For InterPress Service

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INVESTING IN CLIMATE PROSPERITY

By Hazel Henderson

The world's giant pension and institutional funds (university and foundation endowments) are seeing the light on climate issues. As governments wrangle over how to cap carbon and other pollutants, how much it will cost and who should bear the costs, private investors in North America, Europe, China, India, Japan and Brazil have been quietly investing in the solution: shifting to low-carbon, cleaner, renewable energy; smarter, more efficient infrastructure and transportation.

The Global Climate Prosperity Scoreboard ®, a service of the Climate Prosperity Alliance (a global network of financiers, businesses, scientists, economic development authorities, NGOs) and Ethical Markets Media (USA and Brazil), estimates that since 2007, $1.248 trillion has already been privately invested in solar, wind, geothermal, hydro, ocean power, more efficient buildings, batteries, energy storage, smart electrical grids and urban redesign.

Now, the big pension funds and endowments are joining this climate prosperity investing. The Institutional Investor Group on Climate Change (with $13 trillion), including the European Institutional Investors on Climate Change, CERES, CalPERS, the Investor Group on Climate Change/Australia and New Zealand, and the UNEP Finance Initiative announced in September 2009 that they will lead in shifting their assets toward the real solution to climate change: growing the green economy worldwide.

Their "triple bottom line" accounting for environmental, social and economic performance enable trustees of these assets to see the longer-term advantage of avoiding obsolete fossilized sectors. Their ethical principles also steer them away from the old formulas maximizing short-term returns, using the now-failed ideas of market fundamentalists: "efficient markets" and Modern Portfolio Theory. These faulty asset pricing models led to the excesses on Wall Street: over-leveraging, bets on risky derivatives and speculation in oil, food and other vital resources. Such portfolio managers must now be re-trained or fired if we are to prevent further financial crises and downsize these bloated sectors.

The climate prosperity strategy is the "win-win" that all countries meeting in Copenhagen December 7-14, 2009, can agree on. The wrangling between the North's industrial countries whose many decades of burning fossil fuels has caused the climate warming, versus the needs of the newly developing countries of the South now can be bypassed. As the private investors have shown, shifting from the Fossil Fuel Age to the information-rich, green economies of the Solar Age is the greatest opportunity for all countries and all humanity. Stock market newsletters, still below Wall Street's radar, cover all of the cleaner, greener companies and stocks and see this historic transition to the global green economy as a $45 trillion new market. Billionaire venture capitalist John Doerr says, "we are talking about nothing less than the re-industrialization of the whole planet."

The Global Climate Prosperity Scoreboard (www.ethicalmarkets.com and www.climateprosperity.com) will report regularly as new investments continue to pour in to grow what the UN agencies: UNEP, UNDP and ILO call the "Green Economy Initiative." The UN General Assembly in June 2009 and its Expert Committee on the Financial Crisis, chaired by Joseph Stiglitz, endorsed this Global Green New Deal as the best approach to overcoming the global financial crisis and creating millions of new jobs.

The Climate Prosperity Alliance uses the Climate Solution 2 computer model prepared by Climate Risk Pty of Australia and Britain (www.climaterisk.net) which provides the roadmap on investing $1 trillion every year from 2010 until 2020 in energy efficiency (the earliest, biggest payoff), wind, solar, geothermal, ocean and hydropower. As economies of scale are reached in each of these sectors, they will become cheaper than coal and oil and are already cheaper than nuclear power (all create uncounted social costs and are heavily subsidized by taxpayers in most countries).

By 2020, this $10 trillion ramp-up of the new sustainability sectors of the Solar Age can prevent further global temperature from rising beyond 2˚ Celsius which scientists say can avert runaway climate chaos. Paybacks of up to $30 trillion by 2020 make laddered maturity climate bonds suitable for pension funds. Such bonds are designed by many experts, including the global Network for Sustainable Financial Markets Climate Bonds Initiative in association with the Carbon Disclosure Project and the Climate Prosperity Alliance.

All the evidence now shows that there is no shortage of money to finance the global green economy. The only shortage is time, and we have all the technology needed for this transition. Re-deploying just 10% of pension and endowment funds away from fossilized sectors, hedge funds, oil and commodities, derivatives and speculation on interest-rates can add over $10 trillion to the $1 trillion already invested. Cutting wasteful subsidies to fossil fuels and nuclear power, as reported by the International Institute for Sustainable Development, would release additional trillions (www.globalsubsidies.org). McKinsey & Company's July 2009 Report on energy efficiency shows that investments of $520 billion can yield $1.2 trillion by 2020, reducing US energy demand by 23%.

And, if the USA, Britain and other EU countries would stop spending their taxpayers' money on bailing out zombie banks, Wall Street, insurance companies and other failed financial speculators and re-direct stimulus funds to small businesses and local economies, additional trillions can be saved. Meanwhile the big Wall Street recipients, rather than lending to Main Street, are still speculating in derivatives, proprietary trading and betting taxpayers' funds in the global casino – reaping huge profits and paying executives even bigger bonuses.

Since politicians in the USA, Britain and Europe are too close and beholden to their financial sectors, independent private sector investors are now leading the way. As new funds continue to pour into building the green economy, governments may be shamed into following at least with guarantees. A recent report from Deutsche Bank shows, the leading countries for green investors are China, India, France, Germany and Brazil, while the USA and Britain's political inertia make them less attractive. UNEP-FI's 2009 Report on Catalyzing Low Carbon Growth shows how $1 of public investment can leverage between $3 and $15 of private investment.

Those governments that do not oppose their financial, fossil fuel and nuclear lobbies will lose the race for climate prosperity, wasting billions on futile R&D for "clean" coal carbon sequestration and other un-needed technologies. As Dr. David Martin, patent expert, of the innovation firm M-CAM points out, we have already invented all the technologies for the transition to the Solar Age. While on the Advisory Council of the US Office of Technology Assessment, I learned how many of these technologies were captured and patented by big fossil fuel and financial companies in order to keep them off the market, as General Motors did with its early electric car. Dr. Martin has launched the Global Innovation Commons and inventoried all the needed technologies that are now freely in the public domain.

I have long held that it is unethical to speculate in oil, food and other vital commodities, as well as forests and land, merely as "asset classes" for big monetary returns. No pension fund, foundation or university endowment should speculate in such vital resources. What better way for such funds to provide for their beneficiaries than to re-deploy their assets into directly stabilizing our climate and growing the cleaner, greener global economy for our common human future. Copenhagen may yet see a victory for the planet, people and common sense.

Hazel Henderson, president of Ethical Markets Media (USA and Brazil), authored The Politics of the Solar Age (1981), Ethical Markets: Growing the Green Economy (2006) and the Calvert-Henderson Quality of Life Indicators, updated regularly at *www.calvert-henderson.com*. She serves as one of the global vice-chairs of the Climate Prosperity Alliance and can be reached at *www.ethicalmarkets.com* and *www.hazelhenderson.com*.