

## Capitalism can crack climate change. But only if it takes risks

Larry Elliott The Guardian

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This summer's heatwave has provided a glimpse of the future, and it is not a pretty one. On current trends, [the years to come will see rising temperatures](#), [droughts](#), [a fight to feed](#) a growing population, and a race against time to reduce dependency on fossil fuels.

The struggle to combat climate change brings out the best and worst of capitalism. Decarbonisation of the economy requires alternatives for coal and cars that run on diesel, and that plays to capitalism's strengths. Innovation is what capitalism is all about, and there has been staggeringly rapid progress in developing clean alternatives to coal, oil and gas. The cost of producing solar- and wind-powered electricity has collapsed. Great advances are also being made in battery technology, which is vital for the new generation of electricity-powered vehicles. Humans are endlessly creative. In the end, they will crack climate change.

But by the time they do, it could be too late. Capitalism – especially the dominant Anglo-Saxon variant of capitalism – has trouble thinking beyond the here and now. People running big corporations see their job as maximising profits in the short term, even if that means causing irreparable damage to the world's ecosystem. What's more, they think they should be free to get on with maximising profits without any interference from politicians, even though the fight against climate change can only be won if governments show leadership, individually and collectively. The economist Joseph Schumpeter talked about the process known as “creative destruction” – the way in which inefficient producers are put out of business by disruptive new technologies and that, as a result, transformation happens. During wars, the best brains are employed by governments to produce more efficient killing machines.

But normally creative destruction takes time, especially if the old guard can marshal sufficient resistance to change – something the fossil fuel industry has been adept at doing. It is vital that capitalism's Dr Jekyll emerges victorious over its Mr Hyde. More than that, it needs to be an immediate knockout blow.

In the past, politicians have only tended to focus on climate change when they think there is nothing else to worry about. Tony Blair, for example, commissioned a [report from the economist Nick Stern](#) into climate change during the years before the global financial crisis, when growth was strong and wages were rising. Margaret Thatcher only started to talk publicly about protecting the environment when the economy was booming at the end of the 1980s. When policymakers have other things to worry about, tackling climate change drops down the list of things to do. The [Paris agreement in 2015](#), which committed the international community to restricting global warming to well below two degrees centigrade, shows that the issue is taken more seriously than it was two or three decades ago, but that doesn't mean that it is a top priority.

When times are tough, politicians are suckers for the argument that there is a trade-off between growth and greening the economy. There isn't. Companies account for capital depreciation when they draw up their profit and loss accounts. If governments adopted the same principle and accounted for the depletion of natural capital when drawing up their national accounts, growth would be lower. In countries such as [China](#) and India – where the cities are dangerously polluted – it would be markedly lower.

The good news is that in Beijing and New Delhi, policymakers have woken up to the idea that green growth is better growth. China is [committed to phasing out coal](#), in part because it is worried about climate change and in part because it sees an opportunity to be a world leader in green technology. India, although slower to act, is also starting to take advantage of [collapsing prices for electricity generated by solar and wind](#), and has set itself [demanding renewables targets](#).

But the bad news is that progress towards decarbonisation is still not fast enough. As things stand, fossil fuels will still account for more than 50% of energy consumption by 2050. CO2 emissions will carry on rising and global warming will continue.

Stern says technological progress has been much faster than he thought possible when his report was published in 2006, and he thinks it is quite something that all the major car-makers now accept that the era of the internal combustion engine is coming to an end.

“But the speed of action is still far too slow,” Stern warns. “Emissions have to be peaking now and turn down very sharply. We have not yet acted on the scale needed, even though the ingredients are there.”

Winning the race against time requires political leadership. It means acknowledging that the Chinese model of managed and directed capitalism might be more appropriate than the Anglo-Saxon model. A massive scaling up of investment in clean technology is needed, because [the \\$300bn spent on decarbonisation](#) worldwide last year merely

matched the cost of the losses in the US from climate and weather-related events. It also means scaling up the lending of the World Bank and the regional development banks to help poorer countries build wind and solar capacity. And a global carbon tax set high enough so that fossil fuels remain in the ground must be implemented. And, more than anything, it means accepting that the world needs to wage war against climate change. Powerful vested interests will say there is plenty of time to act, and they are aided by climate-change deniers who say there is nothing to worry about. These people need to be called out. They are not deniers, they are climate-change appeasers. And they are just as dangerously misguided as fascism's appeasers in the 1930s.

