

BLAME GAME

BEHIND THE DURBAN FIASCO

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WHY DID THE DURBAN climate talks fail? Ultimately, the culprit is the near-universal pursuit of economic growth. All the major players want growth: the US, because it's still pulling out of a recession; China, because it knows 10 percent annual growth can't go on forever, but is trying to avoid a hard landing; Europe, which is trying to pull out of its sovereign debt spiral. The US and China, in particular, know that fossil fuels have given them growth in the past, and are especially reluctant to give them up now.

The Chinese pulled a PR coup during the talks by announcing that they were willing to consider emissions cuts if the US signs onto a global binding agreement. Perhaps Beijing felt safe saying this because there is a general understanding that binding climate action is currently *unthinkable* in the US for domestic political reasons. If China were indeed seriously concerned about climate, then as the world's foremost greenhouse gas emitter it could simply unilaterally cut back on emissions and then challenge the US and other countries to follow suit. But of course that's not what one is seeing; instead, China is leading not only in total national emissions but in rates of emissions increase, due to its phenomenal coal consumption.

Can the world decouple GDP growth from carbon emissions? To a certain extent, yes. During the 90s there was some decoupling, especially in the US, but it was mostly due to globalization and financialization. Industrialized countries outsourced much of their production, mainly to China, which burned its coal to make America's consumer goods; meanwhile, the financial industry blossomed as debt grew faster than GDP and banks leveraged that debt through securitization and derivatives. But, since 2008, growing the size of the financial industry relative to the size of the rest of the economy can have some nasty long-term side effects.

Over the past decade, most of the decoupling effect has disappeared globally, and energy use and GDP growth have moved in tandem. In 2010, greenhouse gas emissions actually grew faster than GDP. So the world is moving in the wrong direction, and accelerating.

Could people still have economic growth while transitioning to renewable energy? Perhaps, but renewables typically have high up-front investment requirements. Once one has a solar panel up and running, one gets very low-cost energy, but buying and installing the panel is quite expensive—and for the world that's problematic at a time when investment capital and credit are scarce. So, as regular oil and coal grow more costly, countries are often motivated to solve their energy supply problems simply by digging deeper into their resource base for lower-grade fossil fuels, such as tar sands, which just make the climate problem worse.

This dynamic is only likely to change when policy makers finally get to the point where they are concerned less about short-term economic growth than about longer-term survival prospects. But by then it may be too late to avert catastrophic and irreversible climate change.

Here's the bitter irony: governments are postponing serious climate action for the sake of immediate economic growth. But with a flood here, a drought there; with a famine here, a mass migration there, growth strategists soon arrive at a place where economic growth is unachievable in any case.

Nobody expected much from the Durban talks. Thanks to the US and China, the negotiations fully lived down to their expectations. It's past time for these nations to wake up and realize that even their short-term growth strategy is doomed to failure. It may be too late by now to avert serious climate impacts, but the world can still benefit by abandoning its pointless and counterproductive quest for growth at any cost. □□□

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