

## Low incomes and climate change: two battles, one strategy

Citizens living on low incomes have a role to play in the fight against greenhouse gas emissions, but they should not be suffering because of the policies being implemented in this field. In order to avoid that, tomorrow, the environmental objectives will hit their purses harder, the King Baudouin Foundation has launched a European initiative which, with recommendations already prepared, will come to a head on 3 – 4 May 2010.

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There is absolutely no doubt. Like the rest of the planet, the European Union is going to have to devote itself heart and soul, right now and for the years to come, to making major efforts to fight global warming. The furrows towards a world with less CO<sub>2</sub> in the atmosphere, only scratched in the soil by the Kyoto Protocol, will inevitably have to be ploughed deep. No time to lose! The IPCC<sup>(1)</sup> scientists are clear about this: the warming recorded since the beginning of the industrial era is remarkable for both its extent and its rapidity. This has never been seen before during the past thousand years at least, nor perhaps even over several millennia. If the inhabitants of the planet want to avoid the consequences from today until the end of the century of a warming that will really be harmful for every human activity, they are going to have to cut down their greenhouse gas emissions by 50 – 80% from now until 2050. It's huge! In the name of their historic responsibility in this process, the effort(s) of the industrialised countries – including the European Union – will without doubt be even more substantial: people are talking about 85% reductions,

even 90%. The challenge is likely to arouse a lot of emotion. But the “low carbon” world is really only just taking its first steps.

“First steps” or a risky faltering stumble? Given there are whole populations living in insecurity, the fight that began nearly twenty years ago against carbon, methane and other nitrogen protoxide emissions has left some painful traces. The application of the “polluter pays” principle has not always been applied with good judgment. Thus, the restructuring of the energy sector, still ongoing, is placing too heavy a burden on the shoulders of consumers. The most poverty-stricken households, in whose budgets energy costs figure very high, are hit hard. In “green” speeches, we are used to hearing calls for the internalisation of the environmental cost of fossil fuels in the final price of vehicle fuels. That's all very well. But at what price, this wonderful principle, for those who have no other choice than to remain prisoner to carbon-guzzling products: second-hand cars and heating stoves, old-fashioned boilers, badly insulated housing, etc?



The reality of these recent years shows that hell is sometimes paved with the best of intentions. In Germany, for example, we have seen that the prices guaranteed to producers of electricity generated from renewable sources – an initiative that is praiseworthy in itself – had disproportionate impacts on low incomes. In Belgium, as elsewhere, we are sent into daydreams by all the publicity promoting the installation of photovoltaic panels with the help of public funds (grants, tax rebates etc) and promising annual returns on investment of

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more than 6%, and meanwhile a simple bank savings account finds it hard to return 2 to 3%. Looking at the bigger picture, many people are worried about the impact of the

quotas (“emission permits”) of the European Union Emissions Trading Scheme (ETS) on households, especially on those with the lowest incomes: until now its costs have all too often been passed down to the final consumer, even though these quotas were allocated to industrial companies for free! What’s going to happen to them tomorrow when they are put up for auction? No doubt about it: at this stage, the debate on the fight against the greenhouse effect has paid too much attention to the reduction efforts to be furnished by the industrialised countries, to the squabbling between the major “blocs” and, more recently, to the revisionists in denial about climate change. Its impacts in terms of social justice have been ignored.

### **The building of bridges**

Profiting from the European Year for Combating Poverty and Social Exclusion and the forthcoming

Belgian EU Presidency, the King Baudouin Foundation has launched, with support from the Oak Foundation, a process of consultation that is unique in Europe<sup>(2)</sup> and designed to build bridges between two worlds that are very unaccustomed to talking to each other. On the one side stand the technicians and decision-makers involved in climate and the environment, particularly in the field of energy. On the other side stand experts who provide help and assistance to people living in poverty. Between November 2009 and May 2010, several dozen specialists have been meeting in Brussels and held on-line conferences to exchange their best practice and to draw up proposals for politicians. The overarching idea: to propose measures for correcting the negative effects of certain greenhouse gas reduction policies. And, whenever possible, to go even further by identifying, upstream of the decision-making process, the genuinely “win-win” solutions which will benefit both lowest-income households and the environment.

