

REMARKS BY MR TOM BURKE AT THE PUBLIC LECTURE
'COMBATTING CARBON IN AN ECONOMIC CRISIS', LSE,
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Thank you for inviting me to speak to you today.

When Alastair first proposed the idea of this evening we thought we were coming to the end of an economic crisis. As it turned out, we had simply reached another edge on the economic cliff we have been falling off for three years.

This has led to a debate now swirling through the media, especially its more right wing elements, and increasingly within Whitehall about whether we can afford all this green stuff.

What I find particularly ironic about this debate is that it is being led by exactly the same people whose ferocious commitment to the short term has got us into the current economic mess.

The very same economists who failed to understand that what the much vaunted financial innovation of the finance community was doing was multiplying and concealing risk not managing it are now advising us that we can afford to delay dealing with the most significant risk to the future of humanity.

The lesson I draw from this is that we would do well to pay more attention to what is happening in the real

world, and those who can tell us about it, and listen a lot less to those who have only an elusive grasp of the difference between their models and the world and are therefore endlessly surprised when the latter stubbornly refuses to conform to the assumptions of the former.

What I want to argue this evening is that we do not have an economic problem with tackling climate change but we do have a significant, growing and largely unanalysed political problem. This is not to say that the economics of climate change are easy, only that they are a much less important and a lot less difficult than the politics.

I suppose I should add that I am not someone who believes that the world is only a poorly described market and that all political problems are simply economic problems in disguise and can therefore all be solved if only we could build the right models.

One of the more unusual and interesting features of climate change as a problem is that we have an unusually clear analysis of the problem.

We know exactly what we need to do – to construct a carbon neutral global energy system by the middle of the century.

We know how to do it – all the technologies and engineering knowledge we need to get there in time are already available.

We know we can afford to do it – the International Energy Agency estimates that the nett cost of doing so might add only a couple of trillion dollars to what we will be investing in energy anyway over the next twenty five years.

That is a few tens of billions of dollars a year – I used to think that was a lot of money until the bankers taught me otherwise.

What we do not know is how to put the technology and capital together. Doing that will require political will and political will is exactly what the economic crisis has revealed to be lacking.

There are some other significant ways in which climate change is very different from any problem humanity has had to tackle. Let give three examples:

First, it is a problem that is more truly global than any other. The livelihood of literally every single person in every single nation will be affected by a changing climate.

Far too many people lead lives constrained by poverty, violence, ignorance and ill-health. But they share the planet with others who lead lives that are affluent, peaceful, educated and healthy. Everyone, for better or for worse, will live with the consequences of climate change.

This characteristic creates an entanglement of interests unprecedented in history. And, while there might be

hard power consequences to a failure of climate policy, there are no hard power solutions to the problem.

It cannot be solved by one nation imposing its will on another. Therefore, solving the problem requires an intensity and persistence of cooperation between nations not yet seen.

Since cooperation between governments is never one dimensional this means climate policy success is ultimately predicated on the continuance of a global system where cooperation takes precedence over competition.

Second, policy failure is not an option. The development of public policy is typically empirical. Human beings learn by doing. Policy measures are adopted, monitored for effectiveness, reviewed to take account of changing circumstances and revised as necessary.

Economic, social or political goals not achieved today can be pursued again tomorrow. This is not true for climate change.

The long lifetime of carbon dioxide in the atmosphere - many centuries - means that we are committed irrevocably and, in policy terms, indefinitely, to whatever climate is generated by the carbon burden in the atmosphere at the point of stabilisation.

If we fail to stabilise greenhouse gas concentrations at a level compatible with staying below 2°C we cannot try again later to achieve this goal.

Third, there is a specific timeframe within which action must be taken.

The build up of carbon in the atmosphere is cumulative and effectively irreversible. Most governments now accept that a 2°C rise in global average temperatures marks the boundary between manageable and unmanageable climate change.

To remain within this boundary condition, global carbon emissions must peak within the period 2015-2020 and decline rapidly thereafter.

The first priority for any government is to maintain territorial integrity. Then comes internal stability. After that, food, water, energy and now, climate security are the most urgent imperatives for government. They make up the pillars of prosperity on which the rest of the economy rests.

The complexity and dynamic nature of the relationship between these pillars presents difficulties to public policy and to politics which are not yet well understood.

The institutional structures governments currently have in place to tackle these issues treat each one separately. Typically, energy, water, food and climate are each dealt with by different government departments and agencies. Each has a separate

constellation of supporting professionals and cluster of related businesses.

