

This is the third edition of the Frontiers awards, with 3.2 million prize money distributed across eight categories

Nicholas Stern wins the BBVA Foundation Frontiers of Knowledge Award for measuring the economic cost of climate change

- The U.K. economist is author of the seminal Stern Review, a watershed study on the economics of climate change which concludes that it is more economic sense to take action against climate change than to bear the costs of inaction.
- The Stern Review “changed the international climate change debate and stimulated action”, in the words of the jury’s citation.
- The BBVA Foundation Frontiers of Knowledge Awards, established in 2008, recognize world-class research and artistic creation. Their eight categories reflect the main scientific, technological, social and economic challenges of the present day.

January 14, 2011.- The BBVA Foundation Frontiers of Knowledge Award in the Climate Change category goes in this third edition to British economist Nicholas Stern, whose “pioneering 2006 report shaped and focused the discourse on the economics of climate change” in the words of the prize jury. The “advanced economic analysis” applied by Stern has been the means to “quantify the impacts and costs” arising from the alteration of our planet’s climate, as well as providing “a unique and robust basis for decision-making”.

The Stern Review concludes that failure to tackle climate change will exact a far higher economic cost than action to reduce greenhouse gas emissions. This idea, the jury affirms, has “fundamentally changed the international climate change debate and stimulated action”.

“I feel very privileged to receive a prize that is dedicated specifically to climate change research”, were Stern's first words on being informed by phone of the jury's verdict. “It is certainly a very clear statement of the importance that the BBVA Foundation attaches to an area so vital for the future existence of human beings on this planet”.

Stern admits that he was surprised by the impact of the report's publication, in 2006. Over 700 pages, the Stern Review on the Economics of Climate Change discusses the effect of climate change on the world economy. Considered a groundbreaking study, and the most comprehensive ever on its subject, the report has been hugely influential in international scientific and decision-making circles.

The jury chairman, Edward Rubin, unveiled the identity of the new laureate at an event in the Marqués de Salamanca Palace, Madrid headquarters of the BBVA Foundation, where he was accompanied by José Vicente García Ramos, Assistant Vice-President of Scientific Programming at the Spanish National Research Council (CSIC) and the Foundation's Director, Rafael Pardo.

Stern was nominated for the award by the British Academy and the London School of Economics and Political Science.

More impacts, higher costs

The Stern Review contains some compelling figures: world economic growth will contract by 5 per cent to 20 per cent if no action is taken, while the switch to a low-emissions economy would cost around one per cent of global GDP each year. “By acting now we can avoid major disruption further ahead”, says Stern.

However, the Frontiers of Knowledge laureate would now revise these numbers: “The cost of cutting back emissions is more than we estimated, but that is because the consequences of climate change are already here”, he affirms. “Emissions are rising rapidly, and the capacity of the ocean to absorb carbon is less than we thought. Also, other effects, particularly the melting of the polar ice, seem to be happening much faster. We need to take more drastic steps, so the costs will inevitably be higher”.

But this should not be seen as an economic millstone. On the contrary: “Climate change economics is the next industrial revolution. The countries who invest now in this new growth market will gain the advantage of a first mover. Those who don't risk being left behind”.

Spain and renewable energy, heading in the right direction

China and some European countries, "Spain among them", Stern remarks, "have woken up to the benefits" and taken steps to foster a low-emissions economy. But the United States and other rich countries "are advancing more slowly". In this respect, Stern urges Spain to keep up its commitment to renewable energies.

"Climate change is a major economic opportunity but it also calls for investment", he points out. In fact Stern is adamant that taking steps to mitigate climate change can help us to pull clear of the current crisis, and suspects that some governments may be using the downturn as an excuse for inaction.

Stern warns that climate change may be the biggest market failure the world has yet seen, because the damages caused by greenhouse gases are not reflected in the prices of the goods and services whose production causes the emissions problem. The response, in his view, is to shift onto a low-carbon growth path based on three kinds of policies: a carbon pricing system based on taxation and development of an efficient market in emission rights, the right technology policy, and the removal of barriers to changes in social behavior so energy saving habits are encouraged and rewarded.

Nicholas Stern (1946, Hammersmith, United Kingdom) is currently I. G. Patel Professor of Economics and Government at the London School of Economics. He also heads the India Observatory within the Asia Research Centre and the Grantham Research Institute on Climate Change. In 2010 he was appointed a Professor in the Collège de France. He has worked at higher education institutions all round the world, including Oxford and Warwick universities (United Kingdom); the Massachusetts Institute of Technology (United States); the École Polytechnique (France); the Indian Statistical Institute (India) and the People's University of China. Between 2000 and 2003, Stern was Chief Economist and Senior Vice-President of the World Bank. He then served as Second Permanent Secretary at HM Treasury and as Director of Policy and Research for the UK's Commission for Africa. It was during this time that he was appointed to head the study on the economics of climate change written up as the Stern Review.

International jury

The jury in this category was chaired by **Edward Rubin**, Professor of Engineering and Public Policy at Carnegie Mellon University (United States), with **Bjorn Stevens**, Director of the Max Planck Institute for Meteorology (Germany) acting as secretary. Remaining members were **Hans Joachim Schellnhuber**, Director of the Potsdam Institute for Climate Impact Research (Germany); **Miquel Canals**, Professor of Marine Geology at the University of Barcelona (Spain); **Kirsten Halsnaes**, Head of the Climate Center at the Risoe National Laboratory for Sustainable Energy (Denmark), and **Sergio Alonso**, Professor of Meteorology in the University of the Balearic Islands.

The Climate Change laureates in the two previous editions were **Wallace Broecker**, the U.S. scientist who coined the expression "global warming", and

German **Klaus Hasselmann**, author of “pioneering models to simulate climate change”.

The BBVA Foundation Frontiers of Knowledge Awards honor world-class research and artistic creation across eight prize categories, each carrying prize money of 400,000 euros. Their uniqueness lies in their close alignment with the scientific, technological, social and economic challenges of the 21st century.

UPCOMING AWARD ANNOUNCEMENTS

The winner in the Information and Communication Technologies (ICT) category will be the next to be announced, on January 18.

CATEGORY	DATE
Information and Communication Technologies (ICT)	Tuesday, January 18, 2011
Basic Sciences	Thursday, January 27, 2011
Biomedicine	Friday, February 4, 2011
Ecology and Conservation Biology	Wednesday, February 8, 2011
Contemporary Music	Tuesday, February 15, 2011
Economics, Finance and Management	Wednesday, February 16, 2011

The BBVA Foundation supports knowledge generation, scientific research and the promotion of culture, relaying the results of its work to society at large. This effort materializes in research projects; human capital investment; and specialization courses, grants and awards. Among the BBVA Foundation's preferred areas of activity are basic sciences, biomedicine, ecology and conservation biology, the social sciences and literary and musical creation.

A video recording of the new laureate's first impressions on receiving news of the award is available from the Atlas FTP with the following coordinates:

Server: **213.0.38.61**
Username: **agenciaatlas1**
Password: **amapola**

The name of the video is:
"FBBVA PREMIO CAMBIO CLIMATICO"

Fundación **BBVA**

For more information, contact the BBVA Foundation Communication Department (+34 91 374 5210/comunicacion@bbva.es) or visit the Foundation website www.fbbva.es