

Renewed Humanism Summit & Award

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INTRODUCTION

Thank you, Melania, for the introduction and Claudio and Marco for your kind words.

I am humbled to receive this prestigious honour in this historic hall before such an impressive group.

It is especially moving to receive an award in the city that gave birth to humanism, the revolution in thought that celebrated human agency and spurred enormous creativity in pursuit of the common good.

But we are here because in the intervening centuries that original spirit went astray in ways that have contributed to the grave crises facing our world.

And so this summit is calling for a renewed humanism in the spirit of Edgar Morin's philosophy which emphasises our shared responsibilities for the well-being of all individuals and communities.

This prompts several questions that my remarks will seek to address.

To what extent did a reductionist view of humanism that came to emphasise the rule of reason, a cult of efficiency, and the primacy of the individual contribute to our current crises?

Can we renew a central tenet of humanism—civic virtue—which contends that a person cannot reach their full potential unless they contribute to the good of society?

Can we reunite reason, efficiency, and individualism with their essential complements of responsibility, resilience, and solidarity?

I will attempt to address these issues by reflecting on the underlying causes, the philosophical drivers, and the practical solutions to climate change.

1. A CRISIS OF VALUES

In my view, the climate crisis can only be resolved if we create an economy in which market value serves society's values. A society in which reason, individual agency, and efficiency act in the service of responsibility, resilience, and solidarity.

If they do, individual creativity and market dynamism can be channelled to achieve social goals.

To understand why this is often not the case, we need to examine the relationship between value and values.

Consider three paradoxes of value.

Great minds from Plato to Adam Smith have pondered why water—which is essential for life—is virtually free, and diamonds—which have limited utility beyond their beauty—are so expensive.

Why do financial markets rate Amazon.com as one of the world's most valuable companies, but the value of the vast region of the Amazon appears on no ledger until it is stripped of its foliage and converted into farmland?

And how can we reconcile our celebrations of the extraordinary public service, dedication, and the heroism of health care workers [during the pandemic] with their low wages and perilous working conditions?

These are all issues of how we get what we value.

Concepts of value are rooted in philosophy and more recently—and narrowly—in economic and financial theory.

Values and value are related but distinct. Values represent principles or standards of behaviour; they are judgments of what is important in life such as fairness, sustainability, dynamism, and humility. Value is the regard that something is held to deserve its importance, worth or usefulness.

Over the centuries there have been two broad schools of thought about what determines economic value: objective and subjective.

Objective theories contend that the underlying value of a product is derived from how it is produced, and they focus on how that in turn affects wages, profits, and rents. Its proponents span from Aristotle to Adam Smith, David Ricardo, and Karl Marx.

These last three 'classical' economists lived during a period of unprecedented urbanisation, industrialisation, and globalisation. They placed the growth and distribution of value squarely in the context of the enormous social and technological changes then underway.

They would have argued that a time when our economy is being reordered through the net zero revolution and the AI transformation, value theory, which values to pursue, and how to distribute the value created are more important than ever.

Especially because as Adam Smith taught, values are not fixed.

The central concept that links all of Smith's works is the idea that continuous exchange forms part of all human interactions—exchanges of goods in markets, exchanges of meanings in language, and exchanges of regard and esteem in the formation of moral and social norms.

Smith's conception of markets must be seen in their broader social context. Markets are living institutions, embedded in culture, practice, traditions and trust of their day. Those markets determine the distribution of value which he believed, as did Ricardo and Marx after him, is derived fundamentally from labour.

In the late 19th and early 20th centuries, a group of economists, known as the neo-classicists, launched an upheaval in value theory comparable to the Copernican revolution in science. Copernicus transformed astronomy by moving its axis from the earth to the sun. The neo-classicists shifted the axis of value theory from the objective to the subjective.

According to this new group, people value goods that satisfy specific wants. It is only because people value those goods that the inputs that go into making them have value. Labour

does not give goods value; labour is valued because the good it creates is valuable. Value is in the eye of the beholder, not in the sweat of the labourer.