This significantly increases the risk of policy cannibalism as the solutions to one problem add to the difficulties of another. The British government, for example, has consistently sought to drive energy prices down to deal with competitiveness and fuel poverty issues while driving them up to tackle climate change.

Threatened water security can be addressed by energy intensive desalinisation and water transfer projects but at the risk of undermining energy security by increasing dependence on expensive imports. If the extra energy is provided by the combustion of fossil fuels that will undermine climate security and eventually the water security being sought.

If lower water security threatens food security by climate altered precipitation this can be compensated by the use of energy intensive agro-chemicals and water transfer projects. But, if the additional energy is provided from fossil fuels this increases the risk of further altering precipitation patterns and raising temperatures, thus undermining both water and food security.

Little is gained if the policy effort to strengthen one of the pillars of prosperity simply weakens another.

It is not yet widely understood by politicians, policy makers and the public alike that climate change will lead to a complete transformation of the human

prospect. This is true whether climate policy succeeds or fails.

If it succeeds the transformation will take place over the next thirty years. If it fails, the transformation that is already underway will accelerate gradually and become dramatic in the thirty years after that.

The choice is whether events or people drive that transformation.

If people make the choice, then over the next thirty years the way energy is used will be transformed.

This will bring with it a wide range of co-benefits in terms both of economic efficiency and human well being. Food and water security will be maintained.

However, the pattern of economic winners and losers will also be disrupted.

If events drive the transformation then the global average temperature will rise inexorably and for all practical purposes, irreversibly.

Food and water security will be undermined and ever larger numbers of people will be displaced, exposed to conflict and disease and subject to deeper climate induced poverty.

In those circumstances preserving political support for the international institutions that have sustained the prosperity and security of billions of people over half a century will become progressively more difficult.

The international negotiations on climate change did not fail in Copenhagen through faults in the process – though faults there are. They failed because the political will was lacking among the world's leaders.

As we saw ourselves last year in the formation of the Coalition – when the political will is there processes can be adapted, worked around or simply ignored.

Building that political will is about the conversation that occurs in the capitals of the key countries – not the conversation that goes on in the negotiating rooms.

The mismatch between the intensity and urgency of the effort required and the perceived remoteness of the threat to everyday life is the major obstacle to success. This has certainly been made much more difficult because of the current economic crisis.

Governments everywhere are both distracted and constrained by the current fiscal crisis. They are faced with large and deeply entrenched economic interests, some of which are openly antagonistic to the measures needed to prevent dangerous climate change.

The additional costs of making the transition to a carbon constrained economy are inevitably resisted by both businesses and consumers.

But more importantly, the scale, urgency and nature of the policy measures required are a poor fit with the core projects of both the left and the right in politics.

The core project of the right is to build a society with lower taxes, less regulation, smaller government, and an ever expanding realm of personal choice for individuals. It is a project that believes that markets are always wiser than government.

Climate change is simply a problem that cannot be dealt with within this ideological framework. So it must be wished away. It is not an accident that climate deniers are almost exclusively to be found on the political right.

For the left, the core project is a commitment to make the economy grow as much as possible in order to pay to improve public services and alleviate poverty at home and abroad. This is an uncomfortable fit with the need to take risks with growth and shift public expenditure from entitlements to investment in low carbon infrastructure.

This has had the unfortunate consequence of reducing the spectrum of political discourse in Britain to a debate about which celebrity politician you would prefer to micro-manage minor improvements in public services which are already quite good.

Not surprising this has not excited the population at large to get engaged in politics with the result that membership of political parties in Britain has now declined to less than 1% of the population – or about half of that of the RSPB alone.

This means that we cannot rely on our existing political parties to offer voters a clear sight of the choices we must make to preserve our nation's prosperity and security.

There will need to be a much wider and more engaged public debate on the implications of climate change for everyone and everything. More importantly, there will need to be a much deeper political analysis of the implications of tackling climate change.

What does it mean for the tension between markets and planning? Markets innovate but have no purposes. Planning is good at purposes but not at innovation.

How will we have to adjust the balance in public spending between entitlements and investments in low carbon infrastructure? We currently count on the future to pay for today. But climate change requires that we pay today to have a future worth having.

My own view is that we will not solve this problem without an insurgency of the under forties against the over forties. We need to shift the axis of choice in politics from an antiquated debate between left and right to that of choosing between the future and the past.