

J P Morgan knows that we need business to be net zero c...

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I suspect I am not alone in having a copy of the report from two J P Morgan economists on climate change, that J P morgan has denied is their responsibility even though their name is all over it with no disclaimers that I can see attached.

It includes comments like this:

Most likely, these estimates of the income and wealth effects of unmitigated climate change are far too small. Econometric models are based on historical data of variations in temperature and precipitation seen over recent decades. But, we have not seen enough variability in the data to make these models reliable. A BAU climate policy would likely push the earth to a place that we haven't seen for many millions of years. Experience over recent decades is not a useful guide to that kind of future.

Moreover, economists have struggled to quantify the impact of other aspects of climate change beyond temperature and precipitation, such as extreme weather events, droughts, heatwaves, floods and sea level increases. These broader aspects of climate change would not only impact GDP and welfare directly, but would also have indirect effects via morbidity, mortality, famine, water stress, conflict and migration.

There will also be damage to buildings and infrastructure and possibly the premature scrapping of some of the capital stock as policy and technology change. Moreover, there are plenty of non-linearities in both the climate system and the macroeconomy which could make the economic consequences of BAU much more severe.

BAU stands for 'business as usual'.

The report concludes that:

To contain the change in the climate, global net emissions need to reach zero by the second half of this century. Although much is happening at the micro level, it is hard to envisage enough change taking place at the macro level without a global carbon tax.

But, this is not going to happen anytime soon. Developed economies, who are

responsible for most of the cumulative emissions, worry about competitiveness and jobs. Meanwhile, Emerging and Developing economies, who are responsible for much less of the cumulative emissions, still see carbon intensive activity as a way of raising living standards. It is a global problem but no global solution is in sight.

I agree that a carbon tax is not going to happen.

The only available solution is to make business itself change - and become net-zero, including at Scope 3 of the greenhouse gas protocols, as [sustainable cost accounting](#) requires.