In the century since the neo-classicists, the combination of subjective value theory—in which price equals value—and a cursory understanding of the Invisible Hand—in which markets yield optimal outcomes supported by unseen and unchanging moral sentiments—promoted a view that all market outcomes equal value creation, and through them the growth of the wealth and welfare of nations.

This perspective would eventually lead to a growing imbalance between States and Markets, and between social values and financial value.

The Thatcher-Reagan revolution fundamentally shifted the dividing line between markets and governments. This change of direction unleashed a new dynamism. With the fall of communism at the end of 1980s, the spread of the market grew unchecked.

By the time I joined the G7 as a deputy central bank governor in the early 2000s, the conventional wisdom of market efficiency reigned supreme. Policymakers had nothing to tell the market. They had only to listen and learn. To put it another way: 'the market was always right.'

But, as my then central bank colleague and later Italian Minister of Finance, Tommaso Padoa Schioppa once observed, “when we grant an entity infinite wisdom, we enter the realm of faith.”

Faith can guide life but blind policy. Such cognitive capture led to the self-cancellation of the policymaker’s judgement as ‘only the market knows.’ It led directly to the financial crisis and has driven the climate crisis.

More precisely, there are three risks that the combination of subjective value and market fundamentalism encourage.

First, **market failures lead to the tragedy of the commons**, which arises when individuals acting in their own self-interest, undermine the common good by depleting a shared resource. They are currently destroying the Earth’s rainforests and imperilling its biodiversity. The common solution to such negative externalities is to put a price on the activity, but as we shall see, there are limits to this approach.

Second, **human frailties create a tragedy of the horizon**. We are irrationally impatient, and the catastrophic impacts of climate change will fall largely on future generations. The current generation has few direct incentives to solve the crisis, even though the sooner we act, the less costly it will

be. For an issue that can only be solved in the present, we must value the future.

These dynamics encourage trade-offs of growth today and crisis tomorrow, of health and economics, and of planet and profit.

Third, in a **drift from the moral sentiments** (of Adam Smith) **to the market sentiments** (of Milton Friedman), **decisions are increasingly made according to utilitarian calculations.**

The advantage of the subjective approach to value is that prices are neutral. Most things can be compared by their market price.

The disadvantage is that simple utilitarianism sets in train a process in which welfare is interpreted as simply the sum of all prices, with no sense of priority or any consideration of their distribution.

This is compounded by subjectivism implying that anything that is not priced, such as nature and sustainability, is not valuable. This encourages bringing more goods and activities into markets, a process that can affect perceptions of their value. Alternatively, policy decisions must infer prices when there is no market.

It also matters greatly whether that utilitarian approach is Benthamite in which individual utilities are simply added up on an unweighted basis or the welfarist approach of John Stuart Mill which more closely approximates the religious and (civic) humanist traditions of maximising aggregate happiness and human dignity.

To quote Mill:

“...the happiness which forms the utilitarian standard of what is right in conduct, is not the agent’s own happiness, but that of all concerned...In the golden rule of Jesus of Nazareth, we read the complete spirit of the ethics of utility. To do as you would be done by, and to love your neighbour as yourself, constitute the ideal perfection of utilitarian morality.”¹

So much for the philosophical problems, which practical solutions to the climate crisis can realign market value with humanity’s values?

In my judgement—given the magnitude of the crisis and the need for rapid, massive investment and innovation, any solution must include a major role for markets.

¹ Mill, John Stuart. *Utilitarianism, Liberty & Representative Government*.

Not just any markets but markets in service of humanity. This is easier said than done, as experience teaches us that these markets won't just happen spontaneously.

Markets are the most powerful instrument we have ever created. Their energy and dynamism can be harnessed and directed to serve great purposes.

But markets are also indifferent to human suffering and can be blind to our greatest needs. That is why politicians who worship the market tend to deliver policies that hurt people, and those who default to laissez-faire leave us unprepared for the future.

Put simply, markets do not have values, people do. And it is our responsibility to close the gap between what we value and what the market prices.

