

Club of Rome/Globe International Conference

Framing 2009's Global Challenges

**In the Context of the Global Economic Crisis: Developing a Response
to the Interconnected Challenges of Climate Change, Energy Security,
Ecosystems and Water**

Joint Policy Dialogue

Palace of Westminster, London

January 26/27, 2009

Opening Remarks by

Dr. Eberhard von Koerber

Mr. Chairman,

Excellencies,

Ladies and Gentlemen,

Dear members of the GLOBE International organization,

Dear members of the Club of Rome,

Distinguished guests,

If the collective memory of my organisation is not mistaken this is the first time the Club of Rome is having an official meeting in the Palace of Westminster here in London.

We have this opportunity due to the fruitful cooperation with the GLOBE International organisation. Let me say that we are honoured and very pleased to have the privilege of cooperating with the distinguished legislators who participate in the activities of GLOBE International. We would like to take the opportunity of this important conference to develop a productive relationship and we look forward to our future cooperation.

The issues we will be dealing with over the next two days are of utmost relevance and urgency.

We are looking back at a year of global uncertainties and eroding confidence. 2008 has not only demonstrated the **fragility** of our **global financial and economic system**. What we have seen is a “global economy without global governance”. 2008 at the same time has provided more and new evidence for our **planet’s fragility** when it comes to protecting the **environment** and **energy security**.

The year 2009 will be worse, at least the first half of 2009. The full dimension of the global financial and economic crisis will require even further short-term emergency measures. Whereas political and media attention will be directed at short-term measures to protect employment and law and order primarily at **national** level the **global** challenges of Climate Change, Energy Security, Ecosystem and Water may well be pushed down in the global political agenda. Antiterrorism and regional conflicts will continue to occupy the agenda at the same time. And on top of all this China for the first time appears as a global risk. For example in its current Global Risk Report, the World Economic Forum assumes that a plunge of China’s economic growth from 10 to 6% would already pose a serious threat to the country’s social stability and to the state of our global economy.

At the same time we are now facing more bad news on the state of our planet as a whole:

- In a recent study, scientists from Stanford University have revealed that global warming will inevitably lead to massive food shortages on a global scale. Even with moderate projections concerning temperature rise global food production is likely to plunge by 20 to 40 % by 2100 due to global warming.

- According to recent surveys, global CO2 emissions are increasing four times faster than in the 1990ies – despite of all efforts to cut them down under the Kyoto protocol.
- Every year, an area of tropical rain forest of the size of one third of Switzerland is cut down – in Brazil alone. This means we are diminishing the carrying capacity of our planet while at the same time increasing critical greenhouse emissions.

Our current global situation brings legislators under immense pressure: There is an obvious dilemma between the urgent need to fight the current economic crisis and the necessity to tackle a number of large-scale global challenges which are not less urgent. On the one hand, voters expect their **national** governments to create trust and greater certainty in times of risk and recession and to protect their employment and their savings. On the other, legislators are confronted with complex **global** challenges: ecosystem depletion, climate change, energy and water shortages. These are no problems for the future alone: the impacts are being felt today across the world, especially by the poor and deprived who have not caused the problem but do suffer the consequences.

Since its inception in 1968 the Club of Rome propagates the simple message that unlimited consumptive growth on a planet with finite resources cannot go on forever. We have to reiterate this warning as we are now facing the consequences of continuous overshoot in terms of our global resource consumption. According to recent data from the Global Footprint Network, humanity is now overusing the biological resources of the planet each year by around 30%, which is clearly unsustainable.

Recent evidence from across the world implies that radical measures must be taken urgently to avert the risks of runaway climate change and ecosystems collapse. It seems to me that we cannot allow these risks to be dealt with as a second priority. A key purpose of this conference, also in light of the forthcoming G20 and G8 summits, is to **integrate the strategies** in respect of **climate change, energy security, ecosystems** and **water with forthcoming strategies** for a **new global financial order and the programs that stimulate national economies**. We at the Club of Rome see this as an opportunity to create a new global agenda for global cooperation.

Let me turn to another thought for discussion: Are all responsibilities to resolve these problems with governments and states? Can we expect them to find and implement the solutions top down? What is the role of the private sector in this context? What about the business community? The scientific community? The media? Let me single out global business.

Global business has an opportunity and responsibility to become drivers of this global shift of paradigms. What businesses can and should deliver in this process is a quantum leap to energy efficiency and affordable green products. Two examples: The Japanese car manufacturer Toyota has recently announced an annual sales target of 1 million hybrid vehicles to be achieved as early as possible in the 2010s. This is certainly an ambitious target – but it can be met. However, with global car sales of 50 million units per year the overall impact is still very little. Another example, also for CO₂ reduction, is the shift of cargo transport from road to rail. Whereas in Switzerland two thirds of cargo traffic is on rail, one third by road, the opposite is happening in the EU with two thirds on road and only one third on rail with corresponding higher CO₂ emissions.

