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When they go low, we go high!

On Climate resilience in dark times

A famous catchphrase by Michele Obama. It stands for responding from a system of values that you want to defend and from a sense of purpose that is bigger than your fears or your anger. It is a catchphrase that asks you to stand up and take action for what is right. To not linger in apathy, not put your head in the sand of your daily routine or procrastinate. As an economist I take it as a call to not merely do what's economically optimal for me, preferable in the short term. But to do what's right.

While unfortunately this catchphrase fits many of our current challenges, most of all it fits to the battle of climate change that threatens our livelihoods in ways still hard to imagine. Looking at Nepal in these last days gives us a scary foresight. But also here in Europe and the Netherlands knock on effects are getting visible. Let me give some surprising examples of heat and drought.

- Where heatwaves cause death amongst the vulnerable,
- where we lose sleep and therefore become less productive even in airconditioned offices,
- Heatwaves can cause floods: where dikes start to tear from drought as the Wilnis flood near Utrecht in the middle of a heatwave showed. This summer, 36 points of rupture were carefully monitored throughout the country. There are worries about the emptier IJsselmeer providing sufficient counter weight to the sea side of the barrier.
- Social tensions can emerge between home owners who need ground water to be high for their foundations, while farmers need ground water to be low for their cattle. The battle of interest groups in the water boards is something to prepare for.
- Already visible tension last summer stems from river water can no longer be used by crop farmers because people need to drink and boats need to

cross. Because when boats can't cross, construction materials can't reach building sites and young couples can't start living their lives.

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Another connection you might not suspect is the link between heat and energy security. Electricity shortages and price spikes in the summer of 2022, did not come from the use of airconditioners, but from supply constraints as electricity from nuclear power fell out in France due to insufficient cooling water, while at the same time the Netherlands had little wind power while the Norwegians had little hydropower from dry riverbeds. On the other side of the globe in Taiwan, 2022 led to a shutdown of chip production factories for weeks as the drought disabled them to consume the immense volumes of water they consume. Chips are quickly becoming the most important commodity in our modern lives and as with the pandemic we can expect stockpiling to become a second round effect in response to scarcity of supply.

“When they go low” refers to the backlash in political will and policies to reduce global greenhouse gases and finance adaptation. This is an undeniable reality. The Trump administration's first and certainly not last destructive action was on climate policies. In Europe industry lobby successfully pushed back on the EU green deal and turned it into a less stringent omnibus package. Lately the EU ETS revision is also proposing to price emission permits lower as the ceiling of permits on the market is declining less steep.

So: considering all of that low: How do we go High? Meaning: how do we find the courage, the support and the means to keep fighting climate change in these dark times?

I see a few ways to move forward:

The first is tackles the courage and the hope that not all is going backward. And in fact in most developed economies; emissions are declining while the economy is growing. I'm strongly convinced by studying the trends that we are in a classic situation where nothing seems to shift for the longest time, until everything shifts at once.

Solar power and wind power and battery storage, have dropped in price by 80 to 95 percent in the last decade. In most parts of the world it is now the cheapest way to generate electricity.

While Trump has declared oil drilling to be the only game in town, States like California and even Texas are full steam ahead progressing with renewables.

California – already managed to phase out its natural gas consumption on most days. They buffer the sun in the daytime and draw on this in the evening and at night.

The middle east war seems to be never ending, which is a deep tragedy, but not for the transition. Oil, gasoline and diesel prices are functioning like a dramatic carbon tax in world, and mainly in Asia we see the effects. Australia, Pakistan, Indonesia and Vietnam have announced massive step ups in renewable investments and Countries like the Emirates are happy to fund it. In march 2026 Australians moved away from 15 million liters of gasoline and diesel per week permanently as households purchased electric vehicles. Once an EV is purchased this fossile consumption doesn't return when prices go down. This is referred to as demand destruction. JP morgen estimates that up until juli this year the iran war price shocks have destroyed around 5 million oil barrels per day.

And what about Europe?

Europeans are clear eyed about the fact that the continent has no fossil fuel sources of its own (with one exception..) and that the only path to resilience goes through renewables. This said, there is a debate to be had about Gas as a transition fuel and even about nuclear energy.

Europes problem is in the grid. But battery storage and massive behind the meter energy production for own use that firms and households are investing in, will, in my view solve the issue rather sooner than later. In Spain we see our promising future once we get past this hurdle. Spain has half the gas dependence compared to Italy in its energy mix and as a result its electricity wholesale prices are half of the Italian price. This is because the share of gas in the mix determines the electricity price. Getting rid of that gas generates the next advantage: households and firms see the economic advantages of phasing out fossil fuels even faster, which creates financial resilience to withstand these turbulent times. Is it a coincidence that Pedro Sanchez is the only European politician that dares to take a stance against Russia and the US?

Another optimistic fact is that in Europe the financial sector is pricing emissions on its lending books and is moving away from them. This is not because they want to save the planet, but it is because the Supervisor charges them with additional capital buffers if they don't. Supervisors also don't aim to save the planet, but they aim to keep the banking system stabile and resilient. The European banking authority makes commercial banks assess whether they drive they business forward in a way that is climate resilient.

While this an important development, it is pivotal that public policies keep the

transition going. Banks can only help finance decarbonisation of firms and households if these clients are open to it. And that requires sticks and carrots from governments. They determine the pace of the transition. Banks need to help finance it and manage the transition risks by winding down their fossil fuel loans and investments and provide transition finance.

So what can we do to promote the government in stepping up policies? And what can science do to help policy decisions speed up?

Well, a lot: we need science-based interventions that can survive the populist backlash!

In every academic field, not just the climate science itself, there is work to do. Economists can study what drives sustainable investments by households and firms. Marketeers can study how consumption or even life's preferences can move inside planetary boundaries and not drive a move beyond these boundaries. Health scientists can study urban interventions that prevent heat death and sleep deprivation. Sociologists can study what creates and strengthens social cohesion to deal with climate damage in equitable ways. Political scientists are of particular relevance: what makes voters vote for long term human survival. Are votes willing to experiment with policy makers testing out interventions like these? A recent study by Dur and Non "Who is afraid of policy experiments shows that people are very open to experiments especially when there is less certainty about what could work. Politicians appear in this study to judge too negatively about what votes would accept but once they are informed about how open voters are to experiment, they change their opinion as well. This is an open invitation to step up local experimentation in all your academic fields.

And last but not least: while we wait for policy to step up the gear of the transition: local solutions from the ground up are taking place everywhere and particularly here in Leeuwarden. Experimenting with decentral energy solutions, experimenting with home retrofits with a pay as you save funding program, its all ongoing and participating in it is not only accepted by the people, it is also the best remedy to keep your own spirits up and stay high while they are low.

Thank you for your attention.