



E3G

Facing up to Reality: Choices for a Sustainable World

Speech given at the 4th Apeldoorn
Conference, The Hague.

Tom Burke, CBE

June 1st 2007



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About E3G

E3G is an independent, non-profit European organisation operating in the public interest to accelerate the global transition to sustainable development.

E3G builds cross-sectoral coalitions to achieve carefully defined outcomes, chosen for their capacity to leverage change.

E3G works closely with like-minded partners in government, politics, business, civil society, science, the media, public interest foundations and elsewhere.

More information is available at www.e3g.org.

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Thank you very much for inviting me to speak to you today. It is always a pleasure to be back in the Netherlands. I am also particularly pleased to be speaking to you on such a timely topic. The truth is that we are a long way from facing up to reality and the resources which are most desperately scarce are time and political will. I hope that over the next two days we might be able to explore some ways of making the most of both.

We live in extraordinary times. More people live longer, healthier lives, with more prosperity and greater security than ever before in history. We live in a world beyond our parents' wildest dreams. There is no beach too remote, nor mountaintop too distant, for us to visit. We are connected to each other as never before: by trade, by internet, by satellite television and mobile phone.

It is also a world of accelerating change.

Globalisation has greatly expanded the realm of opportunity lifting many millions out of poverty. The creation of a single global information space has allowed us to create truly global markets for capital, goods and services.

But globalisation of opportunity has not often been accompanied by globalisation of responsibility. Too many millions can see, but cannot reach, the opportunities. Not all the change is good.

When I was born there were just over 2 billion people on the planet. Today there are 6.5 billion. With luck, and the benefit of modern medicine, I might well live to see the 8 billionth person born.

When I was born there were about six million elephants on earth. Today there are about six hundred thousand. I may well also live to see the last elephant in the wild die.

The extraordinary economic growth we have witnessed in the past fifty years has not been bought without cost. Much of that cost has fallen on the environment. Not until the end of the sixties did the world begin to tackle this problem with any conviction.

Since then we have been dealing with the easy politics of the environment. It has a familiar agenda. Air and water quality. Noise and nuisances. Toxic chemicals, radioactivity, wastes and recycling. Governments and companies everywhere are now increasingly engaged in solving these problems.

They are the easy politics of the environment because the need to tackle these issues was clear. Rivers were catching fire or feet deep in foam. Children could be found playing on uncontrolled hazardous waste dumps.

When politicians did take action there were many more winners than losers. The policy tools and institutions required were easily available. The issues were readily comprehensible to the media since there were clear villains and victims. You were on the side of the victims – who were often found among the least advantaged – and against the villains – who quite often turned out to be businesses.

In much of the world we have done well on this environmental agenda. We have made significant progress in improving air and water quality, wastes are much more commonly recycled. Furthermore, the cost of dealing with them turned out to be much less than was often thought. Cutting pollution very often also cut costs.

Dealing with this environmental agenda may not have seemed easy at the time but compared to the agenda that is now coming to dominate the environmental debate it really was. In the 21st century we must face the hard politics of the environment.

The agenda is different: climate change, deforestation, water availability, biodiversity loss, fisheries collapse, soil loss. The need to tackle these issues is

not so obvious. Fishermen are still arguing that there are plenty of fish in the sea. Former Chancellors of the Exchequer will still tell you there is no need to do anything about climate change.

If you do act on this agenda, there are many more losers than winners. It is not immediately obvious what policy tools and institutions are needed. The media has great trouble getting a clear focus on the complex trade-offs involved and has no easy way of dealing with problems where the villains and the victims are the same people.

Needless to say, we have made little progress in solving these problems.

The agenda of the hard politics of the environment might also be called the sustainable development agenda. I know of no concept more prone to produce definitional constipation than sustainable development. I am quite content with the original Brundtland definition – development which meets the needs of today's generation without undermining the capacity of future generations to meet their needs.

Put operationally this means finding the ways to provide rising real incomes to some 8 billion people without collapsing the ecological foundations of the economy – croplands, rangelands, forestlands, freshwaters, the atmosphere and the ocean.

Let me take a moment here to set sustainable development in its historical context. The phrase is rather more than a fashionable arrangement of words, though that is often overlooked, even by its most active promoters.

From about the middle of the 18th Century here was a sustained debate, predominantly within Europe, about how to make the economy grow. As the industrial revolution gathered pace under the stimulus of the Napoleonic wars and the subsequent prolonged period of peace the answer became clear. If individuals are freed to pursue their own self-interest, the interests of all will be enhanced and the economy will grow.

As a formula for increasing economic growth there is no doubt that this argument was correct. As this liberal doctrine gained hold, economies did indeed grow rapidly. But as they grew they let loose an avalanche of change. It soon became apparent that economic growth disrupts social ligatures.

