

Why Are We Waiting? The Logic, Urgency, and Promise of Tackling Climate Change*

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With *the Stern Review* (2007), Nicholas Stern positioned himself as a leading climate economist and, unlike most others, willing to exert an influence over the political debate. With his follow-up, *A Blueprint for a Safer Planet* (2009), he popularised the rather convoluted economic discussions of his previous book, not least the idea of climate change being the greatest market failure the world has ever seen. He also connected the conclusions more closely to the political landscape, at that point leading up to the climate meeting (COP 15) in Copenhagen. Since then, much has happened: that meeting failed, but sparked a process that led to a new climate regime with the Paris Agreement, 2015; climate science has progressed and been summarised in two new reports by the Intergovernmental Panel on Climate Change (IPCC); governments have come and gone; the world has recovered from the global financial crisis, among other things. But in one sense, it is all the same: economies around the world are fuelled by fossil energy and annual emissions of greenhouse gases are still unsustainably high.

Why are we waiting? *The Stern Review* made a compelling case for taking strong and timely action to mitigate climate change: because it is necessary to prevent much, much larger costs in the future. Still, the required actions have not come fast enough. In this new book, Stern wants to understand why – and recognises the need for taking a broader approach to do so. The book, which is divided into three parts, is impressively interdisciplinary. In the first, he describes the basic science of climate change, including climate risks (chapter one); and the favourable opportunities for a ‘global energy-industrial revolution’ and new era of prosperity (chapter two). In the second part, he discusses analytic tools for understanding the challenge of dealing with climate change: policies for dynamic change (chapter three); economic climate models (chapter four); the practice of discounting (chapter five); and ethical theories (chapter six). In the third part, he discusses the global dimension of climate politics: outlines existing climate action (chapter seven); and the new climate regime (chapter eight); and proposes an ethical principle to govern it (chapter nine). Finally, he broadens the perspective even more by consulting psychology, rhetoric and history for insights on the conditions for moral progress (chapter ten). In the end, one’s understanding of the complex mix of factors preventing the world from moving ahead is certainly enriched.

The book has many merits. I will highlight a few of them below, and in so doing engage more critically with one of the main claims of the book – a claim we have come to know as characteristic of Stern’s work – that is, that normative theorising (moral and political philosophy) should play a co-lead role, essentially supporting climate economics in evaluating climate policy. I will suggest that this role, although richly described, falls short of specifying the contribution climate ethics could make to a just climate transition.

But first let me state what I take to be Stern’s overall message, which complements and reinforces that of *the Stern Review*: *the benefits of transitioning away from fossil fuel to a clean-energy economy are immense*. Even just the so-called co-benefits from climate mitigation – that is, those not directly related to a safer climate; the positive side effects, as it were – outweigh the costs, in short time. Economists, ethicists and politicians alike have all underestimated the benefits of moving away from existing energy sources that are inefficient, dirty, and dangerous. A radical conclusion is suggested: the mainline discussion should not

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focus on the distribution of *the costs but benefits* of climate change mitigation. Stern convincingly defends this claim by drawing on a rich empirical material, which includes studies of co-benefits, such as reduced local air pollution resulting in fewer respiratory diseases, of cost savings from e.g. energy efficiency measures, and of the dynamic learning and waves of discovery and innovation associated with corresponding historical technological transitions.

In one sense, the message is orthodox: an economist extolling technological development and economic growth (even if seeing climate change as a market-distortion and its correction as ‘pro-market’ is less commonplace). But Stern is actually a radical critic of his home discipline: he argues that it fails to give an accurate picture of the challenge of dealing with climate change. Economists have systematically underestimated the costs of climate change as well as the benefits of doing something about it. The main reason for that is that many of the costs and benefits are externalities, that is, external to the ones acting, affecting as they do third parties. The problem of ignoring externalities is general, but more worrying here due to the ‘publicness’ (p. 4) of climate politics. Greenhouse gas emissions are a ‘public bad’, that is, beneficial to the emitter and costly to others, whereas many actions and policies by which they can be decreased, such as research, development and deployment of clean-energy technology, are ‘public goods’, that is, costly to those taking them and beneficial to others. The latter point, that also many *solutions* to climate change can be analysed as externalities, appears to be a novel contribution to understanding the challenge faced.

