

# Interview: Dieter Helm

Oxford economist Dieter Helm co-edits a new book, *The Economics and Politics of Climate Change*, due out next month. **Anna Barnett** caught up with him in London to get his take on a long-term strategy for reducing emissions.

## There have been a slew of climate policy books out lately — what's new about this one?

We're trying to stand back and take a colder and harder look at the challenge. The question is not so much what we should do as why we've achieved so little so far. Why is it — after all the efforts that have gone into Kyoto, all the goodwill, all the 'political conversion' that has taken place — that so little progress has been made on slowing worldwide emissions growth?

## Where, in your view, has policy gone wrong?

Let's remember what lies behind Copenhagen. The Kyoto Protocol measures countries' production of carbon, not consumption. It's no accident the Europeans like Kyoto. It's a set of measures which, as they de-industrialize and production moves to countries like China, makes them look good. But the carbon consumption record of Europe, once you take those imports back, is pretty awful. That's why Kyoto looks like a success, and yet it hasn't caused even a blip in the emissions path.

## Do we also need to re-think climate economics?

What we have learnt is that politicians tend to choose the most expensive options first. Faced with climate change, what's our solution? In Europe, it's to devote most of our energies to a rapid build-out of wind power. This is the sort of thing that makes nuclear power look cheap. Climate change is about the massive increase of coal burning internationally, especially the growth of China and India fuelled by coal-based energy — and America too, where the Obama plans are also small relative to the problem.

What exactly will windmills across Europe do to address that overwhelmingly dominant effect? Of course they'll play some role, but it'll probably take a couple of weeks for China to add sufficient new coal power stations to cancel out any renewables effort in Britain. It's time to grow up. It's time to realize that coal is where the core of the problem lies, and to think cleverly about solutions towards that.

## What should governments be spending their windmill money on instead?

The problem we have in Europe is that people are obsessed by 2020, and that's a time period in which actually we can't do much on the technological front. By putting all our emphasis onto the technologies we can get in place by 2020, we're missing longer-term opportunities like nuclear power, and carbon capture and storage.

## What about the need to peak emissions sooner rather than later?

Obviously we want to peak emissions as quickly as possible, but there are only a limited number of technologies that could make a difference in time. Of those, wind will have only a marginal effect. Climate change is a long-term problem, and unfortunately there are no short-term fixes. Mucking around at the margin, building a few wind farms in the Outer Hebrides, won't solve anything. If Rome is burning, what's relevant about putting out a chimney fire in Edinburgh? That's what I mean about being cold and realistic. Climate change is not going to be solved in Europe alone.

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## You've written that now is the time to invest in decarbonizing the economy. Given the recession, how is that possible?

The American government and the British government are spending something like 12 per cent of gross domestic product (GDP) to prop up consumer spending. My view is the level of consumption is far too high in the US and the UK, both for the macroeconomic cycle and for the environment. We're living beyond our means. I would have taken the money that's been used to prop up demand and put it into investment — and climate change can fit within the investment component.



DIETER HELM

Economist Dieter Helm

## What are the chances of success in Copenhagen?

What's the question to which Copenhagen is supposed to be an answer? If the question is how do you have a political jamboree in which lots of world leaders can congratulate themselves, it will probably be an unmitigated success. If you think Copenhagen is about addressing climate change, then you come to a very different conclusion.

I think the Chinese opening gambit is about right: 40-per-cent emissions reduction in Europe from a 1990 baseline, 40-per-cent reduction in the US, and a one-per-cent GDP transfer to developing countries, just to start with. If you really did want to peak carbon emissions quickly, this is the scale of effort one would be talking about. Marginal tightening of the production-based Kyoto numbers won't make much difference.

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*Anna Barnett is assistant editor and copy editor of Nature Reports Climate Change. The Economics and Politics of Climate Change, edited by Dieter Helm and Cameron Hepburn, is due for release by Oxford University Press in October 2009.*