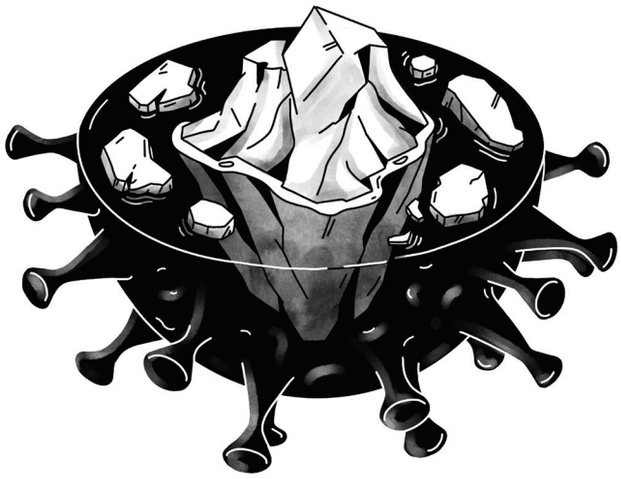

Our best shot at building back better after the COVID crisis

BY TOBY A.A. HEAPS

The COVID crisis and the climate crisis have a lot in common.

Both are mortal threats to humanity, but the coronavirus has the urgency of a bullet coming at our heads, whereas the climate crisis is a slower burn (albeit increasingly prone to blazing flare-ups).

With the coronavirus, time is compressed into minutes, hours, days and months. What we do today can determine if our families, neighbours and communities get deadly ill in the next 14 days. That temporally compressed line that connects our actions to their life-saving impacts has spurred governments around the globe to make the tough decision to lock down their economies and bring the engine of capitalism to a shuddering halt.

With the climate burn, the time scales are longer. If we throw water on the fire today, it could take decades or centuries before the flames are doused.

How to solve this riddle of time? For wisdom, I turned to my friend Nick Parker.

Nick is the prophet of "cleantech." He coined the term in 2002 and helped catalyze an ecosystem that has since moved mountains of money ($150 billion of venture capital and private equity at last count) to develop cheap and sustainable solutions the world now appears ready to adopt.

Again today, Nick had an answer to the climate riddle. He said we can think about this in three phases.

The first 30 days was about saving our lives. The next 90 days is about keeping the economy on life support. The 900 days after that will be about building the society we want.

As we plan for the next 900 days, there will be no shortage of suggestions for how we can build back better, but it would be a disservice to the moment if we are not clear-eyed about what will drive the recovery. It will be people.

This virus has exposed the brittleness of our economic system, a system that has been downloading costs to the most vulnerable for too long. As we hunker down in our homes, we are sustained by essential workers, so many of whom are not even earning a living wage. In the starkness of our self-isolation we can now see that the people we need the most are often the ones we value the least.

As Mark Carney wrote recently in *The Economist*, "After decades of risk being downloaded onto individuals, the bill has arrived, and people do not know how to pay it."

The social contract just came up for renewal, and those who have been getting short-changed are demanding a raise.

The people who have been rigging the game now recognize that the jig is up and are falling into line.

The Financial Times, flagship paper of the Davos class, signed off on the deal with an unsigned editorial this April: "Radical reforms – reversing the prevailing policy direction of the last four decades – will need to be put on the table. Governments will have to accept a more active role in the economy. They must see public services as investments rather than liabilities and look for ways to make labour markets less insecure. Redistribution will again be on the agenda, the privileges of the elderly and wealthy in question. Policies until recently considered eccentric, such as basic income and wealth taxes, will have to be in the mix."

People must be at the front of the line come stimulus time.

Fortunately, thanks in part to the clean innovation wave that Sir Parker's ripples helped to generate, this could work out just fine for our climate.

If the objective of the economic recovery is to get as many people back to work as fast as possible and lay the foundations for a strong economy capable of digging us out of a debt hole, there may be no more effective strategy than applying a climate lens.

Putting a climate lens on economic stimulus sounds like a constraint or dilution of the primary mission. But rather than a constraint or diluent, it's more akin to X-ray vision that will help us cut through the fog of old ways to hone in on the most effective investments that will get more people back to work faster while bolstering our long-term economic potential.

That's because the clean economy is generally more labour intensive (think retrofits) and has higher – more than double in most cases – compound annual growth rates as compared to the general economy.

This flies in the face of a still popular perception that carbon reduction policies are simply expensive. That might have been true 10 years ago when the cost of clean technologies was high. But since then the relentless march of technological progress has slashed clean technology costs, and they continue to fall.

As it becomes ever-cheaper to make and store clean energy; build smarter, more efficient buildings and industry; and electrify transport (even with oil at negative prices, electricity is still by far the cheaper way to move a car), demand for these products goes up, and those economies that invest accordingly rise to the top.

For these next 900 days, let's take off the blinders of the past and put on a pair of climate X-ray goggles. They can help guide us through the pandemic portal to another world, one we can be proud to bequeath to our grandchildren.

Illustration by Kathleen Fu