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4 | THE GREENER STATE: PUBLIC SERVICES FOR A CARBON-NEUTRAL EUROPE

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If we are to meet ambitious climate change targets, we need to break the link between the welfare state and the car. Local government must be empowered through decentralisation. And national governments must provide the levels of public spending that can meet the scale of the challenge.

Last year the climate crisis swept European politics with ‘climate emergency’ declarations by the European Parliament, several European governments and hundreds of municipalities. The European Commission has called for a ‘climate neutral’ Europe by 2050, and the UK government has issued a target for net-zero greenhouse gas emissions by 2050. Carbon neutrality and net-zero emissions refer to the same state, where CO₂ emissions equal the absorption of carbon from the atmosphere, which essentially means emissions need to be reduced to a very low level.

Net-zero represents a higher degree of ambition than before, but there is still much debate as to whether 2050

is 'too late' based on the climate science.¹ Experts say that no European nation is currently on a path to rapid enough decarbonisation and that the EU as a whole will not meet most of its existing 2020 targets. Thus, after decades of the international community negotiating temperature rise scenarios and corresponding national targets, I would argue that the focus must now be on immediate action.

Across the European Union 40 per cent of energy consumption is from buildings and 25 per cent is from transport.² The figures are similar for the UK. We live in an urban Europe, with almost three-quarters of the European population living in an urban area.³ The challenge of decarbonising Europe is thus, to a significant extent, one of retrofitting urban infrastructure – which in turn of course means local government has a crucial role to play. This chapter discusses the interplay between local, national and EU policy for achieving carbon neutrality, from the transport sector to public services, as well as the broader transformation of the state.

The decarbonisation of public services and transport in urban Europe

From a progressive perspective, a carbon-neutral state can be understood as one able to deliver the public services that form part of an inclusive welfare state in a manner that produces very low CO₂ emissions. The concept of the welfare state typically centres on healthcare, education and social services. Due to the scale of provision, these services in them-

1 T. Jackson, 2050 is too late – we must drastically cut emissions much sooner, (15 September 2019), *The Conversation*.

2 European Commission, What is the European Green Deal?, (11 December 2019), Press release.

3 2015 figures. Eurostat, *Urban Europe: Statistics on Cities, Towns and Suburbs*, (2016), 2016 edition.

selves produce significant CO₂ emissions, which can be effectively targeted as they are within public sector control.

Delivering health services involves large volumes of movement generated by goods, patients and healthcare workers. For example, the UK's National Health Service estimates that it contributes 4 to 5 per cent of the country's carbon footprint, with 6.7 billion road miles travelled annually by patients and their visitors to access NHS services. In response, it has launched a Greener NHS campaign with a net-zero target.⁴ While emission reductions can be achieved through technologies such as electric vehicles, achieving carbon neutrality also requires a look at the models of service delivery.

Welfare state politics involves pressures to improve cost efficiency, but this can have unintended consequences. For example, delivering services through larger consolidated health centres compared to a more distributed model of smaller doctors' practices may allow for cost savings, but if the new health centre is constructed at the edge of an urban area with poor accessibility (by public transport, foot and bicycle) this can increase car trips, worsen access for low-income citizens without a car and harm public health through reduced physical activity.⁵ Decarbonisation thus requires recognising that services are delivered in urban contexts, factoring emissions into decisions about service delivery and broader changes to welfare state policy.

Transport is also a public service in itself through the provision of public transport and road and street infrastructure. Transport in Europe is a paradox. From a global perspective, Europe already has some of the most sustainable forms of urban settlement, including

4 NHS (2020). Greener NHS campaign to tackle climate 'health emergency', (25 January 2020), Press release.

5 P. Jones, Developing sustainable transport for the next generation: The need for a multi-sector approach, (2012), IATSS Research, 35.

high-quality public transport systems, compact and walkable urban spaces, and the world's pioneering 'cycling cities'. However, drive through Europe and you will also see a continuous landscape of congested streets and highway infrastructure, shopping malls enveloped by car parking and monotonous low-density suburbs. This social fabric represents locked-in emissions, while also severely disadvantaging citizens who cannot afford a car to access employment and other activities.

