

CLIMATE FOR BUSINESS?



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What is the role of business?

1. Worth posing the question **in general** about the purpose of business in society
 - To generate employment, pay tax, provide goods and services that create wealth and well-being.
 - ***Are the businesses we have today fit for that purpose?***

For whom are they creating wealth and well-being on a planet overshooting planetary boundaries at an alarming rate.

2. Worth posing in relation to current **climate debate**:

*What is the role of business in delivering, what the IPCC SR15 describes as '**transformative, systemic change**', at a **speed** and **scale** consistent with a 1.5 °C pathway for which are no historic precedents?*

Why business?

'Industry's involvement is a **critical factor** in the policy deliberations relating to climate change. It is industry that will meet the growing demands of consumers for **goods** and **services**. It is industry that develops and disseminates most of the world's **technology**. It is industry and the private financial community that marshal most of the **financial resources** that fund the world's economic **growth**. It is industry that develops, finances and manages most of the **investments** that enhance and protect the environment. It is industry, therefore, that will be called upon to **implement** and **finance** a substantial part of governments' climate change policies'

(International Chamber of Commerce)



Not an interest like any other....

'When the Global Climate Coalition, which represents companies constituting a very significant proportion of the country's GDP starts making noises, they obviously get attention'.

(Robert Reinstein, former head of US delegation and industry lobbyist)



Patterns of power, channels of influence

- **Revolving doors** – business to government and back again as well as directorships, shares. The ties that blind [Tillerson slide]
- **Donations to political parties.** Oil bosses have given £390,000 to Tories under Theresa May.
- Results in **privileged access to institutions**: Hearings, access to committees
- Further underpinned by formal and informal **social networks** [see FF web of power]
- **Ownership of media**- advertising
- **Structural power**: Mobility, role in employment, taxation
- **International negotiations**: Drafting text, providing advice, using media to pressure, double-edged diplomacy
- **Non-implementation** and foot-dragging

