

Net zero by 2050 as a strategic objective

This note has a specific and limited purpose: to consider the appropriateness of a target of 'net zero by 2050' as the overarching strategic objective of a *national* policy to reduce carbon emissions.

Overarching objectives

Setting an overarching strategic objective is arguably the first/highest priority in policy development: it sets out the criterion or criteria for assessing all other aspects of the policymaking. In doing so it serves the principal function of a policy strategy: the effective co-ordination of what might otherwise be a disjointed set of more specific policy actions. And to set the objective is to make a choice, a choice about how best to achieve effective coordination.

Politicians are sometimes inclined to say 'there is no alternative' (TINA) when defending an existing set of policy decisions or a *conventional wisdom* (an inclination that looks to have been strengthened in the Covid era), but that is never true: there is always a choice to be made. To opt for one strategic objective is to reject other, alternative overarching objectives as the centrepieces of strategies. The choice necessarily *forecloses* alternative ways of doing things, and in doing so it necessarily incurs opportunity costs. Those opportunity costs merit examination, not least because, in light of the wide effects of climate change policies on economy and society, they are potentially very high.

Net zero by 2050

The notion of a target of 'net zero by 2050' has undoubtedly played a major co-ordinating role in getting the nations of the world to give higher priority to climate change issues in their policy making, and such co-ordination is necessary for the simple reason is that it is global greenhouse gas emissions that matter for climate change. No nation can successfully resolve the trade-offs involved on its own.

But is the most effective way of transposing a global ambition for carbon reduction into national policy strategies to simply replicate the formulation 'net zero by 2050' into overarching objectives at the national level? (A transposition that itself tends to induce further replication of the quantitative targeting approach to successively lower levels in strategic hierarchies.) There is no reason to believe that it is and it is, in any event, a question that can only be answered after examination of the alternatives. It is, therefore, the development and assessment of alternative options that I suggest should be a major theme of the RPI's work in this area.

What is the basis of the 'no reason to believe that it is' statement?

The transposition/replication process has a number of obvious flaws. That in itself is no reason to think that it is, notwithstanding its flaws, the best that can be done: public policy development is not an activity suitable for perfectionists. It is, however, worth looking at the flaws, because they give a sense of what any alternative strategies would need to beat to be judged superior.

The detail here is for a longer paper, if support for such can be found, but one or two can be noted at this stage. For example:

1. The numbers are arbitrary for a strategic objective. They have been derived from *existing* long-term forecasts after a lot of political haggling. They reflect the current state of knowledge and of international politics, but knowledge changes as new information comes in and new discoveries are made. Politics changes too. Net zero by 2050 will, one way or

another, likely move ‘out of the money’ in one direction or the other (becoming either inappropriately ambitious or inappropriately unambitious). Such quantitative targeting is generally more characteristic of how more *specific* things might be done at lower levels of a strategic hierarchy over *much shorter* time periods (“we will seek to achieve X over the next two years”). Installed at the highest hierarchical level such targeting tends to render the whole strategy *fragile*, i.e., vulnerable to disruption by changes in the relevant contexts.

2. There are some obvious, negative effects of foreclosure of alternative strategies. Consider, for example, a government with a budget to disburse on carbon reduction activities. In deciding how to spend it, ‘net zero by 2050’ would suggest that the main criterion for assessing the alternatives in, say, the UK or Australia or New Zealand, would be the effect on emissions contributions of the relevant jurisdiction. It might well be the case, however, that it would be more effectively spent on promoting innovations in carbon reduction technologies that could potentially be used to reduce emissions in many jurisdictions, and hence make a much larger contribution to reductions in global emissions. The downward transposition/replication of quantitative would then bias the choice in favour of the less effective use of the available resources.

We have just had an object lesson on the second point from the development of Covid vaccines. The strategy for the Oxford vaccine was, from the outset, the development of a vaccine for the world, not just for the UK. It will benefit the UK of course, but it will do much, much more than that.

In passing, another aspect of the vaccine development is worth noting. It is a demonstration the power of *competition* in promoting radical innovation. Imagine, for example, how things might have gone if the project of developing a vaccine for the world had been handed over to an international panel of scientists, with individual, differentiated initiatives foreclosed.

Developing alternative strategies

Developing alternative policy strategies, either to address new contexts or as potential substitutes for existing strategies that might be becoming increasingly dysfunctional, has been a specialism of the RPI since its inception. A large slice of its earliest work was on providing options to Central and Eastern European countries beginning their transitions from Soviet-type economies to market economies, at the time sponsored chiefly by the European Commission. I like to think of the process developing alternative approaches as stocking the policy strategy cupboard with thought-through options. It is for democratically elected politicians to choose what to take from the shelf, but they and the public can benefit greatly from having a shelf that contains more than one product.

The Institute has also been engaged in thinking about climate change issues since its inception in 1991 – “The British Electricity Experiment” (Vickers and Yarrow, 1991) ends with statement to the effect that these issues can be expected to become the predominant concern of electricity regulation going forward – and this current proposal for a workstream on alternative strategies picks up on earlier ideas set out, for example, in a lecture titled “Alternatives to wooden-headedness: (much) less costly ways of regulating carbon emissions (Yarrow, Beesley Lecture, 2013).

The focus this time would, however, be on strategy development, starting as indicated with consideration of alternative formulations of the overarching objective.

Whether there will be sufficient interest and support remains to be seen. One of the things that conventional wisdoms are really good at is suppressing/foreclosing challenges to their presumptions—until they themselves are undermined under the force of events.

Transitions between strategies

Transitions between strategies can pose challenges of their own, which have been no more clearly evident than in the Institute's early work on Central and Eastern Europe. In this case, however, it would appear that the transition could be relatively straightforward. In particular, it would not require abandonment of government commitments to achieving net zero by 2050. It simply says, 'we think this is the best way of proceeding and that it will, compared with alternatives, give us the best chance of reaching the net zero by 2050'. After all, if a CEO is asked about her/his business strategy, the reply will not usually be "to maximise profits", precisely because that does not define a strategy: there is no indication there of the choice between alternative approaches that lies at the heart of policy strategy development. In the current context saying "to achieve net zero by 2050" is not unlike saying "to maximise profits" in a business context.

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