

THE SAINSBURY CENTRE

‘the difficulty lies not so much in developing new ideas as escaping from old ones.’ John Maynard Keynes

Our political and economic systems are stuck in the past. There is an urgent need for new thinking from our political class, but they are not rising to the challenge. In relation to solar energy, the level of market penetration is determined not by location, climate or technological progress, but by the political will to install it.

As former World Bank Chief Economist and UK Government Economic Advisor Nicholas Stern has said, it is preferable even in conventional economic terms to act decisively now on climate change than have to face the grave consequences of inaction later.

Stern’s 2006 review of the economics of climate change – which he famously described as the *‘greatest market failure in history’*– estimated that, if left unchecked, climate change could reduce global GDP by as much as 20% by 2050.

More recently, a study by McKinsey found that a transition to a low-carbon economy could actually increase GDP growth in many countries. Certainly Europe’s experience under the Kyoto treaty, where emissions dropped by around 18% and GDP grew by 45%, shows that emissions and growth can be decoupled. The reality is that there is no particular shortage of capital, but currently it is held by corporations and individuals that spend it on things that aren’t going to solve the world’s most pressing problems and often make them worse. For example, Harvard University’s Kennedy School of Government estimates that military involvement in Afghanistan and Iraq since 2003 will eventually cost the US alone as much as \$6 trillion. Government subsidies of clean energy technologies globally is dwarfed by subsidies provided to fossil fuels, which reached \$548bn in 2013.

“We wouldn’t be the first life form to wipe itself out. But what would be unique about us is that we did it knowingly.”

Pete Postlethwaite – The Age of Stupid