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3.49 pm

Mark Lazarowicz (Edinburgh, North and Leith) (Lab/Co-op): Like the Secretary of State at the beginning of the debate, I was encouraged by the opening remarks by the shadow Chancellor, because I thought that we were at last going to get an inkling of the Conservative way forward in the current financial circumstances. The shadow Chancellor started quite well and indicated that he had five points. For the next 24 minutes of his speech, I was waiting to go through those five points to examine his solutions. First, he told us that we must analyse how we got here, which is fair enough—I probably disagree about how we got here, but such an analysis is a good place to start. He referred to some relatively minor movement of spending priorities that he said were fiscally neutral and would presumably make no overall difference, therefore, to the general strategy.

I might have miscounted, but the shadow Chancellor seemed to get to only three of his five points. His final big point that I noted was that there should be a national debate about how we tackle an age of austerity. We all recognise that the economic situation is very serious: the Conservatives say that it is one of drastic seriousness yet, at a time when urgent action and policies are called for, the central point of the Conservative shadow Chancellor's policies is a call for a national debate about the age of austerity.

That reflects the fact that Conservative Front-Bench Members are, to put it bluntly, too frightened to put forward any policies. They recognise that the public would not like what they heard if the Opposition were to follow through the logic of positions such as that taken by the hon. Member for Sevenoaks (Mr. Fallon). I give the hon. Gentleman credit for the honesty of his arguments today, but anyone who heard them could not but conclude that his recipe for recovery from the current crisis involves massive cuts in public expenditure that would affect large numbers of public services. We all heard what he said about the need for much more outsourcing in elements of the public sector such as housing, health and education, and I am sure that we will all eagerly enter into debate about those matters in the months to come.

Conservative Front-Bench Members may not have put forward many ideas today about how we can get out of the current situation, but other people have done so. I am glad to say that the Chancellor has been listening, and that he has implemented many of the more constructive proposals. Many people, organisations and MPs—and I was certainly one of the latter—have urged him to establish a programme for green jobs, arguing that such a programme would allow us to link the need to tackle the challenges of climate change with the need to provide jobs here and now for people facing unemployment.

We suggested that a fund be set up to help local authorities and voluntary organisations provide jobs with an emphasis on tackling environmental concerns.

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Therefore, I strongly welcome the plans announced yesterday for funds to provide 100,000 new jobs in socially useful activity, to be delivered through councils and voluntary groups. I welcome in particular the commitment that at least 10,000 of those jobs will be in the green-job sector. When the Government do something for which one has been calling for some time, it is right to recognise the fact. I am certainly glad that the Government have responded

in the way that they have, as that will allow us to tackle some green issues and at the same time provide jobs here and now for people who need them.

I look forward to finding out more about the proposals shortly, and believe that the concept can be built on and developed. The voluntary sector in particular can play a major role in delivering these jobs as quickly as possible. Even more than local authorities, voluntary organisations can move quickly and come up with sensible and practical schemes that will deliver lasting benefits to local communities.

Mr. John Hayes (South Holland and The Deepings) (Con): The hon. Gentleman is making a case for the innovative industries, particularly in respect of what he has described as “green jobs”. However, he will know that one feature of previous recessions has been that businesses tend to cut their investment in training and research and development. The Government’s response has been relatively unsuccessful: the R and D tax credit and the Train to Gain schemes do not seem to be reaching small and medium-sized enterprises. My hon. Friend the Member for Sevenoaks (Mr. Fallon) spoke about venture capital for early-years and start-up businesses. Why did the Government not do more in that regard in the Budget?

Mark Lazarowicz: If the hon. Gentleman looks in more detail, he will find, for example, that the pledge for 16 to 24-year olds is that every one of them facing long-term unemployment will have the opportunity to take up training. That is precisely the sort of positive measure that the Budget contains.

The proposal to create 100,000 new jobs, many of them green jobs in socially useful activity, is one that I certainly welcome. However, I would ask the Government to consider the possibility of extending the scheme even further, to involve more than just younger workers. I understand that there are proposals in the Budget for 50,000 jobs in the programme to be concentrated in those areas of highest unemployment, which is obviously right and proper.

However, we have an opportunity to spread the scheme throughout the entire UK once it is up and running, which is something that I would strongly endorse. I look forward to the Government coming up with the details of those proposals, so that they can be put into effect and make a difference to our communities as soon as possible.

I would also emphasise that it is important not to assume that those environmental jobs are only those that involve clearing up rubbish or physical construction or work in that type of environmental project. Such work is of course important and valuable to the community, but there is a host of other green jobs that could be provided and which would make use of the wide range of talents and skills of those who find themselves without work in the current downturn. For example, there is interest in environmental education among those in every age group. Work is also to be done in promoting green travel plans for employers and employees. There is also a need not only to install energy efficiency and conservation technology, but to advise people on how to go about saving energy in their daily lives.

Those are just some examples of a wide range of green jobs that could be made available through the development of the scheme that has been referred to in the Budget papers. Such jobs will clearly not fill the gap for everyone who is made unemployed in the current downturn, but they can certainly help to tide people over in the current difficult period.