The Nobel economist Elinor Ostrom has documented how communities can cooperate to manage a scarce resource through cooperation and prudent regulation.² This is what UN climate change summits, the COPs, seek to accomplish by bringing companies, communities, and countries together to develop a consensus for sustainability.

² [Ostrom](#) (2015), *Governing the Commons: the Evolution of Institutions for Collective Action*

When society sets a clear goal, it becomes profitable to be part of the solution and costly to remain part of the problem. Private sector value can be put in the service of public values.

2. CREATING VALUE FOR SUSTAINABILITY: COP PROGRESS

Let me illustrate how the COP process is driving climate action.

Climate change is a global problem that requires local solutions. To maintain legitimacy, the process of agreeing the necessary standards must be rooted in democratic accountability.

In this respect, climate governance can learn something from the field of financial reform. In my experience, the G20's Financial Stability Board combines a common objective, the shared development of solutions by heads of national authorities, and the use of peer pressure to encourage implementation. The FSB is not a treaty organisation—no member is bound by its decisions. However, the process of building consensus instils ownership and leads to timely implementation. Regular assessments and feedback from financial markets further incentivise compliance.

We need such a combination of shared objectives, formal authority, an informal iterative process, and transparency to

create a virtuous circle of climate action. And this dynamic must act at all levels of governance, from the global to the financial.

This is tough enough for like-minded nations in the G7. The difficulties are on a different order of magnitude at the global level, which explains the missteps and blind allies in the world's attempts to address climate change from Rio to Copenhagen.

In Paris in 2015, governments finally summoned the will to begin seriously addressing the problem pledging to hold:

...the increase in the global average temperature to well below 2°C...and pursuing efforts to limit the temperature increase to 1.5°C above pre-industrial levels.³

The Paris Agreement encourages governments to be much more ambitious than they had been when facing penalties for failure (as they had been under Kyoto). And crucially, by retaining sovereignty, it reinforces the legitimacy of the necessary domestic policies.

Paris also agreed to mobilize stronger and more ambitious climate action by bringing in local governments, and critically, the private sector.

³ [UNFCCC](#) (2015) Paris Agreement,

To simplify, at the global level, the governance of climate is:

- A clear objective;
- National sovereignty in setting pathways and policies to achieve them;
- Regular assessment of the collective adequacy of those policies; and
- An iterative process which encourages greater efforts to narrow and ultimately close the gap between ambition and action.⁴

This governance is being repeated at the national level and within the financial sector. Each can be mutually reinforcing.

All the innovations of Paris have been built upon since 2015.

COP26 in Glasgow achieved near-universal country commitments to net zero, providing the 'North Star' for companies, the financial sector and non-state actors spurring a wave of commitment setting, including through the Glasgow Financial Alliance for Net Zero (GFANZ) which now includes 675 major financial institutions responsible for balance sheets totalling over \$150 trillion.⁵

⁴ For a further exposition of the global governance of climate see [Carney](#) (2023), *Réflexions sur la bonne gouvernance environnementale mondiale*

⁵ [GFANZ](#)

With Glasgow, the COP process has begun to incorporate targeted actions including phasing out coal, reversing forest loss and land degradation, and reducing methane emissions. These ‘side deals’—while imperfect and partial—provide a foundation on which to build.

COP28 in Dubai redoubled the focus on specific near-term objectives and broadened participation, expanding to the oil and gas industry.

The results were significant. “The UAE Consensus” calls on parties to “transition away from fossil fuels” as well as to triple global renewable capacity and double energy efficiency by 2030.

The Dubai Action Agenda targets major near-term emissions reductions from oil and gas, with over 50 companies representing over 40% of global production signing up to zero methane emissions by 2030.⁶

Overall, the COP28 commitments could yield up to one third of the emissions reductions needed by 2030 to get the world on track for 1.5 degrees.⁷

⁶ [UAE COP28 Presidency](#) (2023), Action Agenda

⁷ [Biroi](#) (2023) What does COP28 need to do to keep 1.5 °C within reach? These are the IEA's five criteria for success (IEA)

But while the emissions curve is beginning to bend, much more will be needed to reach climate justice. As you might have guessed, that agenda starts with finance.