Businesses must therefore work hard to achieve a new level of energy efficiency and must provide a less cost intensive access to alternative energies in particular those which do not compete with food production. Massive investments in research and development will be necessary to achieve these goals quickly. The opportunities are there.

Governments on their side should set the respective incentives, i.e. reduced taxes on green products or a preference for green solution when it comes to public investment projects or new public-private partnerships and incentivize research.

A clear signal from governments is needed of their willingness to create and maintain a stable, predictable framework for our globalised economies – especially in times of uncertainties in order to restore confidence and to improve the acceptance of the market economy. This includes now ending provocative remuneration structures at the top level of public companies.

In a larger context, policy makers must recognise that climate change will not be a gradual, linear process: sudden, unpredictable and dramatic changes are probable and have occurred in the past (*black swan syndromene, Nassim Taleb*). As shown by the Stern review, denial and delay will not only increase the costs of mitigation but will crucially increase the risk of catastrophic climate change. We have less time to act than we have assumed.

This is now being increasingly recognised by global policy makers. On their last year's summit, all members of the G8 group have committed to cut their CO2 emissions by 50% per cent by 2050 which is of course a powerful vision. However, besides defining and negotiating what should be done, we must now start to put in place the capability to implement coherent action.

In the era of globalisation businesses are the key agents of change when it comes to making economies less carbon intensive. What is therefore needed now are clear and reliable guidelines and intense global dialogue between the public and private sector on how to actually implement ambitious CO2 reduction goals.

Action will have to be implemented in a coherent way across a wide range of sectors, engaging a wide range of actors and interests for green energy. New approaches to scientific cooperation, policy analysis and policy implementation will be needed to respond to the systemic, interconnected nature of the issues, even if this will arouse intense opposition.

We must move onto a new path of economic and social progress which is compatible with the environmental imperatives of the planet.

In particular, new models for economic growth must take proper account of “externalities.” They must find a new balance between individual rights and the common interest, assigning real value to the conservation of public goods. And they must account for the interests of future generations.

We must give the consumer and the private investor clear indications and incentives on how they can help with their individual initiatives and behaviour to save energy, to favour green products as consumers and investors, to create sustainable growth and to restore confidence and stability. Our media play a key role in this process.

The financial crisis and the consequent economic slowdown provide an exceptional opportunity to move towards new patterns of more sustainable and equitable growth. It is wrong to consider that environmental responsibility and efficient use of energy and resources are negative factors which will reduce the rate of economic growth. Fiscal programmes to fight economic breakdown can be designed to make an economy less carbon intensive. The implementation of innovative green technologies can lead to new business models and sustainable growth. Economic incentives that follow a free market rationale can be a powerful tool to overcome poverty. Micro credits might be the most striking example. Nowadays, these concepts are widely recognized by leading think tanks and they are known to many top-level business executives and politicians. Yet they are not implemented very often, certainly not at global level as a result of global governance and suitable incentives.

It is clear that there are grave challenges ahead and that the path of business as usual is not viable. However, the move towards new patterns of growth does **not imply a reduction in the level of growth**: only that growth will be achieved in a different way, with less material consumption, less energy use, less environmental devastation and more social and international equity.

Let us be clear: **without economic stability and growth** our deep concerns about **climate change** and **resource scarcity** will be **ignored because of short term survival interests**.

Without economic stability and sustainable growth our future situation will even aggravate when not only 7 but 9, 10 or 11 billion people on our planet will strive for welfare and development.

Responsibility for the environment and for non-renewable resources is not a negative factor which reduces growth. In fact it offers opportunities for increased human welfare on a long term basis. A positive view will help us to lay the basis for concerted, longer term action by the world community to manage and contain the systemic issues we face.

If our businesses are to become major driving forces in the process of reconciling the dilemma between or short-term and long-term challenges we must make sure that your economies can work under a stable framework.

On the other side: The current global economic crisis can also be seen as a chance to create a new, cooperative global framework, as German President Horst Köhler has recently outlined. Even the world's strongest economies cannot handle the current crisis on their own.

We should make use of the current situation to move forward towards a better globalisation and a market economy with a human face.

Free markets do need a **social component** and an element of balance; otherwise we will find it extremely hard to justify our economic system to the increasing number of those who suffer from the consequences of our recent economic failure.

As many of you will recollect, the Club of Rome made a real impact in 1972 with the publication of "Limits to Growth". Today we see more clearly than 40 years ago the impacts of sustained and exponential economic growth on our fragile planet. The issues we raised 40 years ago are more urgent and intense

today, and risks of major disruptions in the environmental and economic system of the planet are more dangerous. In this challenging situation, the Club of Rome has completed a rapid process of reorganisation and has launched a 3 year programme of international research and consultation to define a "New Path for World Development".

Distinguished guests,

This morning we are at the beginning of a challenging, intense two-day conference. The Club of Rome and GLOBE International have worked together to gather a group of world class experts and protagonists from the fields of politics, economics and academia. Please make use of the opportunity to take part in our discussion.

I would like to thank the organizers once again for their excellent work and I would now like to hand over to Club of Rome colleague Anders Wijkman for his remarks.

Thank you very much.