Policy Briefing

Triple Crunch!
Credit, Commodities and Climate

2007-8 saw a convergence of three world crises: we seem sickeningly close to runaway climate change, prices have been escalating in oil and other commodity markets, and now the global economy seems to be facing collapse.

The economy is grabbing the headlines now but it is the least of the world's troubles. A 1930s-style depression would bring both hazards and opportunities. The collapse of easy credit is forcing a downsizing of expectations in homes, cars and holidays, and this will translate into lower energy use and greenhouse gas emissions. But the pain will be greatest for low-income households who account for a small proportion of emissions. There may also be more serious and longer-term consequences for the poor in low-income countries.

In the 1930s, US President Roosevelt responded to the depression with his "New Deal" – a massive programme of government investment and institution building to redevelop trust and confidence in the economy. The programme helped, but the American depression was finally ended by World War II. The major hazard this time is that our leaders, a few years hence, will finally resolve a drawn-out depression by waging war.

One pretext for such a war would be the second of the current crises. There is growing government and oil industry acceptance that an oil "supply crunch" is likely in the next few years. This is not a simple matter of oil running out – although remaining resources would probably last only 30-40 years if recent consumption growth continued. Certainly, oil is getting harder to extract and the price is likely to rise in coming years. But the current crisis has more to do with a lack of investment in production infrastructure and technical expertise, as oil companies have focused on returning profits to shareholders (see *The Coming Oil Supply Crunch* in further reading). Most of the remaining oil is believed to be in the Middle East, where government policies favour leaving it in the ground for the future and sustaining world oil prices, rather than expanding production.

Meanwhile, there are increasing reports from scientists of faster-than-expected climate change impacts and natural feedback mechanisms that cause additional greenhouse gas emissions. These mechanisms include methane bubbling out of warming oceans and melting tundra, increased solar absorption where Arctic ice has melted, and reduced CO_2 take-up by algae in the Southern Ocean. Climate scientists are now calling for global greenhouse gas emissions to peak by 2015, heading for at least an 85% reduction by 2050 (see *AR4 Synthesis Report* and *Climate Change: Faster, Stronger, Sooner* in further reading).

If we are to avoid the risk of runaway climate change, we must leave most of the oil in the ground. Burning all that remains would release perhaps 700 billion tonnes of CO_2. We should probably be aiming to limit global emissions in the 21st century – including CO_2 from burning coal and gas – to less than this amount. So we shouldn't seek to use more than a fraction of the oil.

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Campaigners are increasingly using “Peak Oil” as an argument for changing the way we live out of self-interest. But there is growing evidence that such arguments do not work (see *Weathercocks and Signposts* in further reading). Encouraging people to think about their self-interest simply affirms that it is more important than social and environmental concerns. And the message here is that there is no need for personal initiative to address climate change because rising oil prices will force everyone to change. Meanwhile, public concern about oil prices tempts Western governments to do everything possible to secure new resources. That includes drilling in environmentally sensitive areas and opening up dirty and low-grade resources such as Canadian tar sands. It may also mean invading countries that are inefficient or slow in extracting their oil.

With luck, economic depression now may mean that our oil consumption and emissions have already peaked. The best result would be for governments and the public to recognise climate change as the danger far exceeding any other and demanding all of our energies. In its *Green New Deal* report, the New Economics Foundation advocates a Roosevelt-style programme of investment focused on averting climate change and living without oil (see further reading). A “war effort” to address climate change would transform our lives and society. It would mean embracing frugality to divide our energy use by three. Community would blossom as a source of practical, emotional and spiritual support for individuals, and as the key to sustaining a shared will for urgent action. The national effort would include a huge programme of investment to insulate homes, redevelop infrastructure for non-motorised and public transport, produce local, organic food and supply renewable energy.

Can we embrace that path, or will our politicians continue to grasp for a shorter term and more familiar fix? The need has never been more urgent for a Quaker witness. As individuals, we can share the joys of a simple, spirit-led life. Corporately, we must work through all possible means for a just and nonviolent outcome.

Further reading

A Green New Deal: Joined-up policies to solve the triple crunch of the credit crisis, climate change and high oil prices. New Economics Foundation, London, 2008. Available from www.neweconomics.org.

The Coming Oil Supply Crunch. Paul Stevens, Chatham House, 2008. Available from www.chathamhouse.org.uk

Weathercocks & Signposts: The environment movement at a crossroads. WWF, 2008. Available from www.wwf.org.uk

AR4 Synthesis Report: the synthesis report of the Intergovernmental Panel on Climate Change’s Fourth Assessment, 2007. Available from www.ipcc.ch

Climate change: faster, stronger, sooner: A European update of climate science. WWF, 2008. Available from www.wwf.org.uk

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Living Witness Project supports the development of spirit-led approaches to sustainable living among Quakers and in the wider society. About 65 Quaker meetings are involved in the growing national network, connecting our spiritual life and worshipping communities with work for a sustainable world. For further information see our website, www.livingwitness.org.uk, or contact Laurie Michaelis, e-mail laurie@livingwitness.org.uk, tel 01865 725244