Revolving doors



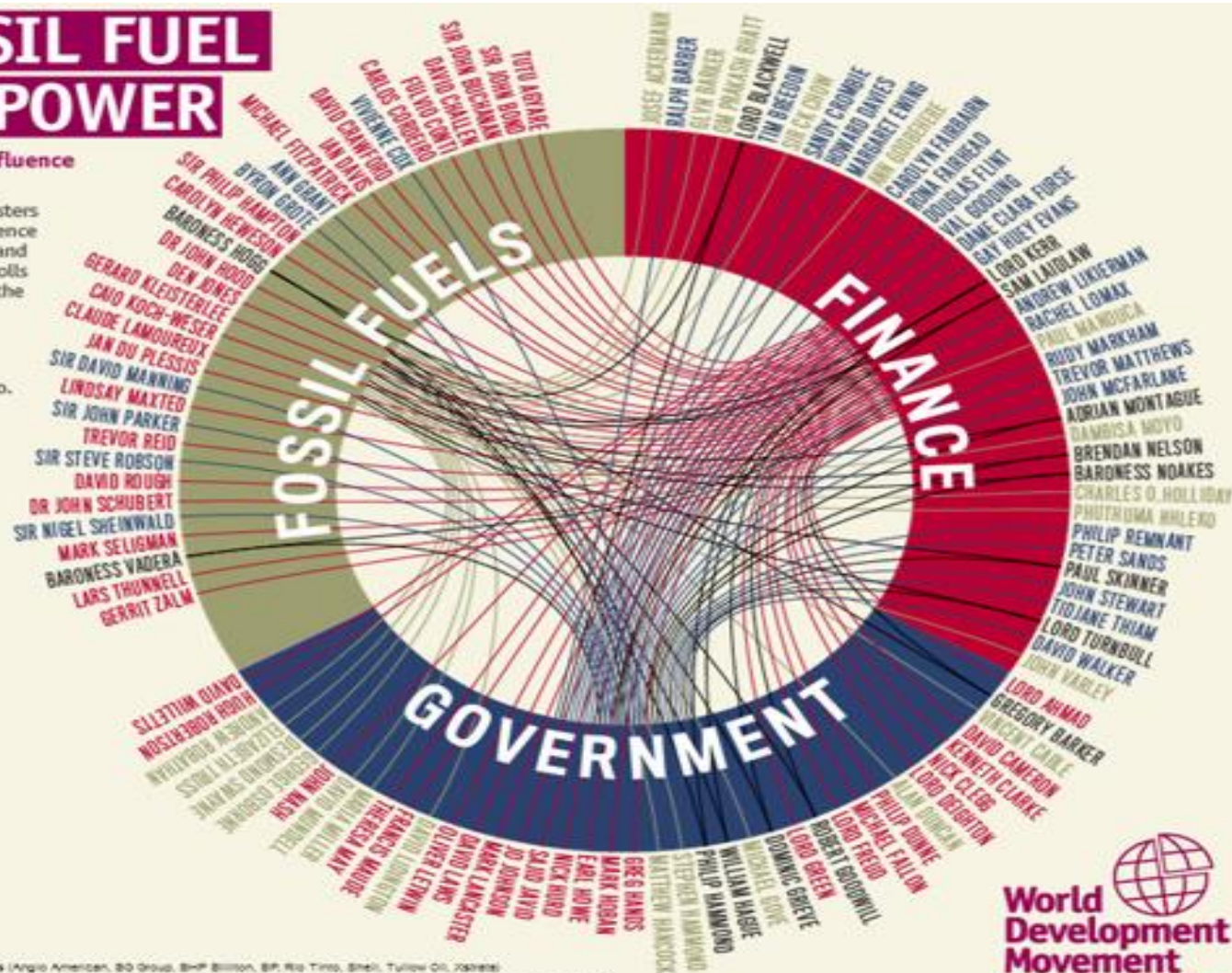
THE FOSSIL FUEL WEB OF POWER

The web of money and influence fuelling climate change

A third of UK government ministers are embroiled in a web of influence with the dirty energy industry and the finance sector which bankrolls it. This infographic highlights the connections that are keeping us hooked on fossil fuels.

Click on one of the categories below to see who works for who.

