

Sir Starmer and the Gas Giants

Is the UK Labour party the party of labour - or the party of the oil industrial complex? A short history.

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Shell has paid no tax whatsoever on its British oil and gas production last year – instead it received £100 million from the taxpayer. This was revealed in a report published by the company last week.

The response from Kerry McCarthy, the Labour party shadow minister for climate change, was fierce. “Oil and gas giants,” she [fumed](#), “have been paid huge amounts from the public purse under the uniquely generous tax regime the Tories have created for them.”

She’s right. This is a scandal of British government. The Tory Party is deeply complicit with fossil-fuel interests, and many ministerial snouts [have been seen](#) in oil-industrial troughs. At first sight, McCarthy’s accusation seemed a slam dunk.

Consumption

But then [Shell responded](#). The “tax relief framework” which they so lavishly enjoy had been installed by “Conservative *and Labour* governments, to provide the oil and gas industry with long-term investment clarity.” McCarthy herself acted as enforcer – assistant whip – for the most recent of those Labour governments.

We should ask, then: has Labour indeed undergone a genuine conversion? Will our grandchildren recount tales of Sir Keir who waged brave battle against the gas giants who had impoverished the common folk and spread flood and drought across the lands? Or will Labour continue to kowtow, in the tradition of Tony Blair and Gordon Brown?

The most neglected – but for the planetary future most significant – fact about the Blair-Brown governments of 1997-2010 is that they increased the share of fossil fuels in Britain’s energy mix.

Energy consumption by source can be measured in different ways. The Our World in Data research team based at Oxford University draw on [two data sets](#).

In one, the share of fossil fuels in Britain's energy consumption was 88.59 percent in 1997 rising to 89.69 percent in 2010. In the other, the share was 88.75 percent in 1997 and 90.68 percent in 2010. Either way, fossil fuels grew as a proportion of energy use.

Unprofitable

This was no accident. The Blair-Brown governments made little attempt to boost renewables. They [slashed grants](#) for household solar and wind installation and sought to [water down](#) the renewables targets being drawn up by the European Commission.

Even the Confederation of British Industry, the business leaders' organisation, attacked the Brown government for [its footdragging on emissions](#) reduction.

The upshot: Britain remained hooked on fossil fuels, with all the consequences in terms of cost and poverty, air pollution, and global heating.

It was inexcusable. Knowledge of climate change and even the potential for feedback-fuelled runaway warming were widely understood from around 1985, and certainly from 1992. We knew back then what horrors would lie ahead if governments fail to take radical action.

While the Blair-Brown government did impose windfall taxes on North Sea oil and gas, in the same moment they raised the amount that the companies could claim in tax relief on development capital expenditure from a quarter to [100](#) percent, and they abolished royalties on North Sea oil to encourage drilling in otherwise unprofitable fields.

Political

They dished out colossal subsidies to the oil and gas industries—higher than in the [other European states](#)—and to the [coal firms too](#).

On climate change, the talk was of partnership with the oil industry but the government danced to its tunes. A notable example was Carbon Capture and Storage (CCS).

Brown and his energy and climate change secretary Ed Miliband [lapped up the idea](#) that CCS was viable, even though it is far more expensive and polluting than renewables. In 2006 Brown [promised](#) that government would help its oil industry partners establish CCS projects along the North Sea coast. These would “reduce emissions from gas and coal power stations by up to 90 percent.” It never happened.

On home insulation, Brown's government considered a windfall tax on the oil and gas companies to fund home insulation. The idea was supported by two-thirds of the population, but, [after meeting with energy company executives](#), Brown ruled it out.

Labour's boosterism for oil and gas was not just on the production side, but consumption too. Overseeing soaring costs in public transport (see graph), they ensured a growing dependence on private cars.

In air travel we saw a similar story. From 1997 to 2006 passenger numbers rose by over five per cent on average [every year](#). Again, this was politically driven.

Rivals

Such was the collusion between the Blair-Brown governments and the aviation industry that in 2009, following government approval of Heathrow expansion, MPs demanded a Commons investigation into the “revolving door” between government and the Heathrow operator BAA. A “huge number of people in government,” [noted one MP](#), are “connected with BAA.”

The revolving door to the aviation lobby extended beyond BAA and Heathrow. Kerry McCarthy herself, prior to joining the Brown government, was a director of Luton Airport.

But the best-known—indeed, notorious—revolving door was with the oil industry. Although the Tory-oil [nexus](#) is stronger still, Labour under Blair was a devoted accomplice.

Blair was a personal chum of the BP director John Browne, whom he ennobled, together with former BP chairman David Simon. So many BP executives were [drafted onto government committees](#) during his terms in office that rivals referred to the firm as Blair Petroleum.

Projection

It was in part to [serve BP and Shell](#) that Blair and Brown sent British forces to invade Iraq, and Blair [personally cashed in](#) on the invasion through payments from a firm that was awarded oil concessions in Iraqi Kurdistan.

Brown, for his part, affects to distract from his blood-stained hands with sermonising – including over the Ukraine war. Given that Russia’s invasion is in every salient respect comparable to Britain’s of Iraq, including [the role of fossil fuels](#) in its motivation, that Brown is now calling for Vladimir Putin to be arraigned before an international tribunal is the very definition of neurotic projection.

Neoliberal

To return to our opening question: has Labour under Starmer sought to break with this past? On the contrary, the project is to reaffirm it.

Labour, says Starmer, should be [very proud](#) of Blair’s record in government. His own campaign for the leadership was funded by [motor industry](#) chiefs. He champions CCS, a technology with no discernible purpose other than to funnel funds to oil companies and delay the transition from fossil fuels.

He has discarded the Corbynite commitment to a Green New Deal as well as Corbyn-era and [TUC-backed](#) plans to nationalise parts of the energy industry. And he called for [draconian action](#) against climate activists from the [Just Stop Oil](#) campaign group. All this is music to the oil and gas giants’ ears.

Starmer regards his plan to levy a windfall tax on the North Sea industries as “[radical, bold and ambitious](#).” It is nothing of the sort. His playbook is that of Blair and Brown: an occasional windfall tax but rule out any nationalisation.

Windfall taxes on North Sea oil were imposed by Margaret Thatcher too. For her, as for Blair

and Brown, they represented a wrinkle within what was, overall, a neoliberal and extremely hydrocarbon-friendly fiscal regime.

This is the model Starmer is following today. Sir Starmer will not stand up to the oil and gas giants: that war is for others to wage.

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Featured image: Starmer as Director of Public Prosecutions speaking at Chatham House in 2013 (By [Chatham House](#), licensed under CC BY 2.0)

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