While compact cities in Europe are a positive legacy of previous centuries, in the second half of the 20th century urban areas have sprawled – and in many regions continue to do so – as a result of car-oriented planning. Left-wing governments have been just as culpable in investing in roadbuilding, redesigning cities to prioritise car traffic, promoting suburbanisation, and relying on the automotive industry to deliver economic growth. German, French, Italian, Swedish and Czech car companies have all played a central role in national prosperity and the EU has invested billions in road-building to promote integration, for example through the Trans-European Transport Network. Since the mid-1990s, many governments and the European Commission have committed to sustainable transport policy, yet plenty of car-oriented policy lives on. While we often focus on what progressive local governments are doing to limit car use, it must be recognised that the automobile society was a national project and thus a carbon-neutral state will likely require a broader shift in the relationship between the state and the car.

To achieve a carbon-neutral Europe, politicians must have the courage to abandon automobility – the welfare state and the car need to 'break up'. Private car use must become a minor part of our transport systems. The current buzz around the 'future of mobility' is marked by technological determinism, with consultancies and private companies selling the public sector visions of the inevitable

transformation of cities by autonomous vehicles; and car manufacturers naturally excited about the possibility of future transport policy centring on innovation in vehicle technologies. But many European cities are a prime illustration of the fact that we already have all the tools we need for achieving socially just, low-emission transport systems. To immediately reduce CO₂ emissions, we have to invest heavily in public transport, walking and cycling, which have all been proven to contribute to urban areas that are both low in per capita CO₂ emissions and conducive to social equity and wellbeing. There is great potential for innovations in artificial intelligence and battery technologies to support existing sustainable travel modes, for example through automation and electrification of public transport.

The development of new vehicle-based mobility will therefore need to be steered to complement rather than undermine more sustainable travel. A big question is to what degree electric vehicles should play a part of the mix: while the drastic emission reductions required to achieve carbon neutrality will need consumers to switch to electric vehicles, this must be weighed against other investments, as electric vehicle charging infrastructure is likely to involve significant costs to the public purse. There are signs, for example in the UK Conservative government's industrial strategy, that an overemphasis on electric and autonomous vehicles as engines for revived manufacturing growth is already underway. Sustainable future mobility should instead combine investment in alternative transport modes with so-called 'phase-out' policies⁶ that actively undermine automobility – e.g. dismantling of highway infrastructure similar to the decommissioning of coal power plants as part of the German *Energiewende*.

⁶ European Environment Agency, Sustainability transitions: policy and practice, (2019), EEA Report No 9/2019.

The decarbonisation challenges discussed here illustrate how achieving carbon neutrality involves intimate connections between CO₂ emission reductions and the wellbeing of citizens, rather than these being mutually exclusive goals. Some European welfare states have been extraordinarily successful at achieving wellbeing for their citizens, but this has not been achieved in a sustainable manner. This is discussed in recent policy work on ‘sustainable well-being’ in Finland, a concept focusing on rethinking the welfare state within ecological limits.⁷ Such visions must include attention to infrastructure, the urban context and a fundamental break between the state and the car.

The need for radical empowerment of local governments

Decarbonising public services and the transport sector within the context of an urban Europe means that local governments have an important role to play, and they must be radically empowered by higher level government. This must go beyond the hype of ‘cities saving the planet’. Recent years have seen a growing emphasis on cities as leaders on climate change, exemplified by city networks such as the C40 Climate Leadership Group that represents 94 large cities globally. The argument is that urban leaders are less encumbered by dysfunctional national politics and have a greater ability to ‘experiment’ with different solutions on the ground (since local governments are typically responsible for delivering infrastructure services). However, to truly harness the potential of municipalities for achieving a carbon-neutral

⁷ Finnish Environment Institute, Finland and sustainable well-being, (2018), E. Furman, T. Häyhä, and T. Hirvilammi, (2018), Policy brief: A future the planet can accommodate. Finnish Environment Institute.

Europe, we must diagnose some of the current limits to urban climate action and overcome them.

Every day, we can read about policy innovations related to urban infrastructure, whether an experiment with car-free ‘superblock’ neighbourhoods in Barcelona, or London launching a bike-sharing scheme inspired by Paris. City networks such as C40, and URBACT and POLIS sponsored by the European Commission, allow cities to exchange lessons and for innovations to diffuse. This dynamic goes back to the late 1990s in Europe, but overall progress on transitioning towards low-carbon cities has been slow, as demonstrated by aggregate statistics such as the proportion of people who commute by car in European cities. There are two major limitations to current thinking about the potential of urban climate action.