First of all, we have to say this: despite the existence of a few “success stories”, such win-win measures are still too rare in Europe. Perhaps, as the participants in these discussions say, this is because the Union’s competences in social affairs are somewhat skimpy. In their view, the measures to be taken in the future should in any case be based on two general principles. First, avoid providing alibis to policies which, under the lures of providing well-intentioned grants of “compensation” or of “correction”, only serve to reinforce the gap between the richest and the poorest households. Second, take care that job creation programmes launched with huge reinforcement of green slogans (doesn’t this remind you of sundry promises of 150 000 jobs linked to the development of biofuels, 20 000 to the energy audits of buildings and 800 to 900 000 (!) linked to renewable energy, and all this just in Germany?) will also be of benefit to people with the least money, professional training or education. Thus,

(2) [www.kbs-frb.be](http://www.kbs-frb.be)



particularly careful attention should be paid to ethnic minorities and, more generally, to women, due to the fact that they have far less security in the job market. Besides, there is a real risk of seeing economically slumped regions strengthen their marginalisation on the map of the future “low carbon” Europe, due to a lack of programmes for professional retraining of their workers.

### **Giving legitimacy to “low carbon”**

The building sector alone (with 36% of Europe’s CO<sub>2</sub> emissions) could constitute a huge breeding ground for energy efficiency programmes that could take care of the most poverty-stricken households. For example, there is a stock of 21 million social housing units in the EU; if the Lisbon Strategy manages to take concrete form in a long-term investment plan, 40% of these should be renovated by the deadline of 2020. The insulation of these housing units, the training of teams of counsellors in energy efficiency and the exchange of recognised good practice in Europe could deliver drastic cuts in energy consumption in these sectors of the population who are all too often strangled by sky-high fuel bills. Such tools could also contribute to the installation and legitimisation in their minds of a “low carbon” economy. Another fairly substantial advantage: the health of people living in the housing units could perhaps be markedly improved. In fact, such a programme of insulation and renovation would need to begin with repairs aimed at fighting damp and humidity, the extraction of tainted air, and the use of healthier building materials. In their proposals, the European experts also recommended the promotion of communal power generation systems (like photovoltaic panels or CHP central heating) which have the additional advantage of taking up less space in housing that is often cramped, and they could also encourage sociability.

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# A question of education

The experts approached by the King Baudouin Foundation are right to emphasise this point: poverty is not just linked to income. It is also cultural and is explained by gaps in information and education. The future harmonisation of environmental and social policies in the fight against global warming must take the real situation into account. Campaigns for awareness of climate change should be imaginative, adapted to the different targeted demographic groups, and be based on tools that have been properly thought out, like locally based meetings to exchange practices or working in peer groups for raising awareness. We can add that they must avoid throwing any stigma or blame on people in deepest poverty. After all, if the poverty stricken people have more polluting habits where CO<sub>2</sub> is concerned (their car, water heater, stove, electrical machinery etc), that is often because they have no other choice. The most educated people are better aware about their impact on the atmosphere which is, proportionally, far more important.

## Political courage

Putting all these proposals into action does not follow naturally. Tenacity will be needed to tackle them, and above all political courage. When the carbon tax was abandoned in France, although planned after huge efforts have been made to consult civil society, it showed just how rocky the road is. No solution will fall from the sky. The work will have to be done in stages. So, what is the point of embarking on a huge programme of renovation of social housing, the experts warn, if these are not fitted with individual thermostat controls, one per household, which would motivate their occupants to save energy? Another question to be resolved: should identical energy grants continue to be paid to each household during hard winters, a commonly-found practice, while the most poverty stricken classes suffer far more than the others from the severe climate condition? What is the point of calling for a less energy-intensive mode of transport, we might be tempted to add, if we do not challenge one of the greatest stumbling blocks in this area – the provision of company cars to the highest social classes, supported by tax advantages? Half-heartedly, experts conjure up audacious solutions, some of them even revolutionary: adoption of a personal

carbon card, redirection of social security tools towards a “low carbon” society, transformation of VAT into a “greener” tax in better proportion to the income and/or degree of carbon pollution (an alternative called “direct” and “easily understood” by the man in the street). They also go back down paths of action that were already tried long ago, but until now have been implemented too little and too timidly in Europe, ideas like sliding scales in energy pricing. Admittedly, political consensus on such innovative ideas still looks rather remote. But who knows if, tomorrow, we will still have a choice? And if, the day after tomorrow, this dithering won't appear just a bit outdated?

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