Furthermore, Stern alleges, standard tools and techniques economists use to analyse the case for taking actions on climate change are seriously misleading. Take the much used ‘integrated assessment models’ (IAMs), which are a refined version of narrow cost-benefit analysis. They assume exogenous drivers of economic growth and population, that is, that these variables are not affected by climate change – even in catastrophic risk scenarios. This leads to absurd results, such as damages of a temperature increase of 5°C being less than 10% of GDP, even though such a scenario has not been seen for tens of millions of years (p. 148). We need a more dynamic approach to growth and development Stern concludes and pulls back from some of his earlier ideas in *the Stern Review*, in which IAMs were featured. He now cautions against their use – they ‘represent only an outlier position relative to possible outcomes and should be seen as very far from a central case or a reasonable consensus’ (p. 148). They fail to account for the pervasive nature of climate change: that it risks not only reduced, but also halted or reversed economic growth, and that is a threat to the continuing existence of the human race.

Indeed, Stern suggests, climate economists should consider shifting their focus from such tools to an altogether different approach. The problem of climate change, he proposes, is ‘one of strategic choices in the face of immense risk’ (p. 207). Decision makers need guidance as to what to choose, but not in the form of formally and precisely quantified consequences of various policies. Stern is not as clear about the details of this alternative as one would have wished, but it is suggestively outlined. The idea seems to be that if we can reduce catastrophic risks in costless or beneficial ways (as he argues we can), then there is no need for much precision. The required actions are perhaps no-regret. The task of economists would still be something like analysing the costs and benefits likely to come from different development trajectories, trying to specify as fully as possible their full scope. But they should not shoehorn that into standard methods.

What is more, Stern contends, questions such as ‘how much should we do, and how fast should we do it?’ and ‘who should do what and when?’ (p. 151) can only be answered by going beyond economics into moral philosophy. He convincingly criticises economists for failing to realise that and for instead proposing to study the behaviour of markets or otherwise

revealed preferences. Stern's ambition here is commendable and surely right, yet it is not clear what his engagement in moral philosophy (in ch. 6) contributes to his overall line of reasoning. If dealing with climate change really is in the self-interest of the relevant actors, then why must we consider ethics? Stern's motivation for so doing seems to be largely negative: that moral philosophy provides something lacking in welfare economics. If a more positive case can be made, that would be good. Anyway, he considers the main moral theories – Kantianism, contractualism, virtue theory, commonsense pluralism, consequentialism, and more schematically, rights-based theories and libertarianism – and concludes that 'all appear to point to strong action on climate change' (p. 194). Strictly speaking, the conclusion is not warranted: it only follows because he has dismissed the relevance of commonsense pluralism and a certain kind of libertarianism – for reasons that he could have further elaborated on. But more importantly: why should we be content with that? Even if most moral theories point to strong action on climate change, they may still disagree about just how strong the response should be, and how fast, and who should act first.

If ethical theorising can contribute to answering such more concrete normative questions, then its role would be more prominent than the one Stern envisions. I believe that it can, but only by confronting moral conflicts – not only settling for points of agreement. There is plenty of moral disagreement due to climate change, some of which may prevent a successful solution to the challenge it presents. There is certainly disagreement about what are the reasons for taking action, as is implicit in Stern's recognition of a plurality of moral theories. That in itself may undermine the sustainability of proposed solutions: even if the different moral theories/principles (broadly conceived) now recommend the same actions, they may diverge in that as circumstances change. But what is more, when we consider more concrete actions, it is not at all clear that different moral principles give the same recommendations. Should an existing coal plant be phased out even if that leads to stranded assets, workers laid off, and expectations being frustrated? Stern highlights in great detail the *reasons for* such actions, but neglects the *reasons against*. If they exist, as seems plausible to assume, then this is an example of a normative conflict. Normative theorising could contribute to resolving such conflicts by engaging in the kind of justificatory process that is normal practice.

Finally, consider again Stern's main proposal: that the discussion of climate politics should focus more on the benefits than the costs. He suggests that this applies to ethical theorising too. We should not assume that the moral dimension of climate change is a zero-sum game, that we are looking for a burden-sharing framework, or that the initiatives launched and investments made amount to a cost. I agree, and believe that this could be a transformative idea for this field of theorising. It is at least suggestive to think of climate ethics as being about the fair distribution of benefits instead of costs, and of the problems discussed as mainly about coordination.

So why are we waiting? If 'we' refers to irrational and partial real-life agents, such as governments of states, then I suspect that it is mainly answered by what is discussed in the last chapter of the book, and in particular by the psychological literature. Even though the benefits outweigh the costs of tackling climate change, this need not be true of the *perceived* costs and *perceived* benefits. What is more, even knowing that perception is deceptive, the costs of making the required investments are still upfront and in need of a fair distribution. More interdisciplinary work is needed, but this book makes an important contribution to unlocking the great benefits of climate change mitigation.

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