reduction Act kicked in.

There are already 23 clean steel demonstration plants across Europe but none in the UK.

Forty gigafactories across Europe now expected to be open and producing batteries by 2030, but only one is currently certain here.

Other countries have begun massive subsidies for green hydrogen - but the Government's long-delayed Energy Bill won't even deliver a mechanism here until 2025.

And even in areas where we have been strong in generation, like offshore wind, the scale of jobs that should have come with that capacity never arrived.

Denmark shows us what is possible: it has less than a tenth of the UK's population but many more jobs in its wind sector.

They're building their own wind turbines and often ours too.

Indeed, in some areas critical to the transition ahead, Britain has been losing jobs in the last few years, including thousands lost in solar and onshore wind.

I believe the root of the problem is the failure to understand what a modern industrial policy looks like.

What is the Inflation Reduction Act?

That takes me to what we need to learn from the Inflation Reduction Act.

Contrary to the lazy thinking in government about the Inflation Reduction Act, the heart of it is precisely about a modern green industrial policy at work. An active state deploying public investment to crowd in and catalyse private investment.

As Martin Sandbu from the *Financial Times* has put it: “Climate change is the biggest market failure the world has ever known...”

And indeed a lot of what the Inflation Reduction Act is doing is addressing crucial issues that the private sector would not address on its own, providing ‘carrots rather than sticks’ to bring about investment in clean energy generation like solar and wind.

We know all about this because we did it in the UK before the Inflation Reduction Act was a twinkle in Joe Biden’s eye.

It was the Renewables Obligation introduced by the last Labour government that kicked started onshore and offshore wind.

It was the Feed-in Tariff introduced by the last Labour government which turbo-charged solar.

Bringing in these policies was hard, and I remember lots of people said wind power and solar power could never be an answer for Britain.

But we would not have seen the astonishing 89 per cent fall in the cost of solar over a decade and 60 per cent in wind power if governments like ours had not acted.

The Inflation Reduction Act also recognises that the Government has an essential role in providing the infrastructure which can enable countries to compete for the green economy of the future, benefits which will not be captured by one company alone.

It’s about ports capable of carrying massive wind turbines.

It is about investing in a grid infrastructure fit for a completely different energy world.

It is about investing in the long-term energy storage our modern grid will rely on.

Of course, it is also correct that the Inflation Reduction Act does represent a departure from the past because it's a big investment in onshoring manufacturing.

A rejection of the dominant economic model of the last four decades in which advanced economies were generally unconcerned about where manufacturing happened.

I believe that of course, we must remain an open economy, welcoming foreign investment and goods.

Not everything in the green economy could or should be produced domestically in the UK.

But we are not neutral about where things are built.

Joe Biden wants the future Made in America.

We want the future Made in Britain.

I make no apologies for that.

Domestic manufacturing matters on grounds of resilience - as Russia's appalling invasion of Ukraine has reminded us.

It matters on economic and political grounds - the displacement of economically valuable production has sucked wealth and productivity out of our economies and too many communities have seen good jobs replaced with insecurity and low wages.

And it matters on ethical grounds - as manufacturing with high labour standards at home has too often been replaced with supply chains which don't reflect those standards.

The Inflation Reduction Act is also rooted in a vision of well-paid, highly skilled jobs, with strong unions and training, and it explicitly supports that.

I believe the thinking behind the Inflation Reduction Act is right: we should care about domestic manufacturing and services and we should work with our allies to build resilient supply chains.

Of course we can engage on specific parts of the Inflation Reduction Act that cause concern, like the grant for EVs, but it is much more something we should learn from than oppose.

Now some will say the danger is that we will end up with an infinite and unproductive bidding war of subsidies. I understand this concern but I believe it is overblown.

First, it is based on the assumption that we will end up in a competition for a strictly limited amount of private investment. But this underestimates the scale of the potential market. Global investment of \$5 trillion a year is required in zero carbon from 2030 to 2050 according to the International Energy Agency. Many businesses want to invest in these areas and many countries can be leaders.

Second, the new dynamics of renewable power are that unlike centralised and easily transportable fossil fuels, it will often be diffuse, local, produced close to where it is consumed.

