Environment **Environment and Natural Resource Security** **Growth**

To save growth, we must leave fossil fuels in the ground

Written by

Jem Bendell, Founding Director, The Institute for Leadership and Sustainability

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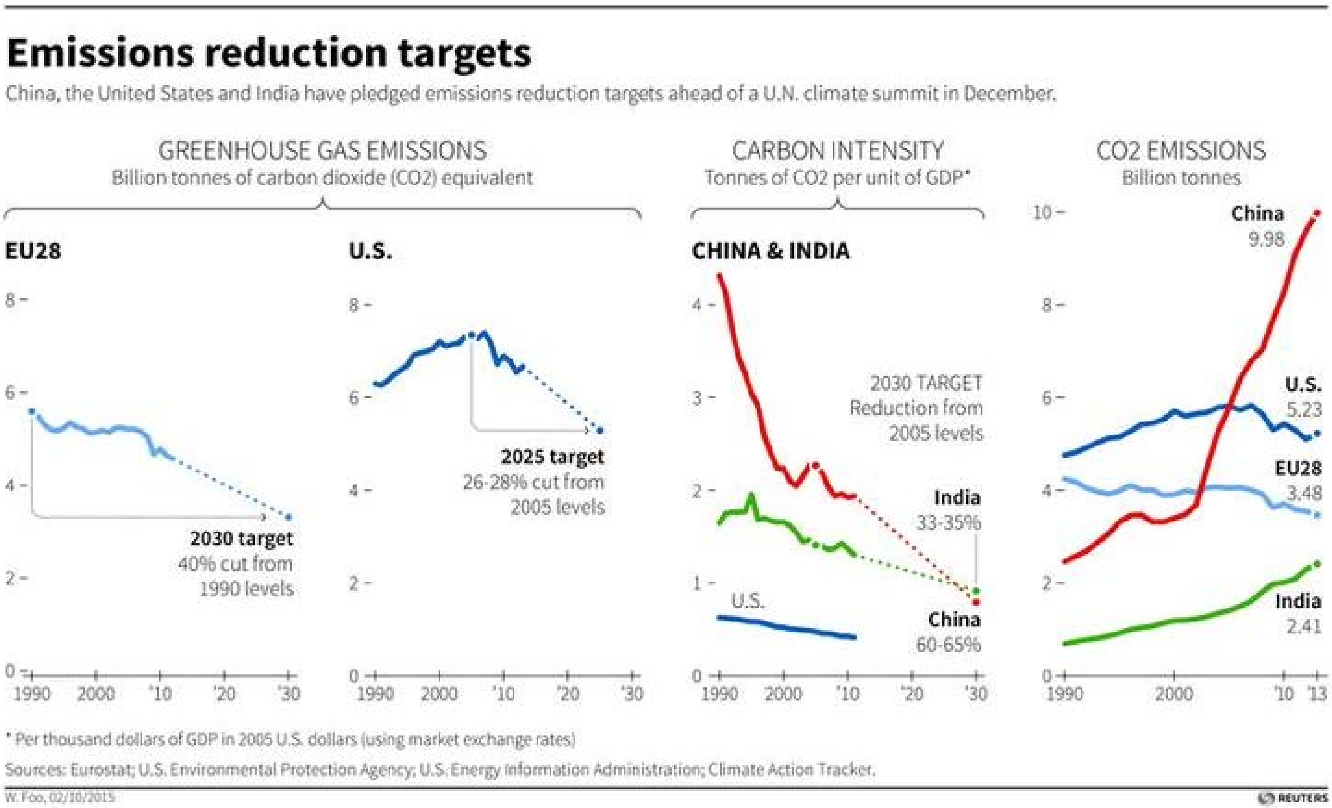
The climate summit in Paris will enter the history books one way or the other. Given a choice, attending world leaders would like it to be remembered for the long-awaited successor to the Kyoto Protocol, capable of mitigating the worst impacts of climate change.

Of course failure to broker such a deal risks closing the door on a global agreement altogether. Such an outcome will surely see the climate summits of Copenhagen and Paris cast as the twin peaks of lost opportunity and botched multilateralism.