3. CLOSING THREE GAPS

The Industrial Revolution was made possible by a financial revolution that transformed the nature of private banking, the focus of central banking, and scope of the international monetary system. The Net Zero Revolution will require changes at least as bold.

Since Glasgow, we have been working to transform the information, tools, and markets at the heart of finance so that every financial decision takes climate change into account.

To get there, we need to close three gaps: on data, action plans, and investment.

To close the climate data gap through consistent, comprehensive, and decision-useful climate disclosure, Mike Bloomberg and I launched the private-sector led TCFD at the Paris COP. A few years ago in Glasgow, after the voluntary approach had been taken as far as it could go, more than 40 countries created the International Sustainability Standards Board (ISSB) with a mandate to develop an official standard that could be applied globally. The ISSB agreed its final

climate disclosure standards in record time. They have now been endorsed by the global securities regulators, IOSCO, and it is now time for all countries to implement them.⁸

While disclosure defines the problem, action plans are needed to fix it. Every country, city, company, and financial institution should have a science-based, net-zero transition plan to fulfil their commitments.

GFANZ is helping mainstream this imperative. This year, more than 250 major financial institutions will set out their transition plans according to our framework, and policymakers in the US, the EU, UK, Japan, Hong Kong, and Singapore are recommending that others follow.⁹

Given the lateness of the planetary hour, we cannot wait another decade for transition plans to become mandatory, as we did for climate disclosure. The G7 and G20 countries should now mandate transition plans for all their large companies and financial institutions. I very much welcome the Italian G7 Presidency's prioritisation of this imperative.

In parallel, countries should adopt comprehensive taxonomies for transition finance including the financing of heavy-emitting companies and the managed phase out of stranded assets. GFANZ has developed guidance to these

⁸ [IOSCO](#)

⁹ [GFANZ](#)

ends which has been widely endorsed and now needs to be formally implemented.

And to maximise impact, all financial institutions should estimate the expected emissions reductions of their new financing. This will encourage them to support major decarbonisation investments rather than crowding into low-emitting tech companies or divesting and handing the problem to someone else. After all, our climate's fate depends on what happens on the planet not on paper.

The final gap we must close is an investment gap that is measured in the trillions of dollars annually. There are three main priorities.

First, the IEA estimates that the annual pace of clean energy-related investment, which has grown 50% in the past few years (to \$1.8 trillion), needs to increase by another \$2.5 trillion—almost two percentage points of global GDP—by the early 2030s¹⁰. Around 70% of this investment must come from the private sector.¹¹ The core agenda of climate disclosure, net zero commitments and transition plans should drive the necessary scaling of private capital, provided country climate policies stay on course.

¹⁰ [IEA](#) (2023), World Energy Outlook

¹¹ [IEA](#) (2021), World Energy Outlook

Second, we must find hundreds of billions of euros every year to decarbonise heavy-emitting industries, which generate a third of global emissions.

There are many challenges. Reducing these emissions requires building new low-carbon manufacturing facilities, developing sustainable fuels and green hydrogen, and pursuing carbon-capture and storage. Many of these technologies are nascent. All are uneconomic at small scale. Regulatory barriers are skewing incentives. And given the interconnections, slow progress in one sector delays action in another.

As a result, many heavy-emitting companies are caught in transition traps. Without credible paths forward, investors are demanding the return of cash flows today rather than encouraging companies to invest in them for a low-carbon tomorrow.

The Industrial Transition Accelerator (ITA), launched in Dubai, aims to spring these traps by bringing together industry leaders, policymakers, and financial institutions. 1,300 companies, representing almost 20% of global emissions are already members.¹² To get those emissions down, the ITA will focus on building green demand, optimising value chain, integrating new energy sources, and

¹² ITA Secretariat calculations

driving green industrial policies to attract transition finance on the huge scale required.

Third, to drive a truly global transition, we need radical reform of the international financial system.

There is a \$1 trillion per year investment gap projected by the end of this decade for EMDEs excluding China.¹³ This includes for the Italian G7 Presidency's focus on clean energy investment in Africa. To close this gap, scarce public finance must mobilise significant private capital.

