

THE FEDERAL TRUST
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Enlightening the Debate on Good Governance

A Climate Community
A European Initiative
with the South

CHRISTOPHER LAYTON



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Revised Second Edition

A Definition of Federalism

Federalism is defined as 'a system of government in which central and regional authorities are linked in an interdependent political relationship, in which powers and functions are distributed to achieve a substantial degree of autonomy and integrity in the regional units. In theory, a federal system seeks to maintain a balance such that neither level of government becomes sufficiently dominant to dictate the decision of the other, unlike in a unitary system, in which the central authorities hold primacy to the extent even of redesigning or abolishing regional and local units of government at will.'

(*New Fontana Dictionary of Modern Thought*)

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Note:

This new version of the Federal Trust's *European Essay No.15* has been slightly revised from that published in 2001. The introduction by my predecessor, Martyn Bond, remains as it was originally written. Events over the past three years have powerfully reinforced the case they were arguing three years ago. The Federal Trust is pleased to have the opportunity to reprint this Essay in 2003.

Brendan Donnelly
Director, The Federal Trust
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Introduction

IT IS A COMMONPLACE to say that pollution respects no frontiers. It is as true – sadly – of the whole world as it is of Europe, where we hear the lines repeated so often. And this essay addresses a world theme, albeit from a European perspective. It is about nothing less ambitious than the devastating prospect of climate change and how we can respond to it.

Environmental discussions make much of externalities, those costs which are not borne by the manufacturer or the user of some good or service, but which fall the wider community to pay. By concentrating our costing so narrowly – both as producers and consumers – we have left society at large with enormous bills to pay, putting right the damage caused – wittingly or unwittingly – by the way we live.

Past generations may have had the easy excuse of ignorance. We have no such luxury. Now there is little excuse for ignoring the extent of this damage and the costs which will have to be met some day some way.

‘Climate change’ is almost too mild a phrase for it. The catastrophic consequences of excessive carbon emissions are among the most serious threats to continued human development. We know the facts, and we know the remedies. What stops us applying them is a mixture of greed and insouciance, fuelled by national economic competition.

Christopher Layton’s essay points the way to a possible solution, a way out of the dilemma in which national governments find themselves. He argues for an alliance of the Europeans with the

developing world in fixing common targets and mechanisms for reducing carbon emissions overall to a level where the damage already caused to our environment can begin to be reversed. Given recent declarations by the new American administration, it is clear that America will not join this initiative at an early stage. But it can be undertaken by a critical mass of nations – the European Union, leading Commonwealth nations, some other big states of the Third World – and it can establish such momentum that recalcitrant or reluctant states will find themselves obliged to join at a later stage, making their contribution as well to cleaning up and to restoring the climate in which our world revolves.

Readers will have plenty of anecdotal evidence of the issues with which this essay deals. Storms and floods, unseasonal weather, landslides and avalanches, dying forests and desertification, melting icecaps and rising sea levels: not quite the four horsemen of the Apocalypse, but forerunners of greater ecological disasters bearing down on the world. We need no more warning of the importance and the imminence of the issues. What we – and our leaders – need is a greater sense of the urgency in finding solutions. This timely essay suggests that the Europeans have an opportunity and interest in pressing for a positive solution now. Above all, neither we - nor our leaders - now have any excuse for not trying to take the recommended action.

Dr Martyn Bond

April 2001

Executive Summary

(1) MAN-MADE CLIMATE CHANGE is the overarching security challenge of this century. The scientific consensus is that greenhouse gas emissions need to be cut by 60% by mid-century and 80% by its end to avoid catastrophic damage. Yet global emissions are still rising, with the world's largest emitter, the United States, unwilling to act, and ratification of the Kyoto Protocol stalled. But even if the Protocol is carried out, global emissions will still rise by 30% over the next ten years. A new strategy is needed to solve the crisis.

(2) This paper proposes that the European Union and key developing countries could take the lead in creating a “global climate community” based on equity, solidarity and shared responsibility.

(3) To mobilise the South, such a community must be based on the equitable principle that emissions converge to equal quotas for every world citizen. This “contraction and convergence” would implement key principles of the UN Framework Convention on Climate Change signed at Rio: precaution, equity, efficiency.

(4) Europe provides an example of leadership by the likeminded: Six countries pioneered the original coal and steel community which has since widened and deepened to unite all European states. A Climate Community, built on equitable principles could pioneer a global solution drawing in all states.

(5) The European Union and key developing countries could call a conference for all willing participants. This should:

- * fix a carbon concentration target on the advice of the Intergovernmental Panel on Climate Change and the necessary

global budget for reducing emissions;

* negotiate a transition period to equal emission rights per capita (say 30 to 40 years);

* establish a global market in emissions allowances;

* agree commitments and institutions to make the Community work.

