



The Centre For Business Relationships,
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Comment and Analysis

Constructing a disaster: The problem with infrastructure programmes

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There are few international organisations that are as neutral, respected, informed and conservative as the International Energy Agency. As such, it is not an organisation given to promulgating unnecessary panic or confusion. It is all the more significant then that the launch of the 2011 World Energy Outlook report from the International Energy Agency was accompanied by a press release to the effect that:

"The door to 2C is closing... If stringent new action is not forthcoming by 2017, the energy-related infrastructure then in place will generate all the CO₂ emissions allowed in the 450 Scenario up to 2035, leaving no room for additional power plants, factories and other infrastructure unless they are zero-carbon, which would be extremely costly."

Cutting through the jargon, this means that unless severe action is taken very quickly then carbon levels in the atmosphere will pass the critical threshold beyond which significant climate change is unstoppable. It is an impending crisis of global, epic proportions that is all the more concerning given that the full ramifications are unknown.

On Wednesday 9th November the Chief Economist of the International Energy Agency, Fatih Birol, warned alongside the launch of the 2011 World Energy Outlook that:

"I am very worried - if we don't change direction now on how we use energy, we will end up beyond what scientists tell us is the minimum [for safety] ... if we do not have an international agreement, whose effect is put in place by 2017, then the door will be closed forever."

Put simply, it is imperative that we collectively put an end to constructing a society premised on high CO₂ emissions, and we have to stop building the infrastructures that will guarantee those high CO₂ emissions. Yet, with this knee-jerk neo-Keynsian attempt to bolster the economy through spending on infrastructure this is precisely what George Osborne, the Chancellor of the Exchequer in the UK proposes to do. In a classic example of short-sighted deck-chair shuffling the proposals include deferring the proposed increase in fuel duty, a scheme to reduce the impact of climate change taxes on energy-intensive firms, and an as-yet unspecified £30 billion investment in 'public works' that will almost certainly include major road-building programmes.

The Chancellor may or may not be successful in re-inflating the UK economy, but even if he is the neglect of the long-term consequences is a dereliction of a duty of care. Indeed, the economic crisis and the environmental crisis are intimately

connected, two sides of the same sword of unsustainability. As a nation we can no more afford to burn fuel to achieve brief prosperity than we can afford to contribute further to global climate change, the economic costs of which promise to be vast (and which will get bigger the longer we delay substantive action). The consequences of this petty attempt at economic salvation will be an enduring legacy of energy profligacy that, like the much-debated government bond issues, will require repayment over many, many years. It is not a strategy; it is barely a policy. It is an exercise in the failure of imagination and leadership in the face of a crisis while seeking to bolster the very same system that brought us down in the first place.