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THE FUTURE OF CLIMATE POLICY

THE TOMORROW PROJECT, THE ROYAL SOCIETY, LONDON
18TH JUNE 2009

An idea that has been haunting me since the beginning of the year is that this is the most important year in human history. Ideas do not seek permission before they enter your mind and they are not always the most welcome of guests. This was very definitely an unwelcome idea.

It was prompted by the articles run in several newspapers anticipating the events of the year to come. Bravely, they passed judgement on the likelihood of everything from an early election (no) to the bombing of Iran; from the price of oil (higher) to the fall of Mugabe. They were full of prognostications – mostly very gloomy – about the state of the economy.

But it was what they did not say that really caught my attention. None of them seemed to have noticed that in December of this year a meeting far more important than war or recession to the future prosperity and security of all seven billion of us will take place in Copenhagen.

We know that, terrible though consequences of war and recession are, they pass. Climate change is for ever.

At around that time Brian Eno wrote a piece in the guardian about the difference between a world which people feel could be a 'better place' and one they feel to be a 'nightmare of desperation, fear and suspicion'. In the latter world 'freeloaders and brigands and pirates and cheats will take control.' do not overlook, in all talk of rising sea-levels, melting ice-caps and the droughts, floods, fires and diseases that will be the markers of a rapidly changing climate, the fact that riding along with them will be the freeloaders, brigands, pirates and cheats.

Brian Eno was writing, as both Martin Wolf and Timothy Garton Ash have also done, about the impact on politics of shifting from a world of abundance to one of scarcity. There is nothing in our knowledge of a world without a stable climate to lead us to believe a changing climate will shift it back.

The punctuation of history is denoted by the names of the places where order was restored after chaos had prevailed – Westphalia, Versailles, San Francisco. It is not an exaggeration to say that the implications of what happens – or does not – in Copenhagen in

December will do more to shape human destiny for longer than any of them.

The reason for this is the unique nature the climate as a human problem. We know that dangerous climate change is a threat to the fragile film of order we humans have built around the chaos of events and call 'civilisation'.

We know, because Europe's political leaders have said so, that a rise in global average temperature of more than two degrees Celsius is dangerous. It would turn a problem that is serious but manageable into one that is unmanageable and catastrophic.

We know from our scientists that greenhouse gas emissions must be moving downwards globally by 2015 if we are to have at best an evens chance of staying below two degrees. It would be rash to put your house on an evens bet, it is something a lot more reckless to be betting civilisation on those odds.

The nature of the climate is such that the future cannot redeem today's mistakes. Once a given concentration of carbon is in the atmosphere the climate it drives is inexorable even if it takes decades or more to fully express itself. In the most literal sense, the sins of the fathers will indeed be visited on the sons and well beyond the third and fourth generation.

We humans do not learn easily. We try and fail and try again. Our progress is incremental and we are prone to repeating our mistakes. We are too often content to let the future redeem the mistakes of the present. Climate change does not suit us. We have little experience with the irrevocable and dislike exacting time limits.

Compared to the diplomatic effort needed to achieve success in Copenhagen that required for a final settlement of the Israeli-Palestinian problem or to deter Iran from seeking nuclear weapons is relatively small. But there is little sign that an effort of the required level of ambition is yet being made. Compare the amount of media coverage, and intensity of political effort, given to the Middle East to that accorded to climate change.

This is not to diminish in any way the magnitude of those problems, nor to argue that less should be done to address them.

It is rather to point out the classic human error of allowing the more immediate to obscure the more urgent. History does not have an agenda on which items can be prioritised. Either you deal with the events it throws at you or they deal with you. As Canning once remarked 'if something be not done it will do itself and in a way that pleases no-one.'

No leader will want to come away from Copenhagen saying they failed to solve the most serious problem facing humanity. But the appearance of success will be easier to achieve than the substance. It will consist of words and the less the success the more interpretable the words.

The Copenhagen negotiations are among the most complex ever undertaken. The goal is to achieve a so-called 'global deal' in which the industrialised world agrees to a second commitment period under the Kyoto Protocol and agrees to provide finance for adaptation and the transfer of low carbon technologies in return for rest of the world undertaking 'monitorable, reportable and verifiable' commitments to reduce their emissions.

In reality there are two main, and a number of related negotiations, including those on forestry, going on separately under the same umbrella without, as yet, a clear mechanism for bringing them all together. The issue of the legal form of whatever will be agreed in Copenhagen is one of the least discussed but potentially most difficult of the matters to be resolved.

National leaders are currently distracted by the need to engineer an economic recovery. They are increasingly unwilling to impose constraints on economic growth. Furthermore, public finances are already over-stretched by the loss of tax revenues and urgent need to finance economic stimulus packages.

This considerably narrows the scope for agreement on the necessary funding for adaptation and technology transfer. Proposals for financing such capital flows rely heavily on a carbon price or permit auction revenues which are themselves dependent on the agreement by the industrialised countries to a second commitment period under the Kyoto Protocol.

There is thus a considerable risk of a chicken and egg impasse. The first commitment period under the Kyoto Protocol expires at

the end of 2012. Two years is the time typically needed to go from reaching such an agreement to its binding commitments coming into force. Delay beyond the end of this year therefore risks undermining the revenues flows needed to get agreement in the first place.

