

DINNER/DISCUSSION SUMMARY

Can the UK get on, and stay on, a path to a sustainable economy?

Held at The Royal Society on Wednesday 27th April, 2005

We are grateful to the following for support for this meeting:
Department for Environment, Food and Rural Affairs
Natural Environment Research Council

Chair: **The Rt Hon the Lord Jenkin of Roding**
Chairman, The Foundation for Science and Technology

Speakers: **Professor Howard Dalton FRS**
Chief Scientific Adviser and Director General - Science, Economics and
Statistics Directorate, Department for Environment, Food and Rural Affairs
Dr Bernie Bulkin
Chair, Energy and Transport, Sustainable Development Commission
Anna Coote
Head, Engaging Patients and the Public, Healthcare Commission
Jonathon Porritt
Chair, Sustainable Development Commission and Director, Forum for the Future

PROFESSOR DALTON said that the essential elements for sustainable consumption and production (SCP) were a stable economy; efficient resource use and full user costing. We needed to achieve more with less; the earth could not sustain present levels of environmental degradation. If we were to have the products we wanted without the environmental drawbacks, we needed to change attitudes – a long-term job, but feasible – e.g. views on climate change. We needed to look at both changes in products and consumption, to production processes and waste control. Hence the joint DEFRA/DTI SCP programme. SCP should improve competitiveness and profit – wasted resources cost 7% of profit; energy efficiency could reduce costs by £12bn; and 90% of production materials were not in the final product. Despite some promising moves (BT cost reductions; refrigerator labelling) much more needed to be done to understand the scope for change; what were practicable innovations; how to cooperate internationally; and how to influence consumption patterns. A robust evidence base was crucial to understand environmental limits; what significant improvements could be made; and how to influence consumer and production behaviour.

DR BULKIN said that while energy and climate change issues were only part of sustainable development, they showed both how public attitudes could change and how new pressures, such as concern about oil and gas resources could alter behaviour. The Sustainable Development Commission, whose report would be published after the election, was clear that the big goals of 20% reduction of CO₂ by 2010, and 60% in the long term must be reconfirmed. Decisions will be needed about how to meet these goals. There are choices, but no one single answer. A portfolio approach was essential – different choices could be made by different countries, Some might choose nuclear, or carbon sequestration, others not) but a portfolio needed to be chosen from among the possibilities. The public must be involved in the choices, and exercise

pressure on governments to make them. In the UK, a key change must be more renewables (which meant in the immediate future, much more wind power) and continuous pressure on technological advances in construction and transport. Production efficiency was crucial – it was not just a trade off with environmental issues, it was important for competitive success. Indeed, those companies, which led in environmental protection, turned out to be the commercially successful. The UK government should back the process through strong legal standards.

ANNA COOTE said that improvements in public health and sustainable development went together. Poverty, environmental degradation, poor buildings were all bad for health, and poor health lead to shorter lives and increasingly costly health care costs. The Wanless report had estimated that poor health costs would rise to £30bn unless efforts were made to reduce inequalities and improve the health of the poor. There were great opportunities within the NHS to promote sustainable development. For example, the NHS could put more effort into training people who had poor employment opportunities to undertake NHS jobs (workers were more healthy than benefit dependants); it could improve diets and food in hospitals, by encouraging local and sustainable products; it could design more environmentally buildings; and, above all, see that any resource was used more effectively – i.e. encouraging and, where necessary, empowering each employee to see “good corporate citizenship” as their personal responsibility. Indeed all public and private bodies should have such a policy. Impediments to such improvements were insufficient co-ordination between Government Departments; insufficient support from professionals for preventative rather than curative policies; efficiency reviews which concentrate on seeing larger units as necessarily more efficient; and insufficient incentives for managers who successfully carry out these new policies. But a word of warning. The Government is committed to policies which leave choice in the hands of

the individual. But this works to the advantage of the affluent and educated. Unless handled very carefully, such policies could increase, rather than diminish, inequalities.

