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# Climate Change: The Choice

Community Renewal: Community Sustainability  
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The International Panel on Climate Change (IPCC) predicts that, if we do nothing, our world will be 4 degrees warmer by the end of the century. For all those who thought climate change was about Polar Bears, the significance of even one or two degrees warming is beginning to hit home. The last time our world was 4 degrees warmer than today was something like 40 million years ago. In effect, climate scientists are telling us that our civilisation could be faced with levels of warming in the next 100 years that our planet has not experienced for 40 million years.

This is no longer a debate on whether man's activities are causing the climate to change, it's now a debate about how to address it. This is the greatest challenge of our generation. It presents us with threats, it also presents us with opportunities.

Nobody set out to destabilise the world's climate. The people who built the power stations and the car were not evil, they were actually the hero's of their generation. Their machines advanced human welfare and created our western civilisation.

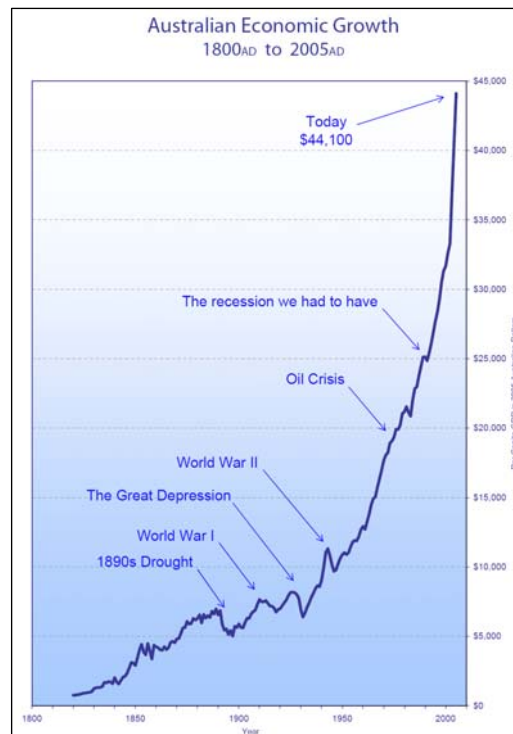
However, we have now discovered that the fossil fuels that power the machines are changing our world's weather. To give up the machines means giving away our way of life. It's no wonder people are frightened into inaction. But they need not be.

We don't need to turn our back on the industrial revolution, we just need to change the way we power our machines.

What I want to show you today is that, unlike we are being led to believe, addressing climate change is not a conflict between economic growth and the environment – of choosing the dark ages over the information age. It is a contest of values - of whether we are prepared to take responsibility for the future or whether we simply vacate the space and leave our future to the vested interests of today.

Let me put the economics, as this issue affects Australia, in proper perspective.

This first graph shows you the economic history of modern Australia. It shows the explosion of wealth in Australia since the



industrial revolution – how the western world has embraced the democratic capitalist model as the vehicle for human advancement with spectacular success.

By the time Australia had become a nation in 1901, average incomes had reached \$6,000 in today's money.

But that was just the beginning. Just look at the economic growth since world war two.

Today our average income in this country is over \$44,000 for every man woman and child. We are eight times more wealthy than our grandparents, and we live in a world beyond their wildest imagination.

The Australian Treasury predicts that, short of any unexpected shocks, this explosion in wealth will continue between now and 2050.

If this rate of growth is projected over the following 50 years, at the end of this century, living standards in Australia will rise from \$44,000 per person, to over \$185,000 per person. And as you know, Treasury is a very conservative agency.

