

Opinion & Analysis

Green New Deal points way out of economic trough



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Desperate attempts to patch up a failed economic system will only further sap our remaining resources

NEVER LET a serious crisis go to waste – so said Barack Obama’s chief of staff, Rahm Emanuel. The global financial crisis is now a year old, and for much of this time Irish political life has been virtually paralysed by disputes over Nama.

In truth, the debate has been extraordinarily narrow, with little focus on these two simple questions: how did we get here? And, more to the point, where do we as a society now need to go? Desperate attempts to patch up a manifestly failed system will only further sap our remaining resources and energy.

Bad news is, however, not all bad. The bursting of our economic bubble may have awoken Irish society from its debt-fuelled consumptive stupor. Usefully, it also shattered the notion that gamblers like Sean Dunne and Seanie FitzPatrick were in any sense socially useful “wealth creators”.

As outlined last week, no matter how brilliant your policies, or how well they are implemented, they are worthless unless the ideas that underpin them are sound.

One of the concepts to gain real traction worldwide in the last year or so is that of the Green New Deal (GND), the notion of widescale re-engineering of societies and economies to develop a low-carbon,

high-employment model with the emphasis on sustainability and biodiversity.

If that sounds wishy-washy, this morning Comhar, Ireland’s sustainable development council, unveils a hard-nosed new report that sets out in the clearest terms what a Green New Deal would entail, the policy instruments needed to make it happen, and, crucially, how this very ambitious project would be financed.

None of the individual elements is new; what’s impressive is that Comhar has synthesised a cogent, lucid plan that could set Ireland on a path to independence in the true meaning of the word. With half-a-million jobless, a key element in the GND is the labour-intensive process of retrofitting our national housing stock, transforming the national grid and building a new green infrastructure, including massive investment in renewable energy.

This low-carbon trajectory has the overwhelming added benefit, for several reasons, of cutting our fossil fuel dependency. First, we must slash emissions. Second, one of these days, the Norwegians and others will simply stop selling us oil as their own reserves plummet. Just as well, since our economy can no longer afford to spend billions blithely every year on importing dirty energy.

There are upfront costs in implementing

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the GND. Comhar recommends that the Government be prepared to commit 2 per cent of GDP to green stimulus measures for the next few years. Policy instruments have been identified to “unlock the door” to transformation. These include green procurement, tax and subsidy reform, skills and training and R&D.

Many of the mistakes of the last decade occurred because people responded logically to exploit perverse tax incentives and subsidies. Whether it’s empty holiday homes, sponsoring people on internal flights or burning peat, these are all glaring instances of

what happens when you get the ideas wrong.

Shifting away from taxing things we want to encourage, such as investment and jobs, and towards taxing things we need to minimise, such as pollution, is a vital step towards an energy-secure, sustainable future. In a nutshell, taxes should focus on consumption rather than labour. Virtue may well be its own reward, but smart policy makes virtue rewarding.

Unlike the billions that were lavished on such grand follies as Martin Cullen’s motorway to his constituency, this time we have to both raise and spend money like it mattered. Here’s how: Comhar proposes the establishment of a National Decarbonisation Fund, financed via environmental revenues from three main channels.

The first is direct climate taxes, such as the carbon tax; the second is by auctioning our allowances under the EU’s emissions trading scheme. The third revenue stream would be by the issuing of government-backed “green bonds”. Controversially, Comhar recommends that Anglo Irish Bank be redesignated as a “green bank”, with the specific function of offering environmentally productive finance, such as mortgages, to people building or retrofitting low-energy housing, or loans to companies investing in renewable energy or

energy efficiency.

Nothing on this scale has been attempted here before. Then again, neither have we ever faced challenges of this magnitude. While the Government, Labour and Fine Gael have all put forward useful proposals, the strength of Comhar’s proposition is that it decouples economic progress from resource depletion and explains how we can pay for it too. It also plays to our strengths, in promoting sustainable agriculture and eco-tourism as well as our rich renewable energy resources.

Comhar chairman Prof Frank Convery believes it’s all about getting pricing right. Our failure to meter or charge for water, for example, means we use one-third more per head than our EU partners – at enormous environmental and economic cost.

For Prof Convery, sustainability took on a more tangible, fragile form in recent days with the birth of his first grandchild. The collective choices we now make will determine the quality, indeed habitability, of the world Grace inherits as this century advances.

We live in an era of consequences. Shaping our future starts now, or, to be specific, tomorrow, October 2nd. And it begins with a single word: Yes.

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