- Click here
- ALL
 - GOVERNMENT LINKS
 - FOSSIL FUEL LINKS
 - FINANCE LINKS
 - FOSSIL FUEL FINANCE

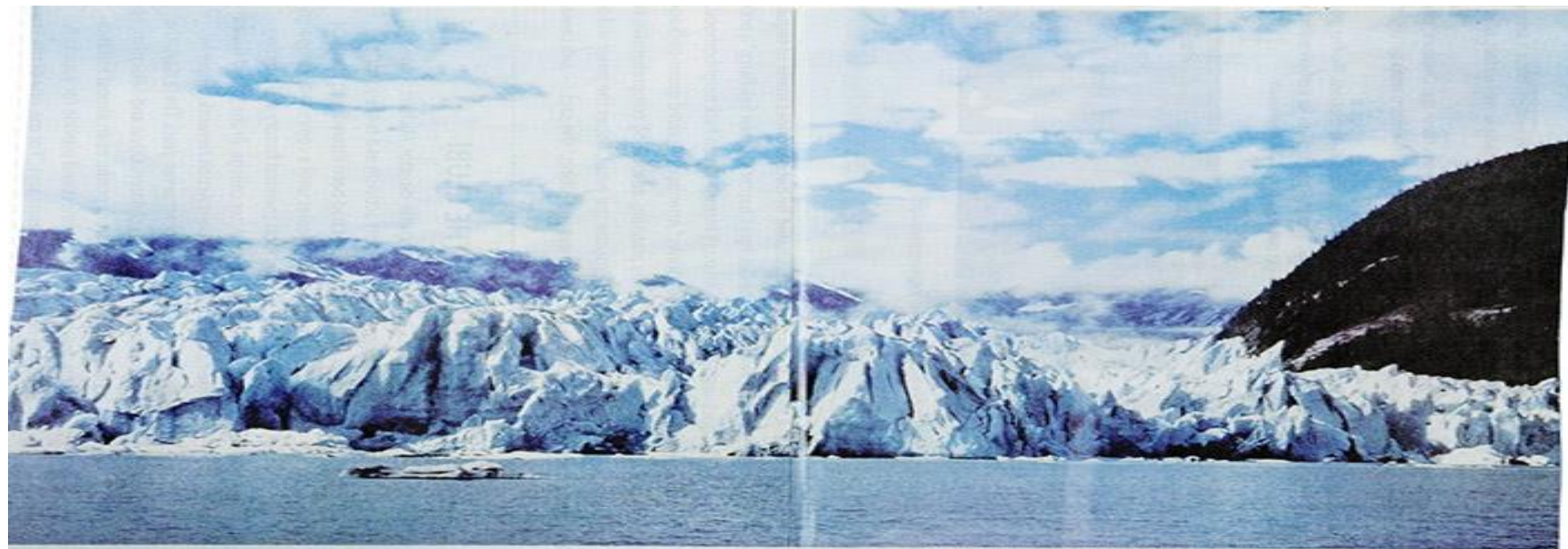


*Board members of 8 big fossil fuel companies (Anglo American, BP Group, BHP Billiton, BP, Rio Tinto, Shell, Tullow Oil, Zohrate) and the 8 biggest banks and investment management funds (Julius, Barclays, HSBC, Legal and General, Lloyds, Prudential, RBS, Standard Chartered). Based on Web of Power, World Development Movement briefing March 2013; Interactive Design by Richard Scott Design

Seen an **evolution** in responses: From resistance & climate of denial

- Denial of science- Funding sceptic science- deliberately misleading- Exxon
- + models projecting high economic costs
- Mobilising presence at CC negotiations to work with OPEC states and other veto coalitions: Global Climate Coalition, Climate Council
- Creating confusion and spreading misinformation: Astro-turf organisations: Information Council on the Environment, CO₂ as life
- Creating diplomatic deadlock: Playing countries off against one another. Blaming China in US and US in China




When things were more honest....



EACH DAY HUMBLE SUPPLIES ENOUGH ENERGY TO MELT 7 MILLION TONS OF GLACIER!

This giant glacier has remained unmelted for centuries. Yet, the petroleum energy Humble supplies—if converted into heat—could melt it at the rate of 80 tons each second! To meet the nation's growing needs for energy, Humble has applied science to nature's resources to become America's Leading Energy Company. Working wonders with oil through research, Humble provides energy in many forms—to help heat our homes, power our transportation, and to furnish industry with a great variety of versatile chemicals. Stop at a Humble station for famous Esso Extra gasoline, and see why the "Happy Motoring" Sign is the World's First Choice!

HUMBLE
OIL & REFINING COMPANY
America's Leading Energy Company



Advertisement in Life magazine February 2, 1962, 10 years before Humble changed its name to Exxon

To climate as business opportunity

- Interest in **carbon markets**
- **Diversification of business voices**- RE / nuclear / insurance – financial actors
- Working with **civil society** (Climate group, Pew Centre)
- **First mover advantages** (technology development)
- **Hedging bets** (BP, Shell and renewables)- beyond petroleum – or 1% beyond it
- **Intra-firm experimentation**: trading within- Shell
- Even calls for tougher targets at Copenhagen and Paris- sending market signal

Support for Paris

*"the private sector has a responsibility to **actively engage** in global efforts to reduce greenhouse gas (GHG) emissions, and to help **lead the global transition** to a low-carbon, climate-resilient economy.*

*This coalition further seeks to **catalyze and aggregate action** and initiatives from companies from all industry sectors—towards delivering concrete climate solutions and innovations in their practices, operations and policies".*

Open letter from global CEOs to world leaders urging concrete climate action 2015



What accounts for the shift?

