

NELR book reviews

Crunch Time: Using and Abusing Keynes to Fight the Twin Crises of Our Era

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Reviewed by Stephen Keim

I write this review shortly after three significant news events. First, the Australian media, through the *Sydney Morning Herald*³ and the International Consortium of Investigative Journalists⁴ have finally discovered the obvious: that the fossil fuel (particularly, coal) industry and other large carbon emitters have been spending many millions of dollars hiring lobbyists to intimidate governments across the world into scuttling any real international action on climate change. Second, the Australian Prime Minister, Kevin Rudd, who has spent most of his time in office kowtowing to big emitters, has shown a willingness to oppose their “systematic campaign to sabotage global talks in Copenhagen”.⁵ Third, Opposition Emissions Trading Scheme negotiator, Ian MacFarlane, has blown the whistle on the scam of Carbon Capture and Storage, saying that it has missed the boat as far as reducing Australia’s greenhouse emissions within the necessary time frame.⁶

These events may be of singular importance. Although the attempts by big greenhouse gas emitters to influence politicians have been well documented,⁷ it appears that, in the past, they have been so successful in achieving influence that neither politician nor main stream media outlet has been game to mention their activities, their tactics or the nonsense of the positions for which they argue. Perhaps, Kevin Rudd has been so pressed by their ingratitude for all that he has done for the big emitters that, for him at least, those days of silence are over.

Crunch Time was researched and written during the first half of 2009. The book is born of a frustration, shared by many, with the dislocation that appears to exist between the desire felt by the public to combat climate change and, significantly, reduce Australia’s greenhouse emissions, on the one hand, and the unwillingness on the part of mainstream politicians to develop policies and take action to achieve real change, on the other.

Although the phrase, “we are all Keynesians, now”,⁸ has appeared in a number of news reports and columns since the Global Financial Crisis broke upon the world in September 2008, the connection between the great twentieth century economist, John Maynard Keynes, and actions to combat global warming is not immediately obvious. Tony Kevin develops his argument throughout the book and its final reach is not expounded until the final pages. The argument would be misunderstood, however, if one thought that it was restricted to technical economic doctrines. The lesson to be drawn is equally about a willingness to develop new policies to deal with new situations and an emphasis on evidence over arcane theory.

Surprisingly, at first, the book champions the approach of President Obama to the global recession over that of Kevin Rudd. Surprising, because Rudd was at least as vocal as Obama in championing the need for stimulus spending and Australia’s stimulus policies, proportionately, involved at least as great a commitment to spending as the American version. However, it is the direction of the expenditure that gains greater approval for the Obama package of spending. Obama’s \$800 billion package included a greater emphasis on infrastructure and, of that infrastructure spending, \$90 billion was directed to building new power grids and other energy efficiency measures with further spending directed to assisting the development of alternative energy. Mr. Rudd’s stimulus expenditure, on the other

1 The author is a retired Commonwealth bureaucrat with thirty years experience including time as a leading diplomat. The publisher’s site for the author may be found at <http://www.scribepublications.com.au/author/tonykevin>.

2 See <http://www.scribepublications.com.au>.

3 <http://www.smh.com.au/environment/ad-campaign-aims-to-crush-emissions-trading-plan-20091106-i24t.html>.

4 <http://www.publicintegrity.org/investigations/icij/>

5 <http://www.smh.com.au/environment/climate-war-gets-personal-for-rudd-20091106-i24u.html>

6 See <http://www.abc.net.au/news/stories/2009/11/10/2738075.htm>.

7 Guy Pearse’s *High and Dry*, a scholarly account of the nefarious links between big coal, big aluminium and others and the tactics and personnel, some of which go back to the bad old days of big tobacco, they use to paralyse government, was published more than two years ago in June 2007. See <http://www.penguin.com.au/lookinside/spotlight.cfm?SBN=9780670070633&Page=Details>.

8 For a 1965 *Time* magazine article, see <http://www.abc.net.au/news/stories/2009/11/10/2738075.htm>. For a recent article, see http://www.startribune.com/opinion/commentary/65843747.html?elr=KArks8P:Pc:U0ckkD:aEyKUiD3aPc:_Yyc:aUU.

hand, has done precious little to facilitate the development of alternative energy supplies and the lessening of Australia's dependence on burning and exporting coal.

The author devotes a chapter to reminding the reader about the qualities of the man whom the book honours. Very few people can point to a high risk controversial action and know that history has nodded its acknowledgement that the action was correct. If Keynes had done nothing else in his life, his decision to resign from the British team in the negotiations at Versailles would have ensured his reputation for ever more. He resigned because the allies were insistent upon driving a foolishly hard bargain with the defeated German nation. Millions of lives and ninety years later, his advice and his decision to resign when it was not heeded still look excellent. The author also examines the development of Keynes' macroeconomic theories in their context and their application by governments during the Great Depression.⁹ As mentioned, much of *Crunch Time* involves a consideration of applying those theories and, more importantly, the philosophy that underpinned them, to the dual challenges of recession and the threat of climate change. The inspiration of Keynes is as much about studying the evidence and doing what is necessary to meet the current challenge as it is specifically about engaging in deficit spending in times of economic downturn.