Until now, the world has been caught in a Paradox of Prudence: International Financial Institutions, such as the World Bank, are being micro-prudentially sound by minimising project-specific risks but macro-prudentially foolish by fostering the existential risk of climate change. It bears remembering that there will be no AAA ratings if there is no planet.

The only way to solve this Tragedy of the Horizon is for MDBs to use all their capacities to maximise total financing, including through greater and more effective use of guarantees, risk insurance, and blended finance.

G7 countries should use all the levers at their disposal including as providers of catalytic capital to country

¹³ [IEA](#) (2023), World Energy Outlook

platforms, as standard setters for new carbon markets, and as the major shareholders of multilateral development banks.

The first major reforms are now underway through the new World Bank Private Sector Investment Lab, particularly a new Bank-wide guarantee platform that will streamline guarantee products, speed access to them, and broaden coverage with the aim of tripling guarantees by 2030.¹⁴

Much more needs to be done.

4. RESPECTING THE TRUE VALUE OF NATURE

The final frontier of transition finance is to reverse the relationship between climate and nature from a vicious to a virtuous cycle.

Agriculture, forestry, and land use currently accounts for one fifth of GHG emissions, and climate change is becoming the dominant cause of biodiversity loss, to the extent that, over my lifetime, the population of animals has fallen by 70%.¹⁵

At the same time, nature remains the sole sink for almost 60% of human-generated carbon emissions,¹⁶ and it could be

¹⁴ [World Bank](#) (2024)

¹⁵ [WWF](#) (2022), WWF Living Planet Report 2022 – Building a Nature Positive Society

¹⁶ [NASA](#)

the most cost-effective form of emissions reductions for up to one third of the gap between now and 2030.¹⁷

To become nature positive, we need to change our relationship to the natural world. Once again, this goes to the heart of the relationship between market value and social values.

The fundamental problem is that our model of economic development views humanity as external to nature, ignoring how our extraction of resources and generation of pollution affect the biosphere's ability to provide us with services.

The Anthropocene era has been defined by humanity's demands on the planet outstripping its ability to supply services. This has drawn down our per capita natural capital by 40% since the early 1990s.¹⁸

Edgar Morin has rightly stressed the dangers of this form of reductive humanism in which:

*Man bases the absolute legitimacy of his anthropocentrism on the myth of his reason, the powers of his technology, and his monopoly on subjectivity. This form of humanism must disappear.*¹⁹

¹⁷ Griscom et al (2017) [Natural climate solutions](#)

¹⁸ [Dasgupta Review: Nature's value must be at the heart of economics](#) (2021)

¹⁹ Morin (2015) [The Two Humanisms](#)

Obviously, to balance the ecological books, we must address both sides of the balance sheet: reducing our planetary liabilities, like pollution, and increasing our natural assets, such as forests.

More fundamentally, in a renewed humanism, we need to act as a part of nature, not apart from it. But how can we value nature in practical terms?

The first way to value nature is by screening out those who harm it.

Businesses need to retain the consent of society – a social license – to operate and grow. When environmental factors are mismanaged, that social license can be suddenly withdrawn, damaging relationships with communities, customers, and employees, and destroying financial value.

Systematic disclosure gives stakeholders the necessary information to judge the alignment between the commercial objectives of a company and the needs of our biosphere. The voluntary Task Force for Nature-related Financial Disclosure (or TNFD) provides the framework for firms and financial institutions to assess, manage, and report on their dependencies and impacts on nature.²⁰

²⁰ [TNFD](#)

To support the recent Montreal COP15 commitment to align financial flows with nature goals, the ISSB should quickly develop a sustainability disclosure framework that integrates the relevant work of the TNFD. National authorities should commit to mandatory adoption of these standards once they are completed.

The second way to value nature is through its contributions to tackling climate change.