(6) Institutions must include an effective executive and Council of Ministers to manage and ensure commitments are fulfilled ; a judicial body to resolve disputes; a parliamentary body to ensure accountability - at least until a UN Parliamentary assembly can take over that role.

(7) For states that do not join initially “empty chairs” would be defined ie targets for their share of global reductions in emissions. Appropriate association arrangements would be negotiated for outsiders as a path to full membership later . As climate change impacts America, a successful Climate Community will attract the large body of American opinion which wants the US to play its full part in a global solution to the climate challenge.

(8)A global climate community would give the European Union's emerging common foreign policy a constructive focus and help the world address the most serious threat facing humanity today.

A Climate Community ***A European initiative*** ***with the South***

Christopher Layton

CLIMATE CHANGE is the overarching issue of the new century. It threatens the security of life on earth in a way comparable to nuclear extinction - less sudden but more inexorable if not addressed. Yet at the very moment when flood, storm, avalanche and landslide were bringing the reality home to Europe's people, the breakdown of the UN's climate negotiations at the Hague in December 2000 left the global polity in a state of shocked dismay. Despite mounting evidence of the climate crisis, America's Bush administration has rejected any kind of multilateral agreement or federal restrictions on carbon emissions, while the attempt by others to rescue the Kyoto project has been held hostage by a prevaricating Russia .

The British Prime Minister , Tony Blair described the political dilemma in a major speech on 24 February 2003: "The trouble with long-term issues is that they seldom fit political time-scales. Climate change ... remains unquestionably the most urgent environmental challenge. ... But whilst Kyoto was an enormous achievement, it is simply not enough. Global emissions of greenhouse gases have risen 10% since 1990, with a 35% increase in developing countries. At best Kyoto will mean a reduction of

2% in emissions. That is better than emissions just continuing to rise and rise. But we know now from further research and evidence, that to stop further damage to the climate we need a reduction of 60% world-wide. The Royal Commission on Environmental Protection found just that: a 60% reduction by 2050 was essential."

Sir John Houghton, chair of the Intergovernmental Panel on Climate Change, has described climate change as the real "weapon of mass destruction". Yet the world's political response has failed. An imaginative lead by Europe and key developing nations, working together, is needed to make real progress in tackling the climate crisis.

The challenge

For some two hundred years scientists have warned that industrialism might contribute to a change in global climate. Now it is.

In its warning,² in January 2001, the Intergovernmental Panel on Climate Change (IPCC) suggested that global temperatures may rise by between 1.4% and 5.8% by 2100, a more rapid change than anything known in the last ten thousand years. Since 1860 temperatures have already risen by .9%. The new predicted change was much greater than the 1 to 3.5 degrees estimated by the IPCC six years before because of the surge of new evidence - from rising temperatures to melting arctic ice. A mere two years later calculations at Britain's Hadley Centre have shown the 5.8 per cent to be a serious underestimate.

The 2001 report, written over three years by 639 authors and reviewed by 150 delegates reports "new and stronger evidence that most of the observed warming of the last 50 years is attributable to human activities" and that urgent action must be taken to reverse the trend.

Climate change is caused by the growing volume of gases (carbon dioxide, methane, nitrous oxide and others) which human activities and nature emit into the atmosphere. The resulting 'greenhouse' of

accumulated gas traps the sun's heat, increasing global temperatures. Carbon dioxide, emitted by the burning of hydrocarbon fossil fuels and the destruction of forests is responsible for over half this warming. Since 1800 the total accumulation of carbon in the atmosphere has increased by 28%, rising to an expected 82% by 2100 on present trends.

Plugs taken from arctic ice, where air has been trapped in the ice, show that the concentration of carbon is 30% higher than at any previous time in the ice core records (about 420,000 years) - and that one third of the increase has taken place in the last fifty years. On present trends the increase could be 100% by 2030. Methane levels are also higher than at any time in the ice records.

One disturbing fact, in need of repetition, is that global warming and climate change are the consequence of the accumulated greenhouse gases already in the atmosphere. Even if measures are taken now to reduce emissions drastically damaging climate change will continue throughout the century and beyond until the reduction at last has cumulative effect. Because of thermal inertia, temperature and sea levels will continue to rise for centuries after humanity succeeds in stabilising gas emissions. Ice may continue to melt for thousands of years.

Sea levels are rising through the expansion of the warming seas - a process that is already visibly under way. Since more than half the world's population lives within 60kms of the coastline this will have dramatic effects, flooding all or part of countries like Bangladesh and the Maldives, threatening the heavily populated flood plains of the Nile, Mekong, Yangtze and Indus and cities like London, Bombay and New York. Holland, already spending 7% of GNP on sea defences, expects a huge increase if it is to survive. Rising temperatures also speed desertification in many areas of Africa, the Americas and India and threaten fragile mountain ecosystems; some northern regions may benefit from a milder climate but the speed of change will make it hard for many species of plant and wildlife to adapt.