Again, let me emphasise that they are jobs that could come on stream in months, and in some cases perhaps weeks, which is what we need. We need to provide people with jobs soon,

because they will increasingly feel the effects of the recession in their communities. Action of that type is therefore needed.

It is certainly the case that many of the proposals for a low-carbon economy can have relatively quick impacts on employment. However, as I am sure the Minister would be the first to acknowledge, other proposals would take a lot longer to have an effect on jobs, because they require investment programmes that would take some time to result in large numbers of jobs. It is therefore important to consider ways of trying to produce employment opportunities in the short term, as well as in the medium and long terms.

That said, the proposals for a low-carbon economy in the Budget as a whole are important, wide-ranging and very much to be welcomed. They have also had a positive response from many in the renewables and low-carbon sector. I would like to pick out a few quotations from those in the sector who have responded to the proposals. The general manager of Sharp Solar UK said:

“This was a good day” for solar power.

The British Wind Energy Association said:

“With this boost we should see the UK speeding the progress towards exploiting our massive indigenous wave and tidal energy potential.”

The chairman of the BWEA said:

“This package of measures deserves a welcome from our industry, and is in line with proposals that we have been working through with government. It addresses the short-term economic hurdles we faced due to the fall of the £ against the €...It also restates the Government’s long-term commitment to the renewable energy sector, and should enable us to unlock up to £10bn of private sector investment in wind and marine energy projects over the coming few years.”

I could continue at length, but finally I will quote the Combined Heat and Power Association, which says that the Budget “marks a major step towards establishing a low carbon industrial base in the UK,” which could help to deliver up to £10 billion of investment in new CHP plant over the next few years. That is the reality of what people out there in the renewables industry and the low-carbon sector think of the Budget

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I believe that my right hon. Friend the Chancellor was absolutely right to place a major emphasis in his speech and in his proposals on the longer-term economic and industrial strategy, with a focus on the low-carbon economy, as well as on dealing with the immediate economic and financial pressures. He was right to do that for two reasons. First, there are short and medium-term economic and employment benefits to be had from investment in the low-carbon economy. In my constituency, that is particularly relevant because we have had a major reliance on the financial services sector for a number of years. Much of the financial services sector in Edinburgh, as elsewhere, is still doing well, but some of what is happening in the banking sector is bound to have an effect on the local economy, and that will obviously be the case in other areas where the financial services sector has been important.

Fortunately, in my community and other areas where financial services have been important we also have a strong and growing energy and environmental sector. There are many companies big and small in the renewables sector that are well placed to gain from domestic

and international opportunities in the low-carbon economy. There may even be expertise in the banking and financial services sector that could be used in the low-carbon economy. For example, there are interesting proposals for a green bank to use expertise in providing finance for long-term investments in low-carbon technology. That could represent part of a shift in emphasis in banking away from short-term speculation and playing financial markets to longer-term strategies and investment in the real economy, which certainly deserves every encouragement.

The shocks that we have seen reverberate throughout the world economy triggered by the mortgage and banking crisis in the USA have certainly underlined how interlinked and fragile is the structure of the world economy. I am in no doubt that, in the long term, returning to business as usual in the financial and wider economy is not a viable strategy to prevent future turbulence and shocks. While in the short term we are right to seek a global stimulus to bring back economic growth, we certainly cannot expect business as usual to return.

Mr. Hayes: The hon. Gentleman makes the case that we should be more economically diverse. He makes a persuasive case that there has been too great a concentration on financial services in Edinburgh and elsewhere. Yet the Chancellor told us yesterday that one of our “underlying strengths” was that we were already a diverse economy. How does the hon. Gentleman reconcile that with his own analysis?

Mark Lazarowicz: Clearly, we have to diversify more. There should be no dispute about that. We still have many good companies in my constituency in the financial services sector, which have many strengths and employ many people with skills and expertise, but clearly we want to diversify. Just as in the past not too many people criticised the strength of our financial services sector, it would be wrong for anyone now to dispute the fact that we need to diversify to reflect the lessons that we have all learned from what has happened in the past few months and years.

The situation is clearly going to change in the future, and we have to recognise that there are plenty of other destabilising factors out there in the world that could

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easily trigger similar economic upsets. They include the demand for resources—energy and food—and environmental pressures, leading to the spread of deserts and an increase in flooding, which we were rightly warned earlier would accelerate as a result of climate change. Some suggest that some of those factors may have already played a part in triggering the current crisis. Certainly, they have every potential for doing so in even more dramatic ways. Those underlying issues must be addressed by the world community with every bit as much urgency as the economic and financial crisis.

The Government, and the Prime Minister in particular, have sometimes been criticised for focusing on the wider issues too much. Many of us remember the sneering comments from some Conservatives from time to time at the Prime Minister’s efforts to achieve a worldwide consensus. Reference has been made to the G20, for example. I am glad that the Prime Minister recognises the importance of tackling the wider issues. He will certainly have the support of Labour Members and many people in the country if he and his Government continue to devote considerable efforts to bringing about international agreement and action to tackle the underlying issues.

It is also the kind of message that we should be hearing, not some of the negative messages that we have heard from some Opposition Members today.