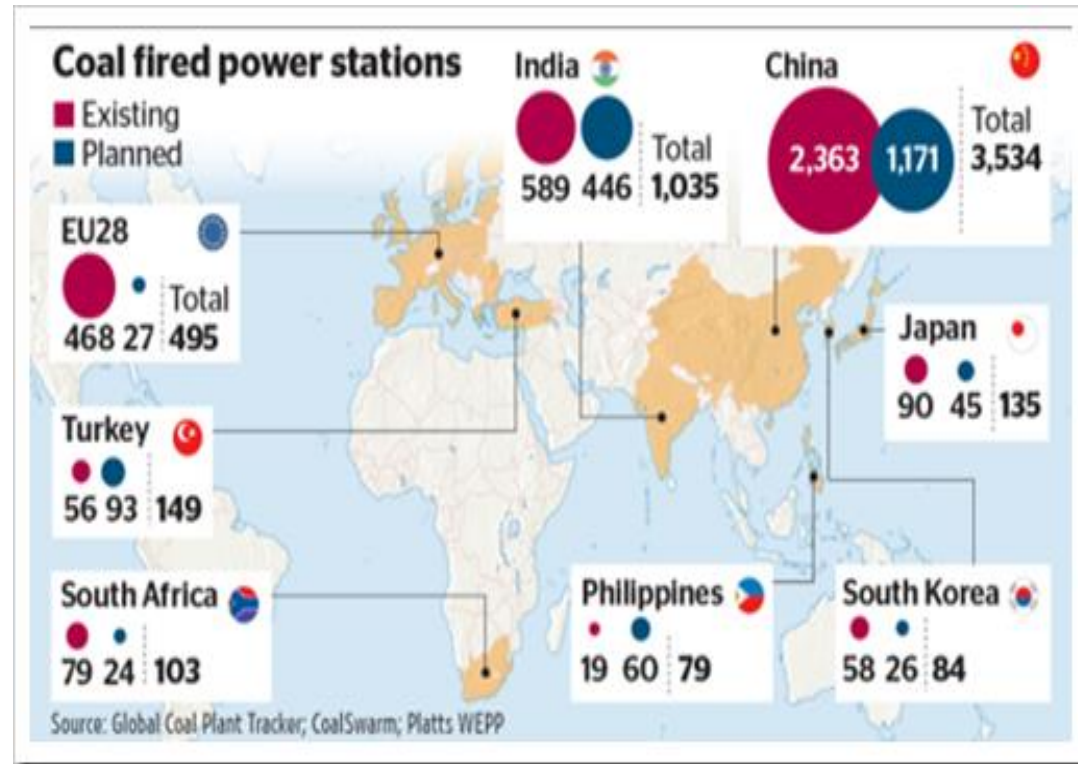
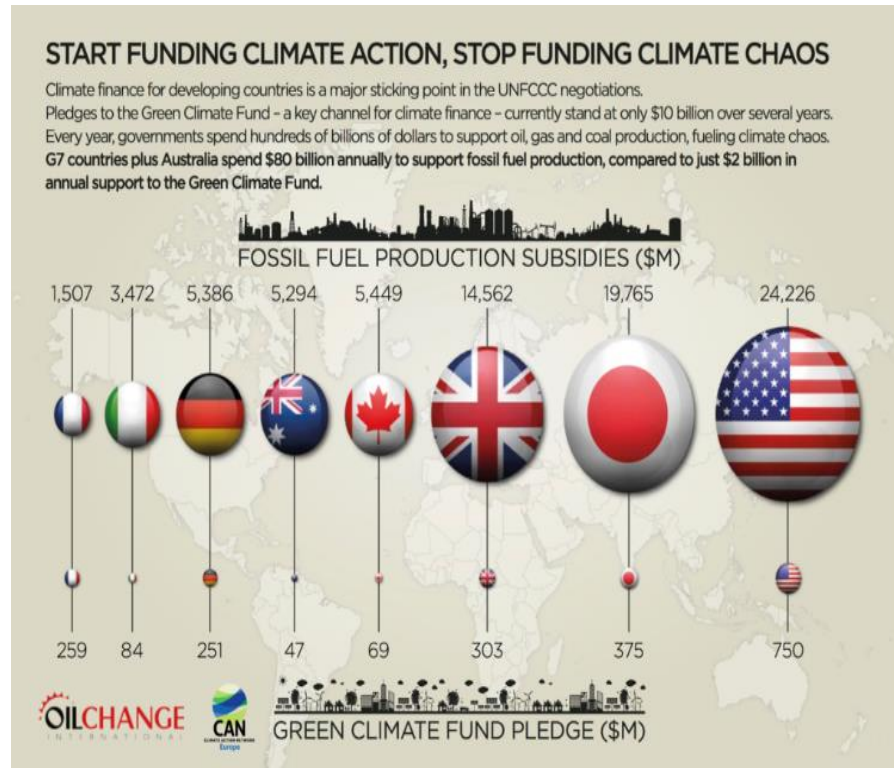
- **Terrain shifting** to which options- battle for trading and offsets over tax and regulation
- Although there are large **sectoral, size and regional variations** in responses
- **Drivers include:**
 - shadow of regulation
 - reputational factors- investors, consumers, employees- current and potential
 - pressure from investors + shareholders
 - Prospect of litigation