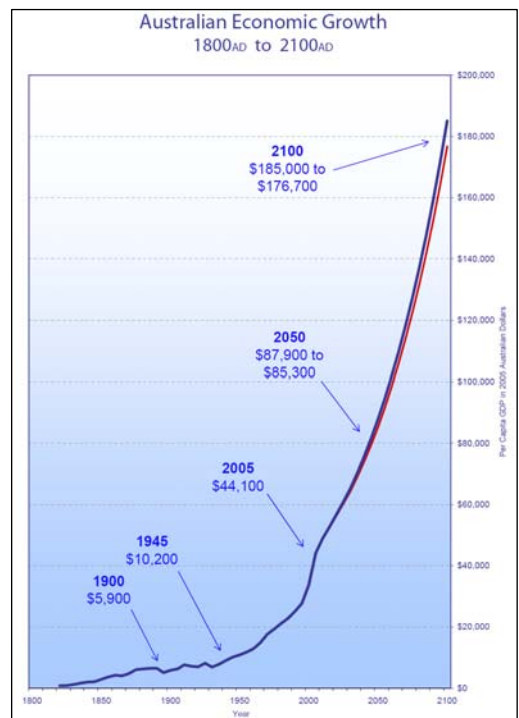
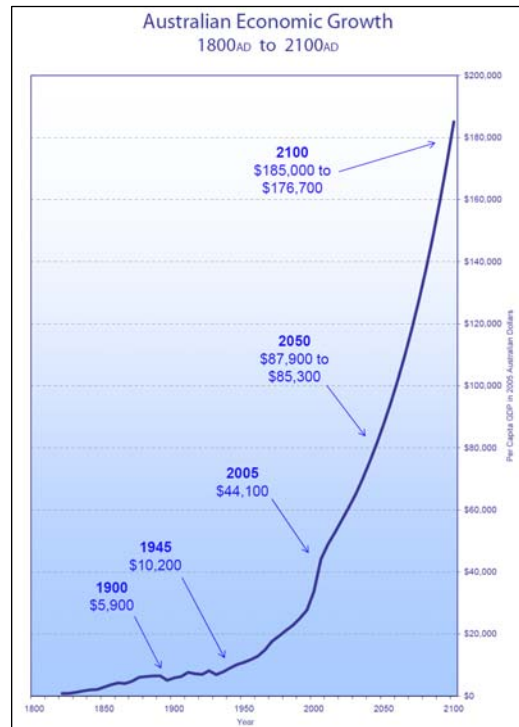
Yes, we've all seen these hockey stick graphs before – but reflect on this one for a moment.

No matter how well you understand economics, the impact of these figures are as unimaginable to us today as it would have been unimaginable for our grandparents, at the turn of last century, to conceive the world they were creating for us. But here's the key – our behaviour today is putting all this at risk ... and for what? We're putting it all at risk because we believe it is a choice between wealth or the environment.

This final graph should leave your jaw on the ground. The blue line is, as I said, projected economic growth based on the Treasury projections. The red line is based on the best available international modelling of the economic impact of deep cuts in global emissions, involving high income countries reducing their greenhouse footprint by at least 60% by 2050.

Just compare the extrapolated economic growth projections from our Treasury and how it would differ if, according to the latest economic estimates, the world stabilised CO<sub>2</sub> emissions.

It doesn't look at all like the recession we've been conned into believing will happen does it? Far from it. We can have an annual income in today's dollars of \$185,000 and risk everything, or an annual income of \$177,000 and make our contribution to stabilising the world's climate.



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We are presented with a very powerful morale choice, because risking our climate for the sake of an infinitesimally small amount of economic growth is not heroic – it is greed and it puts at risk everything we have built.

Quite simply, we need to stop carbon pollution entering the atmosphere. Though the answer is simple, the task is large. We need to not just stop the explosive growth in emissions, we actually need to cut existing emissions by at least 60 per cent within the next 40 years.

There are many innovative things we can do, but we cannot hope to fix the problem unless our governments put a cap the level of carbon that's allowed to be emitted.

I'll leave the final decision to economists as to whether we should use regulations, carbon taxes, emissions trading or a hybrid of each. What is essential is that governments put a price signal on carbon by setting legally binding, deep, but long range cuts. In doing so, we will create the economic climate for industry to construct long range investment plans to drive the technical innovation we need.

Let me reiterate that the carbon pollution problem is fixable – but we are taking staggeringly higher risks by delaying action. 2020 will be here and gone before you even know it and so might the stability of our climate system.

The sooner we put a price on carbon pollution in Australia, the sooner we can fix the problem, and position our national economy to take advantage of this 21<sup>st</sup> century reality.

Thank you.

#### Acknowledgement

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