The complex, multi-dimensional relationships of relatively stable communities are replaced in the creative destruction of capitalism by the simpler,

transactional relationships of the cash economy. Cultural bonds with their complex patterns of mutual rights and obligations are replaced by economic bonds based simply on the ability to pay. This is undoubtedly more efficient. It is not necessarily more stable.

In the 19th Century rapid economic growth led, then in Europe, as it does now globally, to very rapid social change. This social change, unmediated by any attempt to ameliorate its impacts on the welfare of large numbers of people, led to growing political instability which threatened to undermine the engine of the economic growth driving the change. It is worth recalling that by 1848 Marx had already written the Communist Manifesto.

In time, the beneficiaries of industrialisation came to realise that to continue reaping the benefits they had to share them. A new debate began about how to maintain the social conditions necessary for growth. The answer that emerged over the next century was that some of the proceeds of economic growth must be invested in maintaining those social conditions.

Institutions, policies and programmes were developed to do just that. Starting with Bismarck in the 1870s the nations of Europe slowly laid the foundations for the culture of solidarity, community and social investment that is modern Europe's greatest strength.

But we learned too late that we needed to invest some of the proceeds of economic growth to maintain the social conditions necessary for it to continue. Our failure to do so in good time let loose the massive tide of social tensions that swept through every country in Europe at the end of the 19th Century. As a consequence we spent the first half of the 20th Century deciding empirically whether Communism or Fascism was our preferred form of totalitarianism.

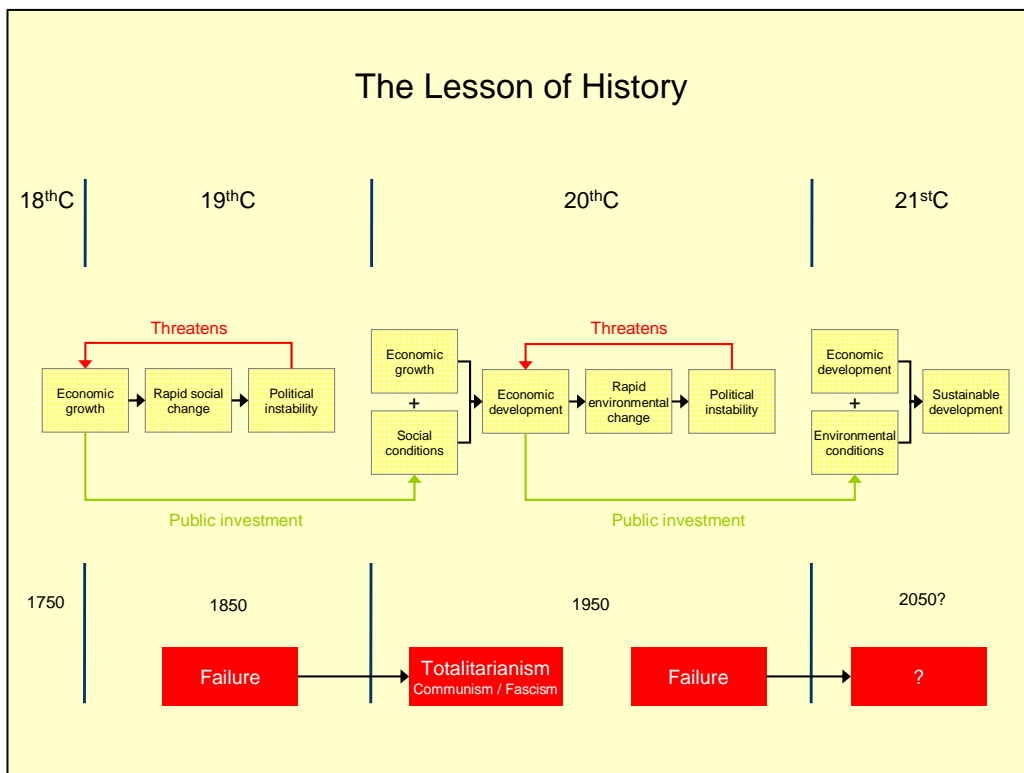
By the middle of the last century there was no longer any argument over the need for nations to invest in health, education and social security in order to underpin their economies. The purpose of public policy expanded from simply facilitating economic growth to promoting economic development, that is, growth plus welfare. The arguments over how much welfare to provide and how best to provide it will continue for a very long time but very few today believe that governments can ensure prosperity without such investment.

As population and prosperity accelerated in the aftermath of the Second World War the world entered an era of very rapid economic development. Within two decades a new debate began.

As air and water quality deteriorated, wastes accumulated, the deserts spread, cities sprawled and natural habitats and the plants and animals that lived in them began to disappear, doubts emerged as to whether the planet could continue to provide the resources necessary to maintain the momentum of development. Reinforced by the graphic pictures from space of a blue and white planet alone in the darkness of the universe these growing doubts led to the first of the great global conferences that punctuated the last decades of the 20th Century.

