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Victory at Hand for the Climate Movement?

Mar 20

There are signs the climate movement could be on the verge of a remarkable and surprising victory. If we read the current context correctly, and if the movement can adjust its strategy to capture the opportunity presented, it could usher in the fastest and most dramatic economic transformation in history. This would include the removal of the oil, coal and gas industries from the economy in just a few decades and their replacement with new industries and, for the most part, entirely new companies. It would be the greatest transfer of wealth and power between industries and countries the world has ever seen.

To understand this incredible potential we first have to step back and understand the unique structure of this social change movement, which may rank among the most influential in history. It is simplistic to characterise it as an alliance of grass roots organisations and activists pitched against a rich and well connected adversary. While that is part of the story, it is more accurately understood as an idea whose tentacles reach into every tier of government, the world's largest companies and financial institutions, and throughout the academic and science communities.

Because of this, it is winning the battle from within: Its core arguments and ideas are clearly right; being endorsed by the world's top science bodies and any significant organisation that has examined them.

Far from being at society's margins it has the support, to various degrees, of virtually all governments, and many of the world's most powerful political leaders, including the heads of state of the USA, China and other leading economies. It counts the CEO's of many global companies and many of the world's wealthiest people as active supporters – who between them direct hundreds of billions of dollars of capital every year towards practical climate action. And of course, this comes on top of one of the most global, best funded, broadly based and bottom up community campaigns we have ever seen.

That is the reality of the climate movement – it is massive, global, powerful, and on the right side of history.

So why, many ask, has it so far not succeeded in its objective of reducing CO2 emissions? Much has been written on this topic but most of it is wrong. It is simply an incredibly big job to turn on its head the global economy's underpinning energy system. And so it has taken a while. Considering how long other great social movements took to have an impact – such as equality for women or the end of slavery and civil rights

Rooftop solar for example has grown so fast it is now eroding the profitability of major utilities by taking away their high margin income – peak pricing – and reducing demand. This is already seeing major economic disruption to companies and national economic infrastructure as [this report from UBS](#) on developments in Europe shows, with major shutdowns of coal plants now inevitable.

Of equal importance, and partly triggered by these market shifts, is the awakening of the sleeping giant of carbon risk, with open discussion in mainstream financial circles of the increasing dangers in financial exposure to fossil fuels. This has been coming for several years because of the financial risk inherent in the carbon bubble. As Phil Preston and I [argued in a paper in 2010](#) and I further elaborated in *The Great Disruption*, the contradiction between what the science says is essential and the growth assumptions made by the fossil fuel industry is so large it represents a systemic global financial risk. This has been well articulated and more deeply explored by groups like [Carbon Tracker](#) who have been taking the argument to the mainstream finance sector.

In 2012 this hit home, with significant economic and financial players like the IEA, HSBC and [S&P](#) talking about the concept of unburnable carbon and the financial risks in both investing in fossil fuels and in lending to coal, oil and gas projects. [HSBC forecast](#) a market value loss of 40 – 60% for oil and gas majors if the world acted to keep below 2 degrees. The [IEA forecast](#) the revenue loss in that scenario for the global coal industry would be \$1 trillion *every year* by 2035.

Combined, these two tipping points present the opportunity for the broad climate movement to achieve success, if they are understood and responded to appropriately by the activist, policy and business communities. But first they must be seen for what they are – indications we are poised on the edge of a truly historic economic transformation – the end of fossil fuels and the building of a huge new industry sector.

- To summarise:
- - The science shows how we are not just failing to slow down climate change, but are in fact accelerating towards the cliff.
- - In response, mainstream organisations *focused on the global economy* are becoming increasingly desperate in their calls for action, fearing the economic consequences if we don't. They are arguing that the only way the world can avoid the risk of breakdown is to transform the economy urgently and dramatically.
- - Our capacity to do so is now real and practical, with the technologies required already being deployed at very large scale and at competitive cost. The size of the business opportunity now on offer is truly breathtaking.
- - In response, the financial markets are waking up to the transformation logic – if the future is based in renewables and these are price competitive without subsidy, or soon will be, the transformation could sweep the economy relatively suddenly, even without further government leadership.
- - This then puts in place an enormous and systemic financial risk – in particular investments in, or debt exposure to, the multi-trillion \$ fossil fuel industry.
- - This risk is steadily being increased by activist campaigns against fossil fuel projects (worsening each projects' financial risk) and arguing for fossil fuel divestment (putting investors reputation in play as well).
- - In response investors and lenders will reduce their exposure to fossil fuels and hedge their risk by shifting their money to high growth renewables.
- - This will then reinforce and manifest the very trend they are hedging against.
- - Thus it's game on.

Is that it? Can we now sit back and expect the market deal with this?

Most definitely not. It is probably true that the market would sort this out by itself if we had 60 years for it to do so. But we don't. The science is clear that we have less than 20 - and this is where the opportunity for the climate movement emerges and why the choice of focus and strategy is now so important. The task at hand is clear for policy makers, for business and investors as well as for the activist community. It's acceleration of existing momentum – to slow down fossil fuels and speed up clean energy. To make the 60 year process, a 20 year one.

It *is* now realistic to imagine removing the coal, oil and gas industries from the economy in less than 20 years. Doing so is required if we are to have an 80% or greater likelihood of preventing the climate warming past 2 degrees C, a point past where the system could spin out of control.

