
Climate change: feed it and weep or lead and reap - Opinion

Jeffrey Sachs
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Australia will reap important benefits from the carbon pollution reduction scheme. Properly, the Government has left itself considerable flexibility on several points, which will depend heavily on what other countries do. But the value of the scheme lies not in the details but in three more basic considerations. Australia can now lead economically, technologically and diplomatically in the global effort that lies ahead.

A global climate control regime is on its way. It will almost surely not be a global emissions trading system, but a regime in which participating countries commit to national targets implemented through national means. The Government's proposals can work whether or not global trading comes to pass.

Until now Australia, like the United States, has absented itself from a carbon policy. Some may have viewed this as clever «free riding» on the exertions of others, but that view was short-sighted and wearing thin. A global system will come, and the laggards will face sharper economic dislocations than those who have taken a running start.

In the US, for example, the financial sector has basically stopped financing conventional coal-fired powerplants. Nuclear power is also a huge question mark for market financing, given public worries and the lack of an agreed national strategy. The automotive industry, long betting on cheap oil and a lack of public interest in climate change, is flat on its back. Australia will spare itself the risks of backing into a stalemate on energy technology and infrastructure

investment by charting a course consistent with long-term climate change mitigation.

Emissions trading can support the transition to sustainable energy in Australia but will surely not be enough, a fact acknowledged by the Government's initiation of complementary programs such as the Climate Change Action Fund, to spur the adoption of innovative energy technologies.

Transformative technologies, such as carbon capture and sequestration at coal-fired power plants, large-scale solar power, plug-in hybrids, green buildings and perhaps nuclear power, are even more important in achieving a low-cost transformation.

Australia stands to benefit enormously by speedier action on technological development and demonstration. As the world's largest coal exporter, and as a continent with vast solar potential, Australia could find itself a sustainable energy technology leader in just a few years. I think the same could be true about nuclear power in Australia, despite the obvious grounds for public reservations.

One of the greatest benefits from the Government's new initiative will be geopolitical. Australia needs to be at the global negotiating table, not only to defend its national interests but also to help broker the global grand bargain. There is probably no world leader better placed than Kevin Rudd to help intermediate the complex pas de deux that will begin between China and the US next year. Only a solid agreement between the two largest emitters can underpin global actions beyond mere gestures.

China will have to understand that it can no longer hang back and call on rich countries to lead first.

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China is already rich enough, and emitting enough, to bear major global responsibilities. In any event, the US Senate will not ratify an agreement that puts US industry at a competitive disadvantage. At the same time, China will not move unless it sees a way to combine its continued rapid economic growth with emissions restraint.

Since Australia and China are close neighbours and major trading partners, and share such basic challenges as coal-based power sectors, increasing water stress and solar potential, Australia is especially well placed to help identify global principles and a technological pathway that can accommodate the concerns of China, the US and Europe.

I don't subscribe to every detail of the green paper. I would have leaned more heavily on upstream carbon taxes than downstream carbon permits as the way to put a market price on carbon with least administrative difficulty and most long-term predictability. I am more sympathetic to nuclear power. But Australia has taken a huge step forward to protect its economy, its fragile climate-stressed ecology, its long-term technological leadership and its geopolitical role.

Jeffrey Sachs is the director of the Earth Institute at Columbia University and a special adviser to the Secretary-General of the United Nations, Ban Ki-moon, on the Millennium Development Goals. He is author of *Common Wealth: Economics For A Crowded Planet*.

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