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## **Capitalism's greatest crash now likely within a few years**

### **Energy industry set to follow in footsteps of financial industry**

Big Energy is guilty of enculturated risk blindness that, unless action is taken, will lead to an inevitable global crash according to Jeremy Leggett in a new book – *The Energy of Nations* – published today (26/9/13). On the eve of the long-awaited Intergovernmental Panel on Climate Change (IPCC) scientific assessment of climate-change risk, the man described as "Britain's most respected green energy boss" writes of wider risk-taking in energy- and financial markets, as he has seen it play out - often behind closed doors - since the oil price began its inexorable rise in 2004. Jeremy Leggett concludes that too many people across the top levels of government and business have closed their eyes and ears to systemic risk taking.

Leggett bases his conclusions in a study of human behaviour as well as an understanding of the gas and oil markets. "Brain scientists tell us we have a very worrying collective tendency for blindness to the kind of risks that can crash economies, and imperil civilisations," Leggett concludes. "The financial crisis suggests they are right. Now we need to worry that the energy industries are about to repeat the behaviour traits of the financial sector, and on multiple fronts."

In his book, *The Energy of Nations: Risk Blindness and the Road to Renaissance*, Leggett describes four systemic risks being run by Big Energy. "The first and biggest is climate change. We have way more conventional fossil fuel than we need to wreck the climate. Yet the energy incumbency wants us to pile so-called unconventional deposits on the fire."

"Second, we risk creating a carbon bubble in the capital markets: puffing up assumed value in fossil fuels that can never be realised." Leggett is Chairman of Carbon Tracker, a financial think tank that aims to align the capital markets with international climate policymaking. Some financial institutions have already begun withdrawing investment in fossil fuels on reading Carbon Tracker's warnings.

"Third, we risk surprising ourselves with the so-called "shale boom" in gas and oil production. That too may prove to be a bubble, maybe even a Ponzi scheme."

"Fourth we court disaster with our assumptions about oil depletion. Most of us believe the incumbency narrative that there will be adequate supplies of affordable oil for decades to come. I am in a minority who don't."

"Given all this risk blindness, I conclude in my book that system collapse is probably inevitable. Better news is that there will be a road to renaissance, in the rebuilding, if we make the right decisions in the wake of the IPCC's latest warnings. We have to nurture clean energy industries, and strategies, and accelerate them as though mobilising for war. I do believe that is possible. If we were to do it, we could abate much of the horror that the IPCC will warn of in their scientific assessment tomorrow.

Leggett set up a solar company 13 years ago because of his fears about fossil-fuel dependency. Solarcentury, which he chairs, is today one of the most respected solar companies in the world. It set up a charity, SolarAid, with some of its profits. SolarAid's retail brand, SunnyMoney, is now Africa's number one retailer of solar lanterns.

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