

Burning our future - and risking our present too: why o...

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The [FT has a major feature on the impact of falling oil prices](#) in the paper today.

The term global warming does not appear.

Nor does emissions.

There is a cursory mention of carbon pricing, where cursory means a nod to Nicholas Stern.

But the overall suggestion is that oil use is something with no externality barring the impact on exchange rates, growth and deflation.

There are moments when I wonder what world some people live on. It would appear they do not think it is the same one as I know I inhabit.

In which case I guess I should say what I think should be done as a consequence of this oil price fall.

First oil production should be cut, by agreement. Economic stability requires it. So does the environment.

Second, Nicholas Stern is right: this is the moment to increase carbon repricing: revenue can be raised as a result of this fall to help fund energy repricing.

Third, governments have an urgent need in many countries to take action to prevent the deflation that will result from this price fall. Deflation always creates the risk of recession as spending stops because people anticipate price falls by delaying current spending.

And we need to take urgent action in anticipation of major economic failure. Russia is on the brink. And yes I know all the political reasons for that situation, but we really cannot afford a country like Russia facing collapse which its 17% interest rate suggests is happening.

Oil is a scarce commodity to be used wisely. For all sorts of reasons it looks likely that will be forgotten in the short term. We could pay a considerable price for it. Once upon a time such a price fall would have been universally welcomed. This time, I'm not so sure.

This time we may not be just burning our future: this time there may be real risk in the present as well unless urgent action is taken. But I suspect short termism at the petrol pump will prevent that. And that will reveal the poverty of our politics if it does.