



HISTORY & POLICY

Connecting historians, policymakers and the media

Enlist the Blitz spirit, get out the carbon ration book

Labour's call will once more be "fair shares for all" if David Miliband has anything to do with it. The current climate crisis gives the Labour party – never comfortable with the politics of post-war affluence – the opportunity to return to the politics of austerity. The environment secretary's plans to reduce carbon emissions by expanding existing carbon trading schemes and introducing an individual carbon trading scheme are both bold and old Labour. As any economist will tell you, carbon trading is carbon rationing by another name, as is Conservative leader David Cameron's "green air miles allowance".

Officials in George Orwell's Ministry of Truth would applaud these latest examples of newspeak. Politicians do not think the electorate is ready to confront the harsh realities of reducing carbon emissions. If Britain is to move from being a high-carbon to a low-carbon economy by 2050, the government will have to do more than promote energy efficiency and renewable energy. It will need to reduce energy consumption too. Two policy instruments are available to achieve this: carbon taxes and carbon rations.

Carbon taxes alone will not work. Faced with the need to reduce civilian consumption of petrol after war broke out in 1939, Neville Chamberlain's government introduced rationing. Planners had toyed with the idea of raising motoring taxes to force people off the roads, but rejected it because annual taxes would change behaviour too slowly and their effect on economic activity was unpredictable. They also feared businesses would pass on increased transport costs to customers with inflationary consequences. Chamberlain's heir, David Cameron, recognises that taxes alone are not enough and proposes to issue us all with an annual allowance of green air miles.

A simple scheme of carbon taxation is also inequitable. While few would object to the taxation of “luxuries” such as gas-guzzling 4x4s, punitive taxes on “necessaries” such as petrol would cause an uproar far greater than the fuel protests in 2000. Any party advocating such policies would find itself unelectable.

An individual carbon trading scheme is more equitable and more effective than carbon taxation as it reduces consumption quickly and dramatically. The government would issue consumers with a fixed number of units annually to be spent on petrol, gas and other non-renewable fuels.

When purchasing a litre of petrol or paying the gas bill, consumers would pay for the energy in cash and units. Units would become a parallel currency allowing consumers to make some choices and the government to control total consumption of non-renewables. Consumers could gift or sell unused units, with socially progressive effects as people on low incomes could sell their surplus.

Shorn of its trading element, this scheme is identical to the clothes rationing scheme in operation from 1941 to 1949, but the trading element would be a major improvement, preventing the emergence of a black market in unwanted units.

Opponents argue that an individual carbon trading scheme is unworkable.

Such criticism is misplaced. Wartime and post-war governments rationed the British with great success using paper-based technologies. What has gone unnoticed is that rationing depends on a national identity scheme. The Chamberlain government introduced identity cards in 1939 so that people could prove they were entitled to a ration book. Opponents would do better to think about the civil liberties issues before considering these implementation problems.

These criticisms aside, rationing provides the best solution to the problem of reducing carbon emissions quickly, dramatically and equitably. It will be a difficult policy to sell to the electorate which is why Mr Miliband and Mr Cameron will not use the “r-word” in public. To replicate the successes of rationing in 1940s Britain, advocates of carbon trading will have to persuade the

public that the case for carbon trading is irrefutable. The government cannot hope to enforce such a scheme without widespread public support.

Given public cynicism with politics and spin, winning these arguments today would be a challenge. But the Blitz spirit still has a firm hold on the public imagination and could be rekindled to rally public support for carbon rationing, this time to avert catastrophic climate change rather than Nazi invasion.

The writer lectures in 20th century British history at the University of York.

This article was first published in the *Financial Times* on Wednesday, 14 March, 2007