Most books on climate change policy must eventually wrestle with the science. Tony Kevin, having spelled out the Keynes legacy, turns to the science and explains it in a convincing and accessible way. Two things stand out for me from his analysis. The first involves the age and respectability of the basic science. The greenhouse effect, the heating impact of certain gases which selectively absorb radiation with longer wavelengths, was discovered in 1824 by Joseph Fourier (who had served as a colonial administrator for Napoleon)¹⁰ and was given a quantitative underpinning by Svante Arrhenius (who, inter alia, has a crater on the moon named after him)¹¹ in 1896. The basic science is older than the theories of Einstein and, from a scientific point of view, not at all controversial.

The second striking fact emerges from the consideration of ancient climatic information. It concerns our very limited experience of being a species that lives in big buildings with fixed addresses. The last glacial period ended about 10,000 years ago. So, *Homo sapiens*, who have been "out of Africa" for about 200,000 years, were able, while remaining hunters and gatherers, to cope with the profound but gradual changes associated with the advance and retreat of glacial conditions. However, the world's oldest civilisation, Sumer, in the Fertile Crescent of southern Iraq, commenced less than 8,000 years ago and ended about three thousand years later. The whole of civilisation, it turns out, has flourished in a post-glacial period of comparative climate stability.

In contrast to the mere blink of a geological eye during which the world's great civilisations have come and gone, the concentration of greenhouse gases in the atmosphere (and their potential for rapid increase in average temperatures) is breaking records that predate our species. The 2005 level of greenhouse gas concentration of 379 parts per million exceeds by 26% the natural range that has pertained over the last 650,000 years (more than 3 times the period during which *Homo sapiens* has existed). The change in concentration since 1750 is an increase of 35% over 1750 levels. As Peter Doherty, Melbourne's Nobel Prize winning immunologist, has suggested,¹² recently, in *The Monthly*, such concentrations comprise an enormous uncontrolled experiment in a very complex system with little pre-existing knowledge as to where it will take us.

Ironically, we who believe we have lived through a time of great changes in technology are, unlike our hunter gatherer forefathers, ill adapted to climate instability even as we court a period of rapid change the like of which our species has never seen.

In considering *The Consequences of Climate Change*, the author discusses a collection of papers that have emerged since the 2007 IPCC Report's falsely reassuring prediction of 0.59 metres rise by 2100. I say "falsely reassuring" because the report's prediction acknowledged that it left out (because no consensus had emerged by which the

⁹ Keynes was also the UK negotiator at the Bretton Woods Conference which took place in 1944 and drew the architecture for the post-war structure of international monetary exchange. See http://en.wikipedia.org/wiki/United_Nations_Monetary_and_Financial_Conference.

¹⁰ http://en.wikipedia.org/wiki/Joseph_Fourier.

¹¹ http://en.wikipedia.org/wiki/Svante_Arrhenius

¹² *Copenhagen and Beyond: Sceptical Thinking, The Monthly*, November 2009. See <http://www.themonthly.com.au/monthly-essays-peter-doherty-copenhagen-and-beyond-sceptical-thinking-2112>.

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impacts could be quantified) two significant drivers including the melting of polar ice caps.

The most disturbing of the post IPCC discussions in NASA's James Hansen's "quantitative example" of a possible 5 metres sea rise by 2100. Other published papers suggest that 5 metres is an outlier in terms of probable results. However, the most recent Stefan Rahmsdorf prediction of between 75 and 190 centimetres, by the end of the century, may well become a mainstream view before too long. Combined with increasingly frequent and increasingly severe storm surges, nearly two metres would have a potential to change dramatically life as our grandchildren might, otherwise, have known it.

One does not have to look to the prime of our grandchildren's lives to be scared by climate change. The effect of climate change on our current weather is scary enough. *Crunch Time* provides some remarkable statistics concerning conditions which prevailed in Victoria on 7 February 2009, known as Black Saturday, because of the wild fires that killed 173 people, that day.¹³ The Forest Fire Danger Index or FFDI, used to warn of the dangers associated with bushfires on a daily basis, goes from a level of 1-5, meaning a low danger, to above 50 which is classified as indicating extreme fire danger. But 50 is not the maximum which can be arrived at. Applying the index by using available historical data, the 1939 Ash Wednesday tragedy has been calculated to have occurred on a day when the FFDI Index was at 104. Astonishingly and obviously without historical precedent, on Black Saturday, the values were between 150 and 180 in many parts of Victoria. The consequences of climate change are already dangerously and tragically observable.

