

Beyond the market fetish:

Using renewables to build political momentum for climate action

Dan Cass and Christopher Wright (Sydney Business School)

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Following the enthusiasm generated by the Paris climate agreement, the focus for climate action now shifts back to nation states, which is where the hard work begins. Most nations have failed to make much progress on deep emissions cuts. Carbon prices lack broad support. We need a new strategy to cut through this impasse and there is a strong argument that renewable energy is that strategy.

Over the last quarter century of global climate negotiations, the preferred policy solution has been the one derived from economic theory - global carbon markets. The bad news is that carbon markets are unsuccessful as public policy because they have become divisive politically. The good news is that over the past quarter century renewable energy has become economically viable, increasingly out-competing against fossil fuels, without subsidies.

The Paris agreement is built on the approach of separate and diverse national plans (as Peter Christoff [has explained](#)) provides space for a potentially new and more pragmatic approach. We have to move beyond the market fetish to embrace a wider and more practical toolbox of policies that are good politics. The key is to design policies that cut emissions in such a way that they build momentum for more cuts later, so we can achieve the promise of Paris.

Emissions mitigation and carbon markets

The old, carbon market approach was a product of its era. Climate scientists rang the alarm bells in the late 1980s and in the lead up to the 1992 Rio Earth Summit negotiations began on a 'framework convention' to stop global warming. However, as Naomi Klein [has noted](#) by the early 1990s the West was triumphant. Communism had collapsed and many environmental groups believed that to have influence required working with free market capitalism. Regulations and state control was out and markets ruled OK.

In this period of neoliberal ascendancy, the only conceivable solution to global warming was a global carbon market. Conservative parties and economists led the charge and many environmental groups followed. The problem is that carbon markets might be optimal policy in terms of economic theory, but they are often toxic in the real world of national politics. Australia saw a fear campaign run by the Liberal leader and then Prime Minister Tony Abbott who [demonised our carbon market](#) as a 'great big new tax'.

A new pragmatic approach

Policy experts around the world are seeking a new model, which is more politically savvy than carbon markets. For example, last October at the [Paris and Beyond symposium](#) at the Melbourne Business School, Fergus Green from the London School of Economics [reported](#) how European policy experts are moving away from over-reliance on carbon markets as the solution.

And in Australia, just after the Paris conference, the Grattan Institute published [a paper](#) that echoes this realism. The authors write, 'A policy that may be ideal from a theoretical economic perspective...may be too complex to secure political or community support.' (p.32)

In a similar vein, Dr Johannes Urpelainen at Columbia University has developed a theoretical approach we can draw on to help design realistic policies that lead to deep change. He argues we can generate 'small wins' that build momentum towards a 'big dream'. In the journal *International Environmental Agreements* he gives us [three useful criteria](#):

- climate policies must drive technological and political transformation at the same time
- technological transformation means the promotion of low-carbon technologies, for example by making them more competitive against fossil fuels
- political transformation means each small win is 'specifically tailored to build political support among key constituencies' (Urpelainen, Johannes. "A model of dynamic climate governance: dream big, win small." *International Environmental Agreements: Politics, Law and Economics* 13.2 (2013): p.115)

Renewables are the best strategy

What are the best policies that will improve technology and simultaneously build public appetite for deeper change? We believe that supporting [renewable energy](#) and rooftop solar in particular, are the best policy options that fulfil Urpelainen's criteria of technological and political transformation.

Firstly, rooftop solar distributes the benefits of a climate friendly economy across the community. Even right-wing, climate skeptics from the American Tea Party movement can feel good about saving money on their bills with [rooftop solar](#).

Secondly, renewables enjoy a natural super-majority of public support in major countries (which carbon markets lack). A vast majority of voters embrace clean energy in [Australia](#), [Germany](#) and [America](#).

Thirdly, as renewables grow into a multi trillion dollar sector, that will build a powerful industry lobby. As its power builds, this undermines the power of the climate denial lobby funded by fossil fuel interests which opens up more political space.

Fourthly, solar, wind and now storage technologies are racing down the cost curve. The more we build, the cheaper they get.

How to do it

In order to seize the moment after Paris, it will be necessary to quickly build a coalition between the major players in renewables policy and politics, to champion this transition from fossil fuels to more democratic, renewable energy. This coalition has to include climate action funders such as the [European Climate Foundation](#), [Packard Foundation](#); clean tech industry leaders such as the global [Breakthrough Energy Coalition](#) launched at the Paris climate conference; and social movement organisations such as [350.org](#) and Australia's own [Solar Citizens](#).

The planet is racing towards terrifying climate tipping points. The political response to the climate crisis has failed to decarbonize the economy or unite global society. We urgently need progress that creates political momentum for deeper transformations, to sustain nature and ourselves. Renewables are the most positive opportunity to build the power we need – both politically and technologically.