Thirdly, the concern underestimates the collective benefits of each country acting. If the US takes a lead in the development of green hydrogen for example, and drives down its costs, it will benefit all, including the UK, and make the green transition more affordable. We should welcome US action and indeed subsidy to drive down those costs.

Of course, countries like ours need to be alive to the dangers here but the answer is to be judicious in the investments we make. We should not seek to compete in every area of green technology but focus on our strengths.

And we can and should also seek to get a return for government from investment that we make—so that we invest and don't simply subsidise.

Time to believe in Britain

Now some people will say this is all very well, and the Inflation Reduction Act can be defended in principle, but we in Britain cannot compete with it.

How, they say, can we compete with the United States with its population five times ours and its huge financial firepower?

Throw in the EU and China and they say we need to get real.

But such defeatism is not just pessimistic but plain wrong.

It deeply underestimates our unique potential as a country.

The UK's potential

In the world which is coming, wind power will be what coal was for previous generations.

Our island status and the North and Celtic Seas give us a unique position therefore.

The vast shallow waters of the North Sea make larger, cheaper, fixed offshore wind possible across hundreds of square miles of water, some of which can also be sold on to power much of northern Europe.

This abundant renewable power, which our geography supports can be funnelled through electrolyzers to make green hydrogen, the essential clean fuel to balance out the intermittency of renewables, and power heavy industry.

And the geology beneath the North Sea, which bequeathed a first great national endowment of oil and gas, turns out to be perfect to store the carbon dioxide that we can capture.

Carbon capture and storage will not replace our urgent need to decarbonise vast swathes of our economy.

But for these hard-to-abate sectors, including heavy industry, this will be an important technology for the final push to net zero.

Britain's strengths do not stop there.

Our amazing universities and scientists.

Our dynamic businesses.

And while the US political situation means subsidies are their only real federal tool to build the green economy, we have so many more tools at our disposal, which cannot replace the investment we need, but can act as multipliers on what we do invest.

Like regulation—our combustion engine vehicle phase out date

A carbon price—already in place through our ETS.

And what's more with the entrenched legislation of the Climate Change Act, that I piloted through in 2008, a stable underlying framework.

A different response: Labour's Green Prosperity Act

This is the good news. It's why we can be winners.

But it won't happen without significant change.

A proper green industrial policy learning from the Inflation Reduction Act is an essential part of my colleague Jonathan Reynolds' industrial strategy.

And that is what a Labour government will do.

We will deliver a British version of the Inflation Reduction Act, our Green Prosperity Plan.

First, it will provide a clear long term framework to give stability for investors, not the inconsistent leadership we have often seen over the last decade.

In the last eight months, I can count six different government positions on onshore wind.

And the ban in England remains.

This is no way to run a government.

Imagine being a potential investor in wind power.

Imagine what this does to any hopes we have of being a home for onshore wind turbine production when we can't even decide whether we want onshore wind in our country.

It is letting down Britain.

The same has happened with solar.

Blockages, U-turns and uncertainty.

And look at where the government chooses to provide incentives to invest: £11.4 billion funnelled from the windfall tax not to renewables but thrown instead at fossil fuels.

When the same resources could build the future, the government syphons money to companies making record profits to persuade them to invest in expensive solutions that will not cut bills by a penny and drive a coach and horses through our climate commitments.

If every country did what the UK government wants to do and extract every last drop of North Sea oil and gas, we would bust our global carbon budget many times over and end up at three degrees of warming.

I promise you: This will all change under a Labour government.

No more mixed messages, no more inconstant signals.

My North Star will be a zero-carbon power system by 2030, one of the next Labour Government's core missions.

The first major country in the world to do that.

Just like we were the first country in the world to put climate targets into law.

This is the way to cut bills, cut emissions, create jobs and give investors a clear signal of intent.

Second, we need a government that will break down the barriers to business success, not put them up.

While this government has enabled the planning system to be used as a way to block green investment, we will change that.

We will end the onshore wind ban.

We must speed up the planning process not slow it down.