First, we need to pay more attention to ‘scaling up’ policies within and beyond cities, to complement the existing focus on ‘scaling out’ or replication of policies *between* cities, as associated with city networks.⁸ Any policy intervention that is novel in the context of a particular urban area is likely to first be tested at a limited scale, as a pilot or ‘experiment’. To scale-up experiments in order to transform infrastructure at the city-wide level requires many rounds of investment. Existing research points to the fact that pilot projects can remain relatively disconnected from wider urban policy and thus fail to have transformative longer term impacts. While municipalities exploring new approaches should be celebrated, what happens *after* an experiment is thus the most crucial aspect. This includes potential ‘scaling up’ of local innovations at the national or European scale through proactive harvesting of local lessons to incorporate innovations

8 E. Smeds and M. Acuto, *Networking Cities after Paris: Weighing the Ambition of Urban Climate Change Experimentation*, (2018), *Global Policy*, 9(4), pp.549–559.

within higher level policy or regulatory frameworks. Focusing on replication of policies *between* cities risks missing the need to translate experimentation into large scale change.

Second, we need to pay more attention to *political* learning between cities rather than *technical* learning about specific solutions.⁹ Many city networks and EU research and development programmes tend to focus on the latter type of learning. However, there is little documented city-to-city learning regarding politics, such as the differing governance and funding arrangements that allow for success stories of low-carbon policy innovation to emerge in certain urban contexts in the first place. For example, a Hungarian city might be seeking to learn from a French city about its tram system, but the focus is on technical and operational aspects, rather than the *versement transport* tax on employers that gives local transport authorities in France a comparatively strong resource base for public transport improvements in general.

This leads us to the crux of achieving carbon neutrality in an urban Europe: beyond specific solutions, it is a question of the broader transformation of the state, including the relations between local and national government. Many municipalities in Europe do not have the capacity to achieve the decarbonisation expected of them. To translate experimentation into larger scale action, local governments need three things: control, money and knowledge. The existing European knowledge base on low-carbon urban infrastructure is good, and existing European Commission support for city networks and R&D do an excellent job in diffusing knowledge. However, we must also face up to fragmented governance landscapes resulting from decades of neoliberal privatisation, and the

9 E. Smeds, Unpacking the Politics of C40: 'Critical Friendship' for a Second Decade, (2019), *Global Policy*, 10(4), pp.720 722.

differing levels of decentralisation across European member states. Municipal control over urban infrastructure varies widely between countries and sectors, with public transport for example involving privatised ownership or operations in many contexts.

In relation to decarbonising other public services such as healthcare, municipalities often need to coordinate with regional or national public bodies. Decarbonisation in a fragmented governance landscape thus presents challenges. Partly, these can be tackled by problem-solving that is enabled by a healthy level of financial resources. Cities need access to funding that they can use relatively freely. However, fiscal decentralisation, commonly measured as subnational tax revenues as a percentage of total tax revenues, varies widely across Europe, from 4.8 per cent in the UK to 32.2 per cent in Sweden.¹⁰ Depending on the context, municipalities are thus reliant on national transfers. For example, Sadiq Khan, the mayor of London running for re-election, has promised to make the city carbon-neutral by 2030, but since the Greater London Authority's fiscal autonomy and revenue-raising power is very limited compared to other global cities such as New York, Paris and Berlin,¹¹ this relies on securing billions of central government investment. Yet, after a decade of fiscal austerity across Europe, many national governments – including the UK – are not investing enough in decarbonisation. Many European municipalities are thus reliant on short-term, project-based EU funding to decarbonise their infrastructure. This supports some degree of experimentation, but it makes decarbonisation a stop-start

10 H. Blöchliger and J. Rabesona, *The Fiscal Autonomy of Sub-Central Government: an update*. No. 9, (2009), OECD Working Papers on Fiscal Federalism.

