



Losing breath
Schoolchildren the world over took to the streets on September 20, demanding urgent action on the global climate emergency
REUTERS/ ALKIS KONSTANTINIDIS

STATES OF MATTER

Come down to earth

Disrupting embedded channels of finance may be the first step towards mending a global economy that is hurtling towards climate chaos



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In scathing reproach of adult generations past and present, schoolkids the world over mobilised on the streets on September 20, demanding action on the global climate emergency. Influential elder voices embraced the compelling moral message, admitting to their profligacy, addiction to waste and inattention to the consequences that they would leave for future generations to remedy.

There were some, notably from the US right wing, who scoffed. Others commented on the irony of climate change activism using as props the very same technological artefacts identified as the root of the problem. This was said not in reproach, but in recognition of the arduous pathway ahead in mitigating and reversing the multiple impacts of climate change. The actionable agenda currently is focused on fossil fuels and greening the Earth's surface. But the task will remain unaccomplished without deep transformative changes in land-use patterns, agriculture and dietary habits.

Within accepted paradigms of thinking, the transition is viewed as a business opportunity. Limitless profit possibilities are seen in harvesting energy from renewable sources and developing viable modes of electric transportation. This manner of thinking shows all the infirmities of the economic models that created the crisis in the first place: The easy assumption that private profit is readily translated into social good.

There is an axiom ostensibly handed down from 18th-century Scottish economist and philosopher Adam Smith's time that the freedom to do business is fundamental for social progress. The public interest, in other words, is invariably served through the relentless pursuit of private profit.

Almost a century-and-a-half after Smith came the Cambridge economist AC Pigou's discovery that every private economic action has some manner of "externalities" attached

to it. The market economy, working through the price mechanism, may not convey the right signal about the true costs attached to private economic activity.

A further difficulty comes from geography. In an interconnected global economy, activity carried out in the advanced industrial economies may, for instance, have severe negative externalities in the developing countries, where the primary extractive processes tend to be located. And these are not just physical and environmental costs, but also human costs, as with social strife in Africa over mining rights.

As far back as 1970, the German-Swiss economist K William Kapp drew attention to the relentless logic of cumulative causation that was driving the world economic machine. The build-up of carbon dioxide, he warned, was "raising the heat-retaining properties of the atmosphere", leading to a rise of average global temperatures, and unforeseeable environmental consequences. To view these solely in terms of physical determinants and to ignore the "institutional framework" in which these problems were generated was "bound to convey only an incomplete and therefore a false picture". It was a significant abuse of the development process in these contexts, that "social costs of various kinds resulting from environmental disruption" were shifted as they emerged "to the economically weaker parts of the population in less developed countries".

Various nodes in the global system of production are connected by deeply embedded trade patterns. "Path dependence" is the term of art used to describe a state where an entity — typically a collective entity with a diffused will — is unable to get off a particular trajectory because of the sheer momentum of past

and present. People who are doing well along that trajectory, when persuaded about its hazards, need to make a decision that is altruistic in the deepest sense.

In pulling out of the Paris climate accord in 2016, US President Donald Trump adopted a tone of victimhood that seemed simply bizarre from the leader of the world's richest nation and its greatest polluter. He has since actively rolled back statutory emissions standards for electricity generation and scrapped federal and state-level limits on automobile exhausts.

In Brazil, which just weeks ago suffered the worst forest fires in the Amazon in years, President Jair Bolsonaro had indicated that environmental standards are an unfair restraint upon growth ambitions. Other countries have indicated that current commitments are quite enough, signalling a certain indifference by downgrading their level of participation in this month's UN climate summit.

Alongside the danger of climate chaos, adult generations are handing down a global financial system seriously out of joint. Levels of debt today are a source of chronic instability.

Succeeding generations will soon enough see that the supposed upside from all the debt — the deeply embedded framework of capital and infrastructure — will be of no possible use in a more climate-friendly world economy. There will be a powerful urge to repudiate the debt that cannot in any event be paid. Disrupting the channels of finance may be the first step towards knocking the global economy off a trajectory that promises climate catastrophe.

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