

We must ensure that tackling climate change is not forgotten but put at the heart of any rescue plan for the economy.

The truth is that no one has any idea what is going on. I bought some shares in RBS a couple of months ago, on the reliable advice from a financier friend, who assured me that we'd reached the bottom of the market, and the only way was up. I was going to make a killing! Suffice to say that I won't be calling on him for advice again.

But what's just as interesting as the crashing of bank stocks – and what might give us some pause for thought, before we celebrate too much about the humbling of Wall Street and the City – is that clean energy equities have also nosedived. Gamesa, a Spanish wind turbine manufacturer, has lost 45% of its value in the last quarter. Shares in Vestas, another wind power company, have fallen substantially since September, while Germany's Q-Cells – a solar panel firm – has been on a steady downward trend for a year.

Why? Because optimism about the future has evaporated. No one thinks that substantial clean energy investments can be made so long as the money markets are in crisis – without sufficient liquidity to oil the wheels of financial capitalism, nothing much gets built. This might be good news in the case of things like a third runway at Heathrow – hopefully, one of the longer-term casualties of the credit crunch. It might also be good for the Amazon rainforest: the Brazilian environment minister Carlos Minc has admitted quite frankly that the fall in global commodity prices will do more to ease the immediate pressure of deforestation than any move by his government.

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But in the medium to long term, once the immediate problems in the financial sector have been ironed out, we need a planned transition towards a cleaner future, not a headlong collapse into a new depression. That means – contrary to the suggestion of the “all growth is bad” school – that we need to grow our way out of this economic mess. A return to Keynesianism could be a good thing for the environment, if government-backed spending and investment drives growth in areas where it is desperately needed, especially particularly clean energy. The old days of environment versus jobs are over – we don't need to sacrifice quality of life in order to stimulate the economy. This point was made eloquently and persuasively in the recent New Economics Foundation report called A Green New Deal. As Achim Steiner observes, this is now our economic future – employment has already shifted substantially from fossil fuel industries to renewables.

It is to the great credit of many politicians – and I don't say this lightly – that “green” imperatives have not fallen by the wayside in the looming recession, possibly because it is now more widely understood that green growth is already a reality, and

can help us get out of the current crisis. Replacing short-haul flights between UK cities with a high-speed train network, as the Conservatives are suggesting, would substantially reduce transport pollution – and create a boom in the railway engineering industry, with knock-on benefits in terms of growth and the wider economy. A new generation of nuclear power stations (sorry to keep banging on about this) would achieve a similar outcome: the main reason why France’s per-capita CO2 emissions are a third lower than ours is because the country generates 80% of its power from nuclear fission. We desperately need investment in this sector – not just in hard concrete, but in skills, too.

The government, too, is showing leadership – and strategic grasp – by setting up a new Department of Energy and Climate Change, pulling climate action away from the limp grasp of Defra and putting it at the top level of government, where it belongs. Climate change is not a sub-section of the environment, a matter for greens only: having a habitable climate is a precondition for the survival of the entire human economy at any meaningful scale. The government seems to realise this, and the recommendation of Adair Turner’s Climate Change Committee that our national targets be upped to an 80% cut by 2050 is another welcome step in the right direction. Note also, that this target can probably be met at no net cost, as Oliver Tickell notes.

Even if the necessary investments do “cost”, however, this is spending that will stimulate the economy overall: in the longer term, we need to transform completely the energy basis of industrial civilisation. Anyone thinking of this as a terrible sacrifice is dead wrong; it is an unparalleled business opportunity, which canny companies will use to their great advantage.

Capitalism is a flexible beast, and we need to use the current crisis to give it a shove in the right direction – not to try to kill it for good.