Crunch Time has chapters on *Understanding Energy*, *Changing Australia's Carbon-based Energy System* and on *Climate-change Denialism*. However, as a policy expert of many years experience, Tony Kevin is focussed on contributing to effective change, not simply causing moral indignation in the reader. So, in a chapter symbolically titled *Childhood's End*,¹⁴ he lays down prescriptions not just for policies to be adopted by governments but also for the way in which the community can convince its politicians to respond to the urgent need it sees. In doing so, the author makes a remarkably acute comparison: between 18th century's Britain's dependence on the profitable trade in slaves and 21st century Australia's dependence on the steaming coal trade. He goes on to draw inspiration and guidance from the patient, sustained, one issue and ultimately successful campaigning by William Wilberforce against the slave trade. So inspired, he lays down guidelines for a campaign to convince politicians to stop pretending and saying that they care. The campaign is directed to convincing the same politicians to adopt a well-planned and properly resourced policy by which Australia will, by 2030, no longer, be a party to the use of steaming coal for the production of energy. Among the guidelines, there is much stress upon the need for an umbrella organisation devoted to this one campaigning objective and the importance of avoiding the inclusion of other objectives which may be worthy in themselves but which distract from the central campaign. The Wilberforce model is to be closely followed.

Guidance is also provided for those politicians when they do, eventually, put aside childish things and commit themselves to all of Australia's energy being generated by clean renewable sources by 2030. Unashamedly, but not unexpectedly in the context of this book, the suggested proposal has strong elements of Keynesianism. Kevin suggests a Snowy Mountains like Australian Sustainable Energy Authority (ASEA) to construct the new sustainable energy grid to replace the old coal generated energy grid. The ASEA is to be financed by job creating deficit spending despite the lost opportunities of Kevin Rudd's poorly directed stimulus package. The ASEA is to have strong powers to acquire property and plan, develop, build and operate the necessary infrastructure. The project will use many of the existing skilled workers who currently work in the coal mining and coal fired generation systems. Much of the infrastructure will be located in those areas where a prime source of employment, currently, is the fossil fuel industry power generation industry.

One very interesting suggestion concerns a way to buy the hearts and minds of interests vested in the coal industry such as owners of shares in the power generation infrastructure whose value will disappear or be markedly reduced

¹³ See http://en.wikipedia.org/wiki/Black_Saturday_bushfires

¹⁴ The reference is to an Arthur C Clarke novel published in 1953. See http://en.wikipedia.org/wiki/Childhood%27s_End.

under the new policy regime. The suggestion is to compensate by giving shares in the ASEA and thereby a financial interest in the new project.

The book (almost) ends with a dystopian view of *Southern Australia* in 2060. The very nature of the climate change threat is that it lends itself to a dystopian view of the future. The stark but beguiling narrative of Cormac McCarthy's *The Road*¹⁵ has been adopted by activists as a climate change view of the future and Gwynne Dyer's *Climate Wars*¹⁶ mixes analysis with a series of dystopian events (including the aftermath of nuclear war between India and Pakistan) in various parts of the world over the next one hundred and fifty years.

The singular importance of Tony Kevin's *Crunch Time*, however, is its policy contribution. The great tragedy of the lost years (under Bush, under Howard, under Republican Congresses in the United States and under countless politicians, too pusillanimous to look beyond their personal political future) is the almost complete absence of hard policy consideration. Whether one is a pessimist who sees radically changed lifestyles or an optimist who imagines hot baths and cold air conditioners driven by solar panels, the engineering challenges involved in transforming the source of the world's power generation are enormous. Mitigating our greenhouse emissions to the required levels will demand detailed planning; inspired leadership; creative engineering ideas; and brilliant social policy solutions.

Tony Kevin has sketched, albeit in broad outline, some of the policy approaches that will be required. Much more work will need to be done. Plans for how to get from here to there have to be prepared and improved many times over. Politicians, public servants, industry, conservation groups, experts and commentators within the community and the media need to be contributing to this process. For all the grand claims made on its behalf, an emissions trading scheme will not change the world without the need for anyone "to do the thinkin".¹⁷ Continual speculation whether climate change is real will only fill in time until the first great storm surge.

Crunch Time is a valuable book. Not only does it suggest possible solutions, it points the way for constructive future debate.

15 Picador, 2006. See the discussion at http://en.wikipedia.org/wiki/The_Road. George Monbiot, for one, sees the novel as a major contribution to saving the planet.

16 Scribe Publications, 2008.

17 Apologies to Neil Young: <http://www.azlyrics.com/lyrics/neilyoung/powderfinger.html>.