What we are now hearing from major international economic institutions is that this is a binary choice. Either this happens or we head for social and economic breakdown. As the World Bank argues, the latter “must not be allowed to occur”.

Timing is the key shift the world needs to make in its thinking – this is no longer about the future, it's about now. We don't have 20 years to *decide* to act; we have 20 years to *complete* the task. If we follow the science, then in 20 years we must have removed the coal, oil and gas industries from the economy and replaced them. It's simple, it's urgent and perhaps most importantly, it's now achievable.

History gives us many examples of dramatic economic shifts – like the arrival of the computer chip and with it, the internet, the emergence of communications technologies and other facilitators of globalisation. We also have many examples of “whoops” moments – points when we realise after the event something was a very bad idea. Like tobacco, asbestos, lead in fuels and paint, ozone depleting CFCs and various other chemicals. Collectively, this tells us something very important. While each case is different, we *are* capable of transformational economic change and while it's often disruptive and always fiercely resisted, we regularly do it. This is much larger in scale but the same processes apply.

We need to keep reminding ourselves that this kind of economic transition is OK. That's how markets works and while it will be challenging and require huge effort, it will work out. Yes, huge amounts of wealth will be lost and gained in the process, industries, countries and cities will face massive economic and practical restructuring challenges and many people will suffer in the process. But that's how market shifts happen.

Austrian economist Joseph Schumpeter coined the phrase “creative destruction” to describe this process and to explain why it's the underpinning strength of capitalism, calling it: “A process of industrial mutation that incessantly revolutionizes the economic structure from within, incessantly destroying the old one, incessantly creating a new one.”

But while we can be comfortable that this process will deliver the required outcome, it's not going to be smooth or pleasant for many participants. It will rather be messy, highly controversial and see huge amounts of value and employment both destroyed *and* created as the economy restructures around the necessary reality of a post fossil fuel economy. I'm neither relaxed about this nor naïve about the scale of the challenge. I just accept that it's now inevitable. I also know we can do it and that we simply have no choice.

Of course, the losers will fight all the way to the end, using every argument, manoeuvre and delay they can think of. We should expect nothing else of them and, realistically, most of us would do likewise faced with

similar circumstances. But they will still lose.

I do not however think we should demonise the fossil fuel industry or the people involved in it. The job to remove this industry has to be done – the future of civilisation literally depends on it – but we can do this firmly and clearly without making it personal. As I've said in recent speeches on this topic – with some humour but a serious message – “we have to remove the coal, oil and gas industries from the economy with love and compassion.” This is the tough love of responsible parenting – the kids don't like it but it's still the right thing to do.

So with some surprise, this is where we find ourselves. It still won't happen without focused and determined effort, but for the first time, we can envisage victory in the decades long fight on climate change. The science is clear, the technology is ready, significant sections of the elite are on side and the financial momentum is with us.

And this time, the economics is playing on the same side as the environment. Just in time.

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76 Responses to Victory at Hand for the Climate Movement?

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David Hallowes March 23, 2013

I would counsel against the use of triumphalist phrases like ‘victory is at hand’. It could conceivably make people, by which I mean the vast majority and not just the minority who are already on side, feel as if there is nothing to do and therefore ignore future messages.

It could also be said to smack somewhat of ego and as the old saying goes, pride comes before a fall. Hope and faith are wonderful but to be effective must be grounded in reality. The climate change movement in general should remember this. State your case, back it up, and keep it humble is probably the best thing to do.

This is an interesting and useful article. Unsurprisingly it suggests, as the sources of the world’s water supplies continue to diminish, that action is needed on a global scale and quickly too...

<http://www.forbes.com/sites/skollworldforum/2013/03/22/world-water-day-2013-the-biggest-story-of-our-lifetime-is-water/>



2.

Lynne March 24, 2013

I think that your article is way too optimistic. The fossil fuel people are working furiously to get all the fuel that they can as quickly as they can to market. They are proposing a 23 million gallon liquid propane tank in Searsport, Maine. This would obviously be used to export LPG gas as the US currently doesn't import any LPG gas and other facilities that were built in the Northeast for import are being closed. The fossil fuel industry has no plans to slow down or help with the switch to renewable energies. The coal that we aren't burning is being shipped to China. The more gas that is being drilled releases methane into the atmosphere, a climate change gas with real impact! And now the drilling of methane hydrates in the Arctic. If global warming doesn't destroy us, the possibilities of nuclear power plant accidents will do us in with nuclear power plants being built at an accelerated pace all over the world (And just Fukushima alone could do in the northern hemisphere if the Unit 4 fuel pool collapses.) No as James Hansen said in an interview in New Mexico last week, if we burn the tar sands, its game over. So if all of these people are saying all of these optimistic things, then why did the US Senate just vote against a carbon tax. NO! There is no reason absolutely to think that anything is going in the right direction to avert climate change.



3.

Trevor Ockenden March 24, 2013

Sounds encouraging BUT until the system, that is, CAPITALISM has some basic flaws in its design altered we may simply change one set of problems for another. If this time of upheaval could also get us to refine Capitalism by putting the Earth's survival as a habitable planet ahead of all else then that would truly be worth it.