

**Speech by Rt Hon Elliot Morley MP at the Club of Rome event
“Concerted Strategies to meet the Environmental and Economic
Challenges of the 21st Century”, Vienna 16 and 17 April 2009**

Mr President, distinguished guests, ladies and gentlemen. It is a great honour to address you all today here at the National Bank of Austria. I am delighted that GLOBE International is partnering with the Club of Rome to explore concerted strategies to meet the environmental and economic challenges of the 21st century.

The timing could not be better. We are in the midst of the most significant economic downturn since the 1930s, triggered by the crash in our financial system. Credit has dried up, jobs are being lost around the world – over 2 million in the US alone in 2009 – and trade is slowing. Confidence in the traditional economic model of growth is at a low ebb.

Leaders have reacted promptly with the G20 Summits in Washington in November and in London in April. Progress has been made. Governments have agreed to act together to shore up the financial system, restart the flow of credit and to avoid the sirens of protectionism in these difficult times. And on sustainability, the communiqué text included an agreement, and I quote:

"to make the best possible use of investment funded by fiscal stimulus programmes towards the goal of building a resilient, sustainable, and green recovery."

So there are signs that the sustainability message is getting through. However, I remain concerned that we are simply tinkering at the edges of business as usual. We are not using this crisis to leverage the transformational change we need.

The financial crisis is the canary in the coalmine, the first of several crises we face, including relating to climate, energy, development and biodiversity.

Our natural capital is being drawn down. Our forests are disappearing, species are becoming extinct at around 1,000 times the natural rate, our marine environment is being seriously degraded, fresh water supplies are increasingly uncertain and greenhouse gases are being pumped into the atmosphere at an ever increasing rate. The recent TEEB report demonstrated that the annual loss of forests alone is the equivalent of between 2 and 5 trillion US dollars. That's more than double the losses of the financial crisis, and this is happening every year. None of this debt appears on anyone's balance sheet. We are cooking the books in a spectacular way that will make Enron look like small change.

At some point, the planet is going to call in our debt. Only this time there will be no government or group of governments that can prop up our ailing environment with massive injections of natural capital. There are no reserves of forests, new species or oceans hidden in secret vaults under our banks [*you could look at the governor of the Bank of Austria at this point and ask him*].

However, this scenario is not inevitable. There is an alternative. We can respond to the canary in the coalmine and use the opportunity that this economic crisis provides to fundamentally change the way we measure growth and account for our natural capital. To do this, we need to capture the imagination of the economic policy elites and not just the environmentalists.

Our agenda for the two days includes some fundamental questions that go to the heart of economic policy making, including:

- How do we rethink globalisation and world development?
- How do we redefine growth that promotes sustainable economic and social progress?
- How do we combine an effective response to climate change with equitable world development?

These are not easy questions. But that doesn't mean we should put them in the "too difficult" box and move onto something else. These are precisely the questions that governments have a responsibility to address.

A key theme at the heart of our discussions should be equity. As President Horst Kohler told the Club of Rome in 2007:

“Globalisation has provided many benefits but we cannot allow it to be driven by the interests of the strong: it must work to the benefit of all or it can tear this world apart.”

It is an unfortunate paradox that it is those least responsible for the drawdown of our natural capital are most affected by the consequences. We know, for example, that climate change is already impacting the poor in Africa and elsewhere, aggravating poverty and hindering economic development. And for those that think that poverty in a poor corner of the world is not relevant to their own comfortable homeland, they must think again. There are significant implications for national security. Poverty is a key factor in determining whether a nation becomes a 'failed state', fertile recruiting grounds for terrorists and other subversive groups. We have already seen the first 'climate war' in Sudan where climate change has combined with other existing factors to fuel civil war. And, looking ahead, where exactly will 2 billion people move to to find fresh water when the Himalayan glaciers disappear? The equity argument is not just an issue of conscience, or "help thy neighbour". It is also one of self-interest.

Over the next few months we need to nurture the small green shoots that emerged from the G20 London Summit to demonstrate that low carbon or 'green' recovery is the only way to meet our climate, energy, development and economic security objectives. I firmly believe that, if, by the time of COP15 in Copenhagen, leaders are explicitly seeking to find a 'green' route out of the slowdown, there will be much more confidence about making the strong commitments we need to secure an ambitious and effective post-2012 framework to tackle climate change. To make this possible will require reaching the economic policy elites who, up to now, have regarded this agenda as a secondary issue or even a distraction.

As we develop our thinking over the next two days we must ensure that we create a positive narrative around prosperity for all and not one rooted in fear or doomsday predictions. As a politician I know I can sell a vision based on sustainable economic growth for all, powered by clean energy. I cannot sell a vision based on fear, catastrophe and annihilation.

I am delighted to say that I have formally invited the Club of Rome to present the results of the discussions over the next two days to the annual GLOBE International Forum in the Italian Senate, Rome, in mid-June. The audience will be over 100 senior legislators from the major economies including the G8, the major emerging economies of Brazil, China, India, Mexico and South Africa plus Australia, Indonesia, Korea and Denmark. So your work will have an influential and powerful audience.

As President Obama recently said, “we mustn’t waste a good crisis”. This is a fertile time for new ideas, new models and new thinking and I am delighted to join with the Club of Rome here in Vienna to help develop a new vision of the future.

Thank you.

Word count: 1141 (c10 minutes)