Tools of engagement

- Growth of CSR around Climate
- Reporting and disclosure – CDP, GHG reporting, GRI
- Voluntary targets- using supply chain pressure (Walmart)
- Moves towards labelling- carbon foot printing – advertising products not transported by air etc.

Picture is not an entirely positive one

Lock in & business as usual



Plenty of greenwash

- **Total** is using the hashtag #MakeThingsBetter in full page glossy magazine adverts for its climate campaign and boasts of its investments in the “cleanest fossil fuel”, natural gas.
- Even ignoring the huge gap between rhetoric and reality about the bridge natural gas is supposed to provide to a post fossil fuel future
- this focus conveniently distracts from the brutal reality that Total is planning to spend around \$192bn on oil projects between 2014 and 2025.

Living with less?

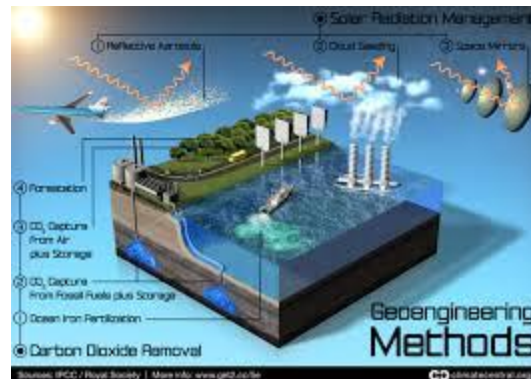
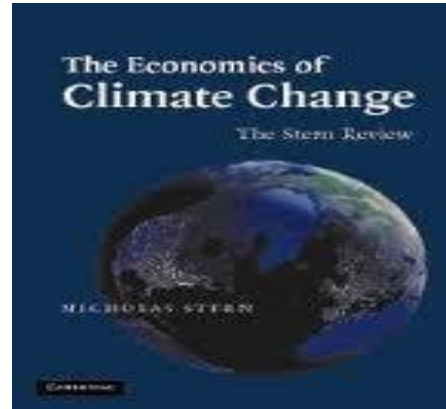
"The acid test for business leadership on sustainability will be when they tell us to consume less of what they produce so we can live within our planetary means" (Andrew Simms 2015).

Hope for the best with more of the same?