The Stockholm Conference on the Human Environment in 1972 defined for the first time an agenda for action to protect the planet’s environment. Over the following thirty years it became increasingly clear that we now needed to invest some of the proceeds of our burgeoning economic development in maintaining the environmental conditions for that development or it would not occur. In other words, economic development must become sustainable development if prosperity and security were to be ensured in the 21st Century.

Let me recapitulate this argument.



We can see very clearly where we have got to in the current debate by looking at Britain's budget. In 2004, we spent some two hundred and forty five billion pounds on health, education and social security. We spent about fifty four billion pounds on internal and external security and about seven and a half billion pounds on the environment. In other words, we spent a great deal on maintaining the social conditions for prosperity and practically nothing on maintaining the environmental conditions.

I wonder if these are really the right priorities to ensure security and prosperity for our children as the 21st century progresses.

If we are to meet successfully the challenge of maintaining the environmental conditions for prosperity and security we must focus particular attention on the four resource pillars of prosperity. These are food security, water security, energy security and climate security. Together they provide a mutually reinforcing foundation on which the global economy rests. They are, if you like, the system conditions for civilisation.

The rising affluence of a growing population in an increasingly interdependent world is stressing all four pillars.

I will resist the temptation to drown you in gloomy data to illustrate my point. Let me simply leave you with one or two salient facts in each of the four areas:

- > Cereal consumption has doubled since 1970 and stockpiles relative to consumption are at their lowest levels ever;
- > 30% of the world's major fisheries now have yields that are at less than 10% of their original level. On current projection there will be a 100% collapse by 2050;
- > One third of the world's population currently experience water stress. Two thirds of China's cities, that is 400, already suffer water shortages;
- > More than 250 rivers worldwide are depleted. In many years the Nile, Yellow, Indus, Rio Grande, Colorado, Oxus and Murray rivers do not reach the sea. This year, as last, drought has struck the Amazon;
- > By 2030 world primary energy demand will be 80% greater than it was at the beginning of the century. Oil demand will be 116 million barrels per day compared to today's 84 million barrels a day;

- > Global average temperatures are rising by 0.2 degrees centigrade a decade. On current projections we will double the amount of carbon we add to the atmosphere each year by 2030.

Each of these pressures would be significant in its own right, but it is the nexus of interactions between them that pose the more serious problem. These are poorly understood, pay no respect to geographical or bureaucratic boundaries and will be very difficult to manage.

Our food security is hugely dependent on cheap energy to make the chemicals and pump the water necessary to maintain agricultural productivity, the transport to get the food to ever more urbanised consumers and to run the machinery to produce and process food. Without water for irrigation, far less land would be useful for food production, especially in the drylands where a great many of the world's poorest people live.

Nearly a third of the world's population live in areas suffering already from water stress. This creates an ever greater demand for energy to pump water from ever deeper aquifers. Maintaining energy security today means being able use fossil fuels for transport and electricity generation. But demand for those fossil fuels is driving the price upwards and the use of them is destabilising the climate. An unstable climate will exacerbate water and food stress because a warmer world makes dry areas drier and also lower crop yields. This will mean using more energy to pump water further and replace the lost production by using more fertilisers. Most of this additional energy will come from using fossil fuels which will.....you get the point.

In 2006, the global grain harvest was lower than demand, largely as a result of higher temperatures. Falling farm yields in China resulting from temperature rises and water shortages due to climate change will add more price pressure. As will the growing demand for grain to convert to ethanol in order to meet growing energy security anxieties. Any sustained conjunction of such factors could very quickly lead to political instability in China. But in our interdependent economy that is also our problem.

We share a dilemma with China and with the other rapidly emerging economies. We must all keep our economies growing in order to maintain social cohesion in Europe and basic political stability in China. But it is now increasingly clear that if our economies continue to grow as at present then we will degrade the pillars of prosperity, in some cases to the point of collapse.