11 E. Slack, *International Comparison of Global City Financing*, (2016), A report to the London Finance Commission.

process, with the European Commission's own evaluations pointing to the fact that cities lack funding to scale up pilot projects.¹²

The Commission faces a challenging political dynamic. While the EU has increasingly sought to support urban areas over time, providing longer term, less conditional funding directly to local governments would be controversial. The first European Green Deal announcements focus on economic transformation through business innovation in 'clean' products and technologies, but must also be linked to the EU's Urban Agenda. A first step forward could be an independent body orchestrating a decentralisation 'audit' across all EU member states to assess to what extent sub-national government units possess the necessary functional and fiscal autonomy to decarbonise urban infrastructure.

The moment for meaningful empowerment of local governments in Europe must be 2020. It is thus worrying that urban areas are largely absent within current visions for green state transformation, from the 'green industrial revolution' in the 2019 UK Labour party manifesto, to the US Green New Deal and the European Commission's European Green Deal. With the exception of some references to local authority budgets and bus services in Labour's manifesto none of these visions really mentions the role of local government. The US and UK visions focus on Keynesian-style job creation through national infrastructure investment. In some variations, the Green New Deal debate is also associated with the metaphor of the wartime state, evoking economic restructuring during the second world war. All of these visions appear to evoke a rather top-down state and need to be more strongly connected to urban policy. In

¹² Tomassini, M. et al, EU financial support to sustainable urban mobility and to the use of alternative fuels in EU urban areas, (2016), Directorate-General for Mobility and Transport, European Commission.

the case of the UK, experts have convincingly argued that New Labour's high-spending sustainable transport policy failed to meet its ambition due to the lack of more structural changes, particularly meaningful decentralisation of power to local government.¹³ While the Conservative party's mid-2000s argument that New Labour instituted a centralised 'command state' with respect to local government¹⁴ is broad-brush, it does also point to the lack of a radical enough decentralisation agenda within UK left politics. To tackle the climate emergency, the next Labour government will need to take a different approach.

Post-war European governments sold the automobile society as a glorious modernist vision of the future and invested billions to bring it into reality. The strength of the proposed Green Deal packages is that, in a similar way, they sell an attractive vision and recognise the very large scale of investment needed to retrofit our existing infrastructure, which ultimately only national governments can underwrite. If Green Deal investment programmes can be designed to effectively channel resources to local government, they could provide the necessary interplay between national and local dynamics to transition away from the automobile society.

Nine critically important factors to achieve a carbon-neutral state

There are many complex narratives for how to achieve carbon neutrality, so to keep it simple, I conclude with a

13 I. Docherty and J. Shaw, *The Transformation of Transport Policy in Great Britain? 'New Realism' and New Labour's Decade of Displacement Activity*, (2011), *Environment and Planning A*, 43(1), pp.224–251.

14 G. Clark and J. Mather, *Total Politics: Labour's Command State*, (2003), Conservative Policy Unit.

list of nine critically important things to achieve a carbon-neutral state within the context of an urban Europe. In the decade ahead we need to:

1. Invest in policies and technologies proven to reduce the CO₂ emissions generated by urban areas and public services.
2. Rethink the welfare state to include ecological limits, infrastructure, the urban context and a break with car-dominated society.
3. Support local experiments to 'scale up', and focus on political learning about effective governance in addition to technical solutions.
4. Radically empower local governments by bringing decentralisation alongside the decarbonisation agenda.
5. Link large-scale national investment to attractive Green Deal visions, while incorporating local dynamics.

To achieve this European governments and political parties also need to consider:

6. Supporting remunicipalisation of urban infrastructure, if services owned or operated by the private sector have failed to deliver social and environmental goals.¹⁵

15 S. Kishimoto and O. Petitjean, *Reclaiming public services: how cities and citizens are turning back privatization*, (2017), published by Transnational Institute and an international consortium of partners.

7. Being sensitive to diverse local contexts for just transitions, including existing regional disparities and the varying capacities of local governments to benefit from Green Deal investment programmes.
8. Refocusing innovation policy on the urgency of carbon neutrality, reflecting the EU and UK's recent shift towards 'mission-oriented innovation'.
9. A paradigm shift relating to public finance, with European progressive parties arguing "what we need to do, we can afford".¹⁶

¹⁶ Following Keynes, A. Pettifor, Transforming an economic system that threatens earth's life support systems, (20 September 2019), Prime Economics.