Natural climate solutions are actions to protect and restore ecosystems that simultaneously provide climate benefits (such as increased carbon capture). Estimates suggest that protecting and restoring forests, peatlands and wetlands could provide one-third of the reduction in global emissions needed by 2030, in addition to broader social benefits of improving health, creating employment, and reducing poverty.²¹

As company net zero commitments move from targets to action, their transition plans should include clear policies on reversing deforestation, avoiding nature loss, protecting nature, and restoring biodiversity. This year, GFANZ is developing guidance on how net-zero committed financial

²¹ Griscom et al (2017) [Natural climate solutions](#)

institutions may use nature towards their net-zero commitment.

The imperatives of nature also reinforce the value of establishing high integrity carbon markets.

For too long, the COP process has engaged in esoteric debates while, literally, the planet burns. VCMs can provide hundreds of billions of dollars of annual cross-border capital flows from advanced economy companies to projects in emerging markets. They can catalyse the retirement of high-emitting assets and prevent new coal generation. And they can create significant financing to promote biodiversity and support indigenous peoples.

To fulfil these roles, authorities must establish standards for end-to-end integrity in carbon credits by building on valuable work of the ICVCM for supply integrity, VCMI on demand integrity, IOSCO for market integrity, and MDBs for social integrity.

This must be a priority for the Brazilian G20 and its Presidency of COP30.

The third way of valuing nature is to estimate its ecosystem services.

Ecologists have long recognised that nature is an asset that

provides a flow of goods and services over time – termed **ecosystem services**. For example, the contributions of pollinators (such as bees) to global agriculture have been conservatively valued at over \$200 billion annually.²² This is an example of the **use value** of nature. Around half of global GDP is estimated to be at least moderately dependent on natural assets.²³

[It should be noted that some future **use values** cannot be measured *ex ante*, such as the potential of biodiversity in the discovery of drugs,²⁴ or how the destruction of ecosystems could increase the spread of infectious diseases.^{25,26} And all nature has **non-use values** because we treasure its very existence, as well as **bequest values** to be enjoyed by future generations.]

Given our growing ecological deficit, it is critical that governments—and citizens—understand how their ecological balance sheets are evolving. The UN’s new accounting framework, **the System of Environmental-Economic Accounting – Ecosystem Accounting** (SEEA EA) is a methodology to understand our impacts on the stock of natural assets.

²² [What’s the Buzz: Reflecting on a Life’s Work Inspired by Pollinators](#)(2016)

²³ [World Bank](#) (2021)

²⁴ [Natural History Museum](#) (2021)

²⁵ [National Geographic](#) (2019)

²⁶ [Nature](#) (2020) Why deforestation and extinctions make pandemics more likely

Countries should systemically adopt this protocol so that their citizens can track our natural heritage, and we can all embed natural asset considerations into economic decision-making.

Those decisions should be influenced by the implementation by governments of the ambitious Global Biodiversity Framework adopted in Montreal at COP15. The Montreal objective of 'Protecting 30% of nature by 2030' should create clear guardrails for the private sector exploitation of nature and encourage nature positive investments.

5. CONCLUSION

If we are to renew humanism, we must resolve the climate crisis.

To that end, I have outlined the building the blocks for market values to become better aligned with what we as humans value—a sustainable planet and inclusive growth. Much of this agenda is in train, and it is now imperative that the G7 and G20 finish the job so that every financial decision takes climate change into account.

But while this is essential, I must conclude by recognising the limits of this approach for restoring our natural heritage.

After all, any estimate of the use-value of nature is a strict *lower* bound on nature's total value. And whenever there are estimates of pricing, there is a risk that optimising a mixture of the secular and the sacred dominates the pursuit of the greater good – reviving the reductionist humanism we are seeking to terminate.

The *nature of nature* means that prices can never fully reflect its true value. We need to count the value of nature in her own terms: by number of species, hectares of forest, hectolitres of clean water. And even then, to paraphrase Einstein, “Not everything that is counted counts, and not everything that counts *can be* counted.”

This is why we ultimately need to reunite reason, efficiency, and individualism with their essential complements of responsibility, resilience, and solidarity.

This can be accomplished through a renewed humanism that recognises our responsibilities to each other and appreciates our place within nature's whole and across time.

Thank you for your commitment to these ideals and your support for a practical agenda to begin to make them real.