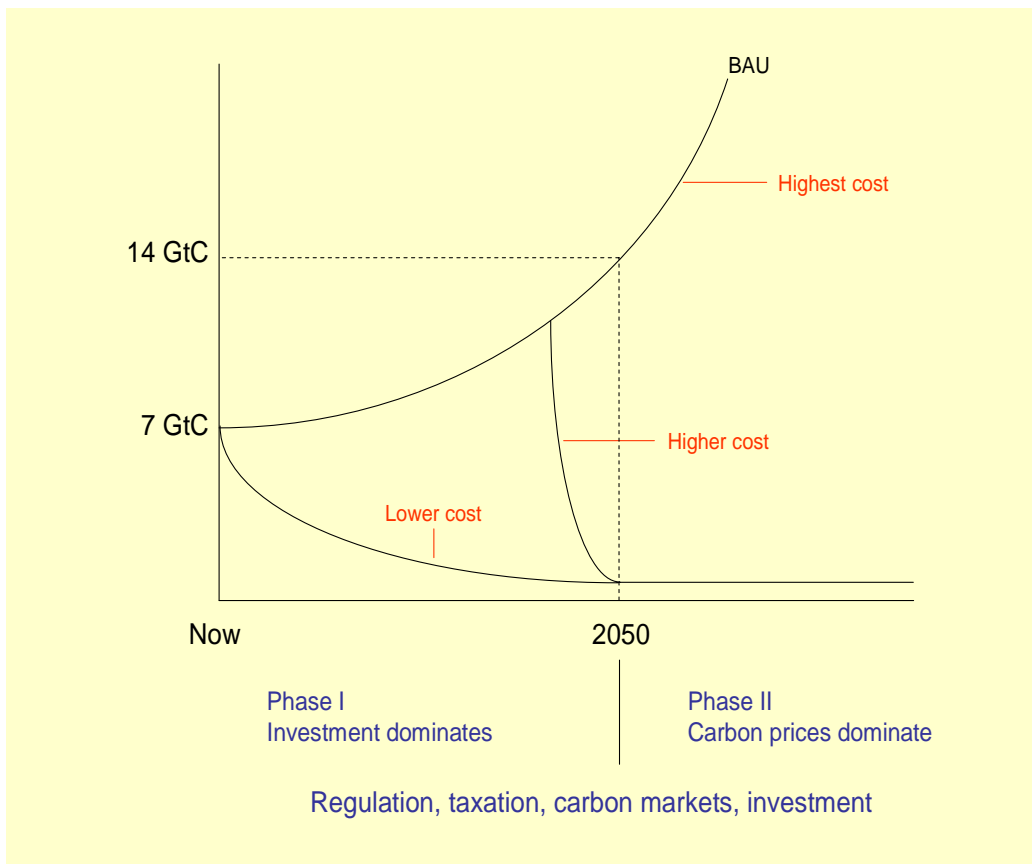
Were that to happen it will be impossible to keep our economies growing anyway. In either case, social cohesion and political stability is threatened unless we can find better ways to use resources and put much more effort into maintaining the integrity of the pillars.

No issue more clearly illustrates that shared dilemma than climate change. It is certainly timely to take a closer look at this pillar of prosperity in the wake of the publication of the Stern report.

The Stern report is the most thorough and authoritative analysis of the economics of climate change yet to be conducted. Its core conclusions are very clear. Taking effective action on climate change would reduce global GDP by about 1% per year. Failing to take action would reduce it by between 5 – 20% - it would, in Stern's own words risk 'derailing the economy'

To avoid this risk, Stern concludes we must keep the eventual concentration of greenhouse gases in the atmosphere to between 500 and 550 parts per million carbon dioxide equivalent. This is no small task. As Environment Minister, Ian Pearson, recently pointed out, it means we have to get all of the carbon out of our energy system by about 2050 and then we must keep it out, effectively for ever.

Let me illustrate this prospect with a graph I call Stern on a page.



All four pillars of prosperity are coming under increasing stress as the rate of change in the global economy accelerates. Climate change stresses all the other stressors.

We will not ever be short of energy, but unless we invest – at least twenty trillion dollars by 2030 according to the International Energy Agency’s latest forecast – in the technologies to make that energy available, energy insecurity will increase.

On current plans most of that investment will make the climate problem much worse. Changing its technology trajectory so that it becomes carbon neutral is, by a very long way the single most important political choice we face in the 21st Century.

These are not just choices of what we do, but also of how we do them. At the beginning of the 20th Century nations could, for the most part, secure the pillars of prosperity by their own actions. At the beginning of the 21st Century, no nation, no matter how big and powerful, can do so.

There are two common features to all of these issues.

First, there are no hard power solutions to the problems. Conquest cannot secure a stable climate or seize water or food that is not there. Iraq has the world’s second largest oil reserves but since our ill-judged and probably illegal invasion of Iraq they have been barely available to the world.

Second, maintaining the pillars of prosperity increasingly requires us to pool sovereignty to manage our shared destiny. The world’s only sustained experiment in the pooling of sovereignty is the European Union. Paradoxically, just at the time when we, and the rest of the world, need that experience most there has been a massive failure of political leadership in Europe.

Neither the U.K. nor the Netherlands can any longer secure the pillars of prosperity for its citizens on its own. We can only do so if the European Union can deliver, on a wide range of issues, the global leadership it is currently delivering on climate change. Europe came together to avoid the mistakes of a divided past. We will only be able to continue to deliver prosperity and security if we can build a more united future. To do that Europe must see itself more clearly in the mirror of the world and face up to the reality that in that world a strong Europe is an imperative not an option.