• *Larry Elliott is the Guardian's economics editor*

## **Ending climate change requires the end of capitalism. Have we got the stomach for it?**

Phil McDuff    The Guardian

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Climate change activism is increasingly the domain of the young, such as 16-year-old [Greta Thunberg](#), the unlikely face of the [school strike for climate movement](#), which has seen many thousands of children walk out of school to demand that their parents' generation takes responsibility for leaving them a planet to live on. In comparison, the existing political establishment looks more and more like an impediment to change. The consequences of global warming have moved from the merely theoretical and predicted to observable reality over the past few years, but this has not been matched by an uptick in urgency. The need to keep the wheels of capitalism well-oiled takes precedence even against a backdrop of fires, floods and hurricanes.

Today's children, as they become more politically aware, will be much more radical than their parents, simply because there will be no other choice for them. This emergent radicalism is already taking people by surprise. The Green New Deal (GND), a term [presently most associated](#) with 29-year-old US representative Alexandria Ocasio-Cortez, has provoked a wildly unhinged backlash from the "pro free market" wing, who argue that it's a Trojan horse, nothing more than an attempt to piggyback Marxism onto the back of climate legislation.

The criticism feels ridiculous. Partly because the GND is far from truly radical and already represents a compromise solution, but mainly because the radical economics isn't a hidden clause, but a headline feature. [Climate change](#) is the result of our current economic and industrial system. GND-style proposals marry sweeping environmental policy changes with broader socialist reforms because the level of disruption required to keep us at a temperature anywhere below "absolutely catastrophic" is fundamentally, on a deep structural level, incompatible with the status quo.

Right now we can, with a massive investment of effort by 2030, just about keep the warming level below [1.5C](#). This is "[bad, but manageable](#)" territory. Failing to put that effort in sees the world crossing more severe temperature barriers that would lead to outcomes like ecosystem collapse, ocean acidification, mass desertification, and coastal cities being flooded into inhabitability.

We will simply have to throw the kitchen sink at this. Policy tweaks such as a [carbon tax won't do it](#). We need to fundamentally re-evaluate our relationship to ownership, work and capital. The impact of a dramatic reconfiguration of the industrial economy require similarly large changes to the welfare state. Basic incomes, large-scale public works programmes, everything has to be on the table to ensure that the oncoming system shocks do not leave vast swathes of the global population starving and destitute. Perhaps even more fundamentally, we cannot continue to treat the welfare system as a tool for disciplining the supposedly idle underclasses. Our system must be reformed with a more humane view of worklessness, poverty and migration than we have now.

Unfortunately for our children, the people they have to convince of all this are the people who have done very well out of this system, and are powerfully incentivised to deny that it is all that bad. Already, Joke Schauvliege, a Belgian environment minister, [has been forced to resign](#) after falsely claiming that she had been told by Belgian state security services that "ghosts" behind the scenes were behind demonstrations in Belgium.

This conspiracism of the elite, these claims that genuine mass movement can't possibly really exist and must be in some way being guided by agents provocateurs, is just one of the ways in which those currently running things have resorted to a kind of political gaslighting in an attempt to maintain their grip on power.

[Gaslighting](#) is a term I don't use lightly, because it describes a genuine form of emotional abuse, where an abuser will deny reality in an attempt to get their victim to literally doubt their own sanity, and this should not be diluted by overuse. Yet I struggle to think of another word that adequately sums up the way in which "sensible" adults are doubling down on their tactic of manufacturing a political reality which bears no relationship to the world we see around us. It's the Marxism of Groucho rather than Karl: "Who are you going to believe? The serious political professionals or your own lying eyes?"

US Senator Dianne Feinstein's meeting with schoolchildren petitioning her to take action over [the issue went viral](#) because of the way she condescended to them for, basically, asking her to leave them a planet behind to live on. "I've been doing this for 30 years," she said, "I know what I'm doing." The obvious response is, of course, that messing something up for 30 years is quite long enough, thanks. Long tenure without results is not the same thing as expertise.

This is a tough and bitter pill to swallow for the political professionals whose feet are firmly under the table. It is increasingly obvious that all their tactics have done almost nothing except run down the clock, but still they insist that it's the young who just don't get it and that things aren't that simple. They're the living embodiment of the famous [New Yorker cartoon](#), with a suited man sat in a post-apocalyptic landscape telling his young audience "Yes, the planet got destroyed. But for a beautiful moment in time we created a lot of value for shareholders."

This is reality v the vested interests of the powerful. Any meaningful policy has to upset the established power base and the political donor class. Any policy that doesn't upset these people will be useless. To pretend that we can compromise our way through this while we wait for a magical, technological bullet that will keep temperatures down without costing us anything is beyond wilful ignorance now. It is a question of basic morality.

Many of today's climate strikers won't even be 30 by the time the 1.5C deadline comes around in 2030. They are asking us to consider a simple question: is their future worth more than preserving our reputations? What will our response to them be?

- Phil McDuff writes on economics and social policy