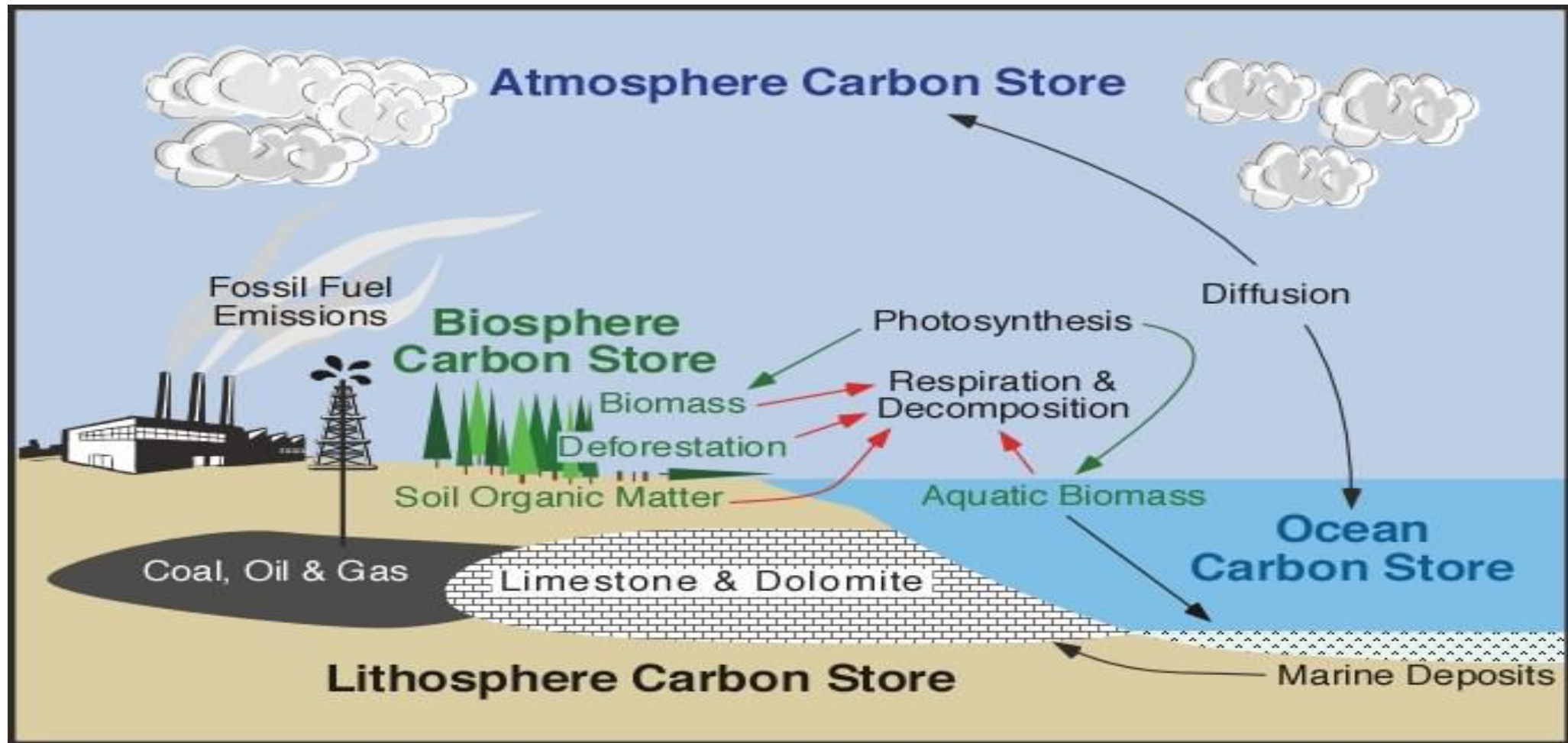


The business of climate change =

- *Finance*
- *Markets*
- *Property rights*
- *Technology*



Or get to the source of the problem



Beyond the business case – business as unusual

- Future responses cannot be based on having to make the business case. We have tried voluntarism, market-based solutions and most have not worked in delivering the scale or pace of change we need
- Need regulation of > regulation for: Re-wiring the global economy- trade investment competition rules, FF subsidy reform
 - Here business does not dictate the terms and pace of change- putting down limits FF NPT
- Bigger questions about growth and means and ends: *Who* and *what* is business for? Not an end in itself.
- Recognising the limits of liberalism rather being liberal with limits
- Not necessarily about *more state, less market*. Different type of state, different type of market.
- More space for democratic engagement with alternative pathways and control over the means of producing food, energy, access to water etc.
- Businesses operate, and have always done so, in a social framework of rules and regulations and in most cases need a social license to operate.
- We need business for the common good

Thank you for listening

Read more about it....