MR PORRITT said that sustainable development policies should mean seizing every opportunity to put them into practice. The inhibitions which prevented opportunities from being used should be tackled. An important inhibition was the concept that economic growth can be measured only through GDP. Economic growth was essential – without it there would be social disruption and decay. But “smart growth” was what was needed which saw economic growth as being part of developing a concept of improving “well being” or in Layard’s terms¹, happiness. This meant a much deeper analysis of the factors, which improve life, and a firm governmental commitment to delivering them. The UK had up to the present moved incrementally to taking account of sustainable development issues, but there now needed to be a step change. We must move beyond risk averse cautious policies to more fundamental fiscal reform, which would involve elimination of perverse subsidies, and a systematic internalization of costs. This does not mean inefficiency; rational capital allocation was still important, and recognition that changing international economies meant that a narrow focus on achieving competitiveness through cost cutting was ineffective.

In the ensuing discussion, energy issues were the prime theme. Strongly different views were expressed on the feasibility and costs of renewables, particularly wind power. It was suggested that the true economic advantages of wind farms were hidden, because they ignored the need to run base load installations as well, in order to avoid the danger of reduced power and brownouts. But others thought that the need for back up was exaggerated; that better design and utilizing the peak/trough pattern of daily usage, would meet the problem. Above all, in the UK we had an extremely favourable geographical position from which to exploit wind. There was further discussion about the acceptability of windfarms; it was said that, contrary to common opinion, there was a majority in favour of them, while even neighbours to them became reconciled. Early installations had not been properly explained to locals, but the processes and design were now better. Others were more sceptical. Had the government overstepped the mark by appearing to favour windfarm development in the planning process? This depended on what weight you gave to public policy considerations to which local authorities had to have regard. These could be regarded as either a mandatory interference with local discretion, or simply wise and proper advice. But even with a successful renewables policy of 20%, the issue of security of supply remained. Could we ignore the resource and other constraints on the supply of oil and gas, and pretend we did not need a new base load energy provider – i.e. nuclear? Discussion of this question was difficult during a pre-election period, when any incautious comments could create a problem. The government was keeping its views, if it had any, very close to its chest. But this did not mean that it was not an urgent issue, and that it was frivolous to talk about CO₂ reductions internationally without recognizing that developing countries – e.g. India and China – would either build large numbers of inevitably CO₂ producing generating plants, or

move to nuclear. The UK reluctance to address the issue, in a world where nuclear would inevitably have a major role, looked increasingly parochial. Of course, individual countries could make choices, but, even if, in the past, nuclear seemed an unattractive option compared with others, the situation was now different.

The second major theme in the discussion was how the public could be persuaded, or compelled, to make sustainable development a more important item on both their personal, and the national agenda. Government would only take the difficult tasks of using regulatory or fiscal powers to drive sustainable development forward, if it felt public opinion was behind it. There were encouraging signs of growing awareness of environmental concerns, and people were now much more accepting of tasks, such as using different rubbish bins for recycling. But even in this area there were limits unless there was strong leadership, which made recycling of waste a priority. Much more difficult was the issue in health care. If health professionals were to reorient themselves to see preventative health care as their priority, they would need strong leadership through the health trusts. Indeed the trusts themselves should have sustainable development policies covering the areas mentioned by the speakers. We, as citizens should ensure they are pressed to explain what they are. As for individuals, why should they take responsibility for their own health, when public policy gives them little incentive to sublimate their desire for immediate satisfaction, whether it be to have a hamburger, or drive everywhere by car, in their long term interests? And, in any case, was it feasible to suggest public measures which would increase incentives to healthy living, when experience shows that if the incentives are such that they can be chosen or ignored, the effect will be that the affluent will take the incentive and the poor will not. Choice in fact will increase inequality. Is it realistic to avoid choice and seek to drive up health standard in the poorer classes through compulsion?

Several speakers emphasized the need to see UK sustainable development in an international and historical context. Were we, for example, trailing or leading EU countries? Relatively, it could be argued, we were not doing too badly, although this might be because of our energy resources; but did we show anything like the same drive and initiative as e.g. Germany or Scandinavia? We may look very poor in the longer term. More generally, was it realistic to suppose that democracies could impose the restraints on resource use that an authoritarian state can – such as China over illegal logging? Perhaps, not; but then it could be argued that the Chinese example showed how ineffective such policies imposed by individual states were. All that had been achieved by the Chinese policy was the export of illegal logging to other countries. In a global economy, autarkic sustainable development was a delusion.

Sir Geoffrey Chipperfield KCB

Background information:
www.sd-commission.org.uk
www.defra.gov.uk/environment/business/scp

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¹ <http://cep.lse.ac.uk/layard/annex.pdf>