Gazing into my crystal ball, I'd say the political will to strike agreement this time around should ultimately win out. And while sleep-deprived world leaders will emerge from the summit and hail agreement as epoch making, anyone with a working knowledge of population growth, energy demand and emission pathways, will already be thinking implementation. And that's if such a deal is even commensurate to the various risks posed by the increments in global average temperature.



Politicians and campaigners alike often forget that mitigating the effects of climate change comes with a free gift: a stopwatch. Alas, the climate's feedback loops won't give us 50-years to implement a global agreement forged in the dying minutes of the Paris summit.

The challenge is that, within the current economic system, countries must continue to grow exponentially to maintain state provision, raise living standards – and in the case of many – pay down debt. Yet it is this iron will of countries the world over to continue growing that may hold the key to making a more rapid transition to a low-carbon future than any of the politicking and arm twisting about to run its course in the French capital.

At least this is the somewhat controversial view of academic Michael Molitor, Visiting Professor at the Centre for Interdisciplinary Research in Paris. Molitor is a veteran of the United Nations negotiations on climate change dating back to 1991. Following the failure at Copenhagen he embarked on an altogether different trajectory that conversely saw him embrace economic growth as the catalyst for plotting a course to a low-carbon world.

But unlike campaigns to keep fossil fuels in the ground – owing to the emissions released when burned – Molitor thinks we should leave fossil fuels be because of their collective inability to continue driving exponential economic growth. He cites the failure of Copenhagen as evidence that that no one wants to invest in reducing their emissions today and have to accept lower economic growth in the future as a result.

Speaking in London last week, he asked whether fossil fuels could even continue to meet the majority of our energy needs for transport and power generation? Molitor charts what he terms the "overall resource productivity" of fossil fuels which he claims has been declining for decades. By way of example, he points to the half a trillion dollars of direct subsidies paid out by governments each year to make fossil fuels affordable.

He joins a growing number of scholars who suggest the world has reached "peak growth" within the current hydrocarbon-based system. Canadian economist and author Jeff Rubin predicts future economic growth will be choked off by the rising price of the marginal barrel of oil. It is not that future oil reserves won't be found but rather the cost of exploration and production will be too high to justify the investment.

In response, researchers like myself have argued for reducing the dependence of our economies on exponential growth, by seeking changes in our monetary system. But while our books sell and our courses prove popular, the impact of such analysis on policy-making has been minimal since politicians fixate on growth.

Which is why Molitor's treatise is so compelling: fossil fuels consume too much capital, energy and natural resources to serve as the energy foundation of growth. And it is the single-minded clamour for exponential growth by governments, institutional investors and business, that Molitor thinks could just provoke the type of mass disruptive response climate change demands. Put simply, acceptable rates of growth imply a *de facto* rapid transition away from fossil fuels.

Such a trajectory would see risk-adjusted investment – the basis on which most investment is made – discriminate against fossil fuel exploitation. The financial markets are already beginning to discount coal given almost a billion euros was wiped off the collective share prices of Europe's largest electricity generators in just three years. It is a sentiment shared by a growing number of international investors, including the Founders Fund and Trimantium Capital.

Hastening the passing of fossil fuels on the grounds of safeguarding future growth could open up a new front in the battle to mitigate the most feared impacts of climate change. It would perhaps make unlikely campaigners of politicians in charge of finance and trade ministries. Likewise, domestic backing could lead the way for a trade treaty on carbon taxation, perhaps negotiated at the World Trade Organisation.

Back in Paris, those inside and outside the summit complex may view such thinking – to put it mildly – as some radical *volte-face*. But with so much at stake and so little progress, future generations might not be so quick to reject such ideas.

Author: Dr. Jem Bendell is a Professor of Sustainability Leadership at the University of Cumbria and Non-Executive Director of Trimantium Capital. He is the World Economic Forum's. Young Global Leader (2012).

Image: A general view shows solar panels to produce renewable energy at the photovoltaic park in Les Mees, in the department of Alpes-de-Haute-Provence, southern France March 31, 2015. REUTERS/Jean-Paul Pelissier

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