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Can we finally save planet Earth?

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Citation

Singapore Management University. Can we finally save planet Earth?. (2016).

Available at: <https://ink.library.smu.edu.sg/pers/185>

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CAN WE FINALLY SAVE PLANET EARTH?

Published:

27 Jan 2016



The United Nations Framework Convention on Climate Change in Paris has brought governments worldwide together to solve what is now seen as an immediate problem. Perspectives@SMU speaks to SMU Professor of Public Policy Ann Florini on the opportunities presented by COP21 as well as the stumbling blocks to addressing the climate issue.

Q: A lot has happened in 2015: Governments worldwide adopted the United Nations Sustainable Development Goals in September, and in December the United Nations Framework Convention on Climate Change brought renewed hope for addressing global warming. Despite the optimism, how will the COP21 agreement – non-binding and with little enforcement powers – achieve its goal of keeping global warming to 2 degrees celsius?

AF: The big difference between what happened in the 2009 United Nations Climate Change Conference in Copenhagen and Paris in 2015 was that there has been a fundamental change in approach.

The previous approach was very much an inter-governmental agreement that was top-down. There were rules put in place for accomplishing the goals but it was never the right approach in the first place. What the governments tried to achieve in 2009 was to say, “We have a zero-sum game here, so let’s decide who will suffer the most.” That’s not a productive way to approach something like this because everyone will try to free ride on everybody else. Some actors, such as the European Union, were saying, “Yes, we will share the cost as long as everybody else does”; it was an approach that was very difficult to make work. You’re talking about a problem whose consequences in 2009 weren’t seen to be immediate.

Fast forward to 2015, there are a couple of things that have fundamentally changed. The first thing was that in 2014 there was an agreement between the U.S. and China, the world’s two largest greenhouse emitters. The agreement basically said, “We both accept responsibility for taking significant action.” That changed the whole tenor of the global conversation. That’s the most important change because in 2009 both of these countries weren’t doing much of anything. In 2015, they’re both saying, “We will do a lot.” Both countries have taken significant enough steps that there is credibility to their claims.

The second thing that changed was instead of saying, "We're going to have a top-down allotment of how you will share the pain", it was about having each individual country submit what it thinks it can reasonably do and revisiting the goals over time as the science get better as we can see what the consequences are.

Every country was asked to submit what was called INDCs (Intended Nationally Determined Contributions). The U.S. was not expecting to get all or even most countries to do so – it had hoped to get 100 INDCs; it got over 180. There was a more positive atmosphere going into Paris than there was going into Copenhagen. There was a lot more realism on an approach which could work.

Third, the consequences of not taking action were becoming much clearer. Sea levels are rising, there are catastrophic storms, there are changes in agricultural practices – these are happening now with a one-degree change in temperature. It's begun to strike people that we aren't looking at a long-term problem but an immediate problem. We're basically looking at the collapse of civilisation if we don't act.

Q: What are the stumbling blocks that could stop governments from achieving the goals set forth at COP21?

AF: Major countries might not follow through on their INDCs. It could be that we don't see the technological progress that is reasonable to expect. It could be that, five years from when the countries decide to meet again, countries aren't willing to up their game at that point. I would be surprised if that happened because technology has improved so fast.

"In 2009 China and the U.S. weren't doing much of anything. In 2015, they're both saying, 'We will do a lot.'"

What happens very often when you get environmental agreements is that everyone is screaming and protesting: "We can't change our practices." When a regulatory system is in place and businesses get the signal that they need to foster the innovation to solve the problem, and they realise they have to do it, they innovate. The private sector is really good at innovating when the proper incentives are put in place.

The big concern is even with all the right systems set up and the right incentives in place, we might find it really hard to move fast enough to avoid hitting major tipping points, and we don't know where the tipping points are. We might get major melting of the Antarctic ice sheets, release of methane in Siberia etc. that would make it impossible for us to cope.

Q: What would be the tri-sector – government, business solution, civil society – solution to the global warming issue? What needs to be tackled?

AF: There is no solution that isn't tri-sector. You're talking about a set of regulatory changes, which could include requirements for fuel efficiency in cars – that's happening in the U.S. You could change the regulatory structure of the financial system such that you have green credit guidelines and green bonds – the People's Bank of China is leading on that, interestingly enough; they are the global leaders on that front.

Business has to go beyond what regulations require. Regulation always lags and business always leads. There is enormous scope for new business models and new technology.

And you have to have the civil society sector involved because that's where a lot of the expertise comes from, addressing questions such as "what kinds of impact does climate change have on local communities?" and "How can businesses come up with new business models that will be effective in those communities?" The big environmental NGOs are incredible sources of expertise on the issues and the potential for new business roles. Civil society is where the norms change. All these things have to be interacting.

Q: The UN Sustainable Development Goals have set big targets. In your opinion, which is the most important? Why and how can it be achieved?

AF: There isn't one that is most important. You could take any one of them as a starting point because they are so inter-related that you end up dealing with all of them. The one that I think will get the most focus is the one on eliminating poverty. If you start with that as your focus, it gets you into everything from land use to the environment because it's the extreme poor who are the most environmentally vulnerable; it's also where the gender inequities are the greatest. Any issue you want to talk about, it is the most extreme when you are talking about the extremely poor.

You also have to talk about what kinds of changes in government, economic, and social systems are needed to bring about the end of poverty. It gets you thinking systematically: "How do you create change that is concrete and specific enough for people to take action?"

Q: Is this a turning point for capitalism?

AF: We have just come out of a couple of decades where the capitalist system was financialised. The interests of the financial sector came to swamp the needs of the real economy. We're seeing huge pushback against that and I think it is appropriate.

Q: Given the amount of money and power the finance sector wields, is it possible to make it bend to larger society's needs?

AF: I think you are already seeing it happen. Look at what's happening in the banking sector, for example. Bonuses are shrinking, and the staff strength is shrinking especially on the investment side of banking.

Also, the financial industry is being threatened with disruption from new financial models such that one could ask, "Do we need banks in the future?" The same kinds of disruption that I.T. has brought to other areas have now been brought to banking. You also have social innovation happening on a very large scale in terms of "How do you get financial services to people who are unbanked?" This is the same as the poverty question: How do you reach these people?

So, yes, I think capitalism is at a tipping point partly because we are going to be moving away from the excessive financialisation, and partly because capitalism now has to be broadly environmentally and socially sustainable that it hasn't have to think about before because we're just hitting the planetary limits.

Ann Florini is Professor of Public Policy at the Singapore Management University and the Director of the School of Social Sciences Masters Programmes.