While previous experience suggests that there is some margin to continue negotiating beyond the end of 2009 this margin is small. In any case, uncertainty as to whether or not the world remains on course to develop a global price for carbon will lead to future carbon prices being discounted well before the negotiations conclude. This would in turn lead to pressure for a more direct, but less politically deliverable, sourcing of the capital flows to the developing world needed for agreement on the 'global deal' to be reached.

Balanced against this gloomy prognosis is the re-entry of the United States into the constructive development of the global climate regime. There is no doubt, both from President Obama's campaign pledges, from the frequent inclusion of references to climate change in his speeches, and from the nature of his appointments to key posts that his administration will now play a full and leading part in addressing this issue globally.

However, this will not be an unmixed blessing and the re-engagement will need to be skilfully handled to avoid creating new problems as it solves those which are familiar. Politically, President Obama has pledged to reduce U.S. domestic emissions to 1990 levels by 2020 and to aim for a reduction of 80% from present levels by 2050. This is an ambitious goal which converges on that of the EU albeit on a different trajectory.

To deliver it will require very tough federal legislation which a majority of commentators in the U.S. think is unlikely to pass this year. There is also a widespread view that the U.S. will not enter into binding international commitments until it has settled its domestic legislation. This would avoid the risk of repeating the Kyoto experience of negotiating an agreement in good faith only to be unable to achieve ratification by the Senate.

Should this prove to be the case, the U.S. would not be in a position to join the other annex 1 countries in agreeing to a second commitment period under the Kyoto Protocol in Copenhagen. This

is another reason for anticipating that reaching a final agreement might spill over into 2010.

It is widely expected that a core condition for achieving agreement to a 'global deal' in Copenhagen by the major developing countries such as China, India and Brazil, will be us agreement to binding targets. Thus a successful 'deal' might require a difficult to accomplish alignment of timetables of the UN treaty process and us domestic legislative process.

There are four broad outcomes to the negotiations in December. The first is the satisfactory achievement of the so-called 'global deal' along the lines I outlined a moment ago. I cannot say from my recent conversations that this is yet in sight. To achieve it will require rather more heavy lifting than we have yet seen from prime ministers and presidents.

At the other end of the spectrum there remains a possibility of complete breakdown. Issues such as the amount of credible new money available for adaptation or the failure to agree the exact legal form of the 'deal' are readily available breakdown points. The highly stressed atmosphere of the concluding stages of climate negotiations is such that breakdown by accident is quite possible.

Between these poles, two other outcomes are possible. A partial success could then lead, as it did at Kyoto, to later recovery. Or, a partial success could lead, in ways that are all too familiar from trade negotiations, to a prolonged loss of momentum.

Of all the outcomes, this latter is the one that is most dangerous. Political leaders will have got the headline and crossed the problem off the to-do list. But nothing will actually have happened and re-starting the momentum will take time we do not have and quite likely require some kind of catastrophic event.

Much will depend on how well the political leadership of the major countries understand the complexities of the problem and how effective they are at cutting through them to reach agreement on the essentials: preservation of the Kyoto mechanisms so that there continues to be a carbon price; sufficient additional funding for adaptation and technology transition in the developing world and successfully aligning timetables so that the U.S. can again become a full participant in the global regime.

This would not solve the problem, but it would keep open the door to its solution.

The world is oversupplied with words and images and very short of deeds. The gap between rhetoric and action on climate change in even the most serious of nations is so wide as to justify much scepticism. Without clear signs of that gap closing the political conditions for an ambitious enough policy agreement in Copenhagen and later will remain elusive.

There is an even larger gap coming ever more clearly into view. This is the gap between what climate science says we need to do and what climate politics says is within the realm of the possible. This is encouraging a realist school of climate policy thinkers to emerge.

In this view, we should not be trying to achieve 'unrealistic' goals. Better, this counsel of despair advises, to go for something achievable and build on that than to shoot for something too ambitious and fail. In other circumstance, with other problems, this might, indeed, be wise counsel. But for the reasons I gave before, with the particular nature of this problem makes such realist thought indistinguishable from defeatism.

I grew up in a world that spent billions of dollars on building weapons it hoped never to use. When they became obsolete we threw them away and built even more sophisticated and expensive weapons which we hoped never to use. We did that for fifty years. The threat of climate change to the prosperity, security and well-being of everyone on the planet, especially anyone under forty, is far more certain than was the threat of the cold war going hot.

There is no engineering reason why we cannot make the transition to a carbon neutral energy system by 2050. Nor is there any fundamental economic obstacle, as Nick Stern has demonstrated. But knowing that solving the climate problem will not damage your economy is not the same as knowing how the cost of doing so should be shared between consumers, taxpayers and shareholders.

We do not have any policy problems with climate change. We have an extraordinary range of policy ideas to apply to the hugely

diverse ways in which the problem will present itself to us. What we are actually short of is the political will to deploy those policy instruments and the knowledge of how best to go about building that political will.

Choosing who will win and who will lose is the province of politics. If politics is the art of the possible then the task of political leadership is that of expanding the realm of the possible. I am in no doubt that it is possible to solve this problem, but i wonder if we have the collective political leadership it will take to do so.