We will have a clear responsibility on local authorities to have a renewable energy strategy.

And we will ensure every key regulator has a clear net zero duty.

We must sweep away the other obstacles in grid, skills and supply chains to the green transformation we need.

Thirdly, however, even with a long-term framework and the will to break down barriers, we will not be a winner in the global race unless we have a government committed to put resources behind this transition.

That's why we will establish our National Wealth Fund.

Our shadow chancellor Rachel Reeves has shown such vision on this issue.

It was Rachel who announced our commitment to £28 billion a year extra green investment at the party conference 18 months ago.

Rachel has been instrumental in putting our Green Prosperity Plan at the centre of our mission for government.

The National Wealth Fund is designed to invest in the green economy.

The mission is simple - to bring more good jobs back to Britain's industrial heartlands

To reindustrialise as we decarbonise.

This fund will focus on our particular strengths.

Putting right the failures to build our offshore wind industry, investing £1.8 billion in our ports, an absolute precondition for them being able to ship the enormous wind turbines out to sea.

Fighting for our crucial automotive industry, providing incentives and finance to the private sector to invest with our £2bn fund to part-finance 8 gigafactories which we desperately need for UK car production.

On national security and resilience grounds, supporting our steel industry with a 10 year commitment to invest £3bn to help it decarbonise.

In carbon capture, investing in 4 clusters across Britain - from Grangemouth in Scotland to Port Talbot in Wales, and Teesside and the Humber.

And we will invest to help build the world's largest green hydrogen electrolyser factory in the UK.

The £8 billion we have said we will invest through the National Wealth Fund is just the beginning of what is required for Britain to win the global race.

And that is why we are working with a range of experts, including those in the US who helped the Biden Administration write the Inflation Reduction Act, on developing the remainder of our Green Prosperity Plan ahead of the next election.

Fourth and finally, we will establish our new publicly-owned energy generating company: GB Energy.

This country needs change. GB Energy is a vital part of this change to help ensure that the green transition works for Britain.

Why have other countries, like Denmark, been winners in the global race for renewables?

Because companies like Orsted, national, publicly owned champions, haven't just invested in renewables, they have built the supply chain, the know-how, the clusters to make Denmark the European home of offshore wind manufacture.

Every real leader in zero carbon power has a national champion: EDF in France, Statkraft in Norway, Orsted in Denmark, Vattenfall in Sweden.

Indeed, nine out of ten countries leading on zero-carbon power in Europe have state-owned national champions.

Only one does not: Britain.

That's why forty five per cent of our offshore wind assets are owned by foreign governments.

In years to come, it will seem absurd that Britain had no public clean energy champion to deliver jobs and wealth as so many of our competitors do. A Labour government will and it will have a clear mission: to build clean energy and do it in Britain.

GB Energy will exist to capture the potential of Britain's resources, for the benefit of the British people.

It will invest in the next frontier of green energy like green hydrogen, floating wind, tidal power.

And it will also look to partner with the private sector in more mature technologies.

This can drive the creation of clean energy jobs in Britain and generate a return for taxpayers.

So this is the British version of the Inflation Reduction Act:

2030 zero carbon power.

Action to break down the barriers in planning, grid, skills and supply chains.

A new National Wealth Fund to invest in partnership with the private sector.

And GB energy, our new publicly owned energy company.

And by the time of the next General Election, this will have been complemented by further plans, including for nature, transport and homes.

Conclusion

This is a defining moment for our country.

We can carry on as we are:

- faltering climate leadership
- losing the global race for green jobs
- standing by while other countries get ahead

We can be sore losers in the face of the Inflation Reduction Act and watch Britain forfeit the greatest chance of prosperity for generations.

Betraying the repeated promise of economic transformation.

Or we can do something different.

Get in the race.

Be in it to win it.

Consistent and clear climate leadership.

A green industrial policy to create a million jobs and cut bills.

A British version of the Inflation Reduction Act to make it happen.

Delivering the economic change the British people crave.

This is not protectionism it is patriotism.

This is the right choice for Britain.

It is the great opportunity of our time.

And a Labour government is determined to deliver it.