

LETTERS

Give investors the tools to back green energy

From Prof John Mathews

Sir, Like other correspondents, I agree with Bill Richardson's overall assessment that the US needs to invest more in renewables for its long-term energy security rather than viewing shale oil or coal seam gas as viable short-term alternatives ("America must look beyond shale for energy security", February 21). But how are these needed investments in renewables to be financed?

This is the question that is rarely addressed. Even when Mr Richardson mentions that Saudi Arabia is planning to invest \$100bn in solar

power over the next 20 years, the means of financing is left unspoken.

It is surely time for the finance markets to step forward, through insisting on having credible green financing instruments to invest in. The World Bank/IFC has been blazing a trail, with their successive green bonds, but these are as yet merely a toe in the water. This year has started well with a national bank offering a genuine green bond with proceeds going to certified clean technology projects - in the form of the Korean Export-Import Bank's \$500m bond, oversubscribed to the

tune of \$1.8bn. This reveals that there is unsatisfied demand on the part of institutional investors for safe, medium-term clean technology investments. Wall Street may just be passing the baton for financial ingenuity to Seoul - and the Kexim Bank may be revealing that South Korea's widely applauded "green growth" strategy framed under its last president may be continued into the era of newly installed President Park Geun-hye.

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No 'slippage' in the application of Our Credo

From Mr Michael Ullmann.

Sir, Although we appreciate the positive commentary in Lucy Kellaway's column "I've finally found a piece of good corporate guff" (January 18) regarding Johnson & Johnson, we are compelled to respond to her suggestion of "slippage" in our core values. This year marks the 70th anniversary of the creation and adoption of Our Credo by Robert Wood Johnson. The principles contained in Our Credo hold us to a high standard and directs and guides our actions in how we address customer and patient needs, how we treat our employees, even in down business cycles, and how we interact and support our communities and provide fair returns for our stockholders.

At the end of her column, Ms Kellaway references a bribery investigation in Greece, but she fails to mention that it was resolved in April 2011. It is instructive to juxtapose Our Credo with public comments from the US Department of Justice at the time of the resolution lauding our "voluntary disclosure, and thorough and wide-reaching self-investigation of the underlying conduct; the extraordinary co-operation provided by the company to the department and multiple foreign enforcement authorities".

Italian memo to policy makers: is it time to change course?

From Prof Emiliano Brancaccio and Prof Giuseppe Fontana.

Sir, The citizens of the eurozone's third-largest economy have delivered a chilling message to markets and policy makers around the world: there is neither a party nor a governing coalition that is strong enough to rule Italy for long, let alone able to manage a shrinking economy with rising unemployment. It is not difficult to speculate that the markets and policy makers, not only in Italy but also in Europe and the European Central Bank, will have to face once again the most disturbing question of all: "What is the future of the euro?"

Voters in Italy seem to have offered a rousing anti-austerity message. Is this lack of maturity and realism on the part of Italian voters, or a democratic way to tell policy makers to change course?

A few months ago, the International Monetary Fund admitted that it had underestimated the severe damage that austerity measures have inflicted on the world economy and especially on European countries. More recent economic analysis shows that countries that have imposed harsh austerity measures have suffered deep economic recessions: the harsher the measures, the deeper the

downturn. What is even more interesting is that countries that have pursued harsh austerity measures have seen the ratio of debt to gross domestic product rise, not diminish.

Are the results of the Italian elections a democratic way to tell policy makers in Italy but also in the eurozone and the UK that it is time to change course? The future of the euro, and with it that of the world economy, is at stake.
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