Dangers of a chain reaction

Most disquieting of all, there are signs that a chain reaction is already under way and threatens to accelerate. As Arctic ice, glaciers and snow cover rapidly recede - as they are - the white area which reflects sunlight shrinks. The darker sea and earth absorbs more heat from the sun, precipitating further melting. In a report of 1998 Britain's Hadley Centre for Climate Prediction and Research issued a series of projections which showed that, if nothing was done to restrict fossil fuel consumption, the rate at which the world warmed will accelerate because of other positive feedbacks from the warming that is already taking place. Desertification and the dying back of tropical forests will mean, for instance, that by 2050 the terrestrial land surface becomes a source of a further 10 billion tons of CO₂ release. Recent modelling analysing the impact of this shift suggests that in consequence the next IPCC report may lift the high end risks of temperature increase to some 8 per cent, instead of 5.8 per cent, a temperature increase comparable to that of the last pachyderm extinction. As the oceans warm their capacity to absorb carbon dioxide may shrink too.

Another possible multiplier or feedback is the huge quantity of methane stored in the form of methane gas hydrate on the seabed and in the permafrost which covers a fifth of the planet. The IPCC is cautious here but some climatologists have 'nightmares that the liberation of methane from melting permafrost will enhance the Arctic warming because of the greenhouse effect of the methane and so induce further release of methane and thus increase warming in a runaway feedback cycle.'³

The drying out of peat bogs, from Scotland to Siberia, a probable consequence of global warming, could also trigger a massive release of carbon dioxide. In wet conditions a single enzyme, phenol oxidase⁴, crucial as a trigger for decomposition, is almost dormant. As a bog dries out the influx of oxygen boosts its activity sevenfold, triggering decomposition. Peat bogs in northern hemispheres contain some 455 billion tons of carbon in the form of buried plant matter - equivalent to 70 years of industrial emissions. Chris Freeman, the biologist who

discovered this key enzyme, calls it 'a fragile latch mechanism holding in place a vast carbon store.'

It is the fearsome possibility of an accelerating chain reaction which has led gloomy scientists like Stephen Hawking to phantasise about migrations from the earth - leaving it a 'planet husk'. The evidence of recent years has tended to fulfil the worst predictions of the climatologists. The earth's biosphere is in a state of beautiful but fragile balance which Man's headlong activities are disrupting. The exact pattern of the consequences, and of any chain reaction, cannot be predicted. But, as Klaus Toepfer, Head of the UN's Environmental Programme put it, 'The scientific consensus presented in this comprehensive (IPCC) report should sound alarm bells in every national capital and every local community.'

Everyday experience increasingly confirms the more disquieting forecasts. In the poor South - in Mozambique, Bangladesh, India's Orissa, Venezuela, China - the lives of over a hundred million people have been devastated by the floods, landslides and erratic weather patterns which are in part the overture to a century of accelerating climate change. The impact, the IPCC foresees, ⁵ will fall 'disproportionately on the poor.' Desertification in India, for example could cut food production by a fifth. In Europe Britain, France and Germany have seen record flood destruction recently, while the melting of Alpine permafrost which grips and holds together the rocks and soil of mountains is releasing landslides and avalanches on an unprecedented scale. Ice storms in Canada, freak frosts in Latin America, droughts in Africa speak of seasons out of joint. The insurance industry shudders as it foresees that if storm damage continues to rise by the present 12% per year ⁶, by 2065 annual damage through climatic destruction could equal the entire Gross National Product of the world. In more measured terms, unless humanity finds a way now of tempering the carbon-emitting pattern of economic growth, growth will slow or stop anyway, at great human cost.

The scientific consensus now is that to stabilise the climate greenhouse gas emissions need to be reduced by at least 60 per

cent by mid-century and by 80 per cent by its end. If poor countries, with 80 per cent of the world's people, are going to develop, then rich countries - North America, Europe, Japan and the other countries of OECD, plus Russia and eastern Europe, which are together responsible for 80 per cent of emissions, must cut back a great deal more. It is a formidable challenge requiring imaginative leadership, for it implies either a radical slowing of economic growth or a transformation of economic life to a lean and more equitable carbon-free economy. Indeed doing nothing automatically implies the first choice, that within the next fifty years the accelerating impact of rising sea levels, storm, flood, drought and other natural disasters will slow economic development and perhaps bring it to a halt.

A novel myth by the diehard oil lobby is that nothing need be done about climate change because oil will run out during this century anyway, causing carbon emissions to take a timely fall. Unfortunately if all the oil in prospect is released into the atmosphere the accumulated carbon is enough to bring devastating climate change, and billions of tons of unexploited coal offer the prospect of a further carbon explosion if released. An uninhibited rush to control dwindling oil reserves implies escalating oil wars and conflict - in the Middle East, Asia and Africa. Reducing oil dependence in both Europe and America offers instead both climate security and a more peaceful world.

It is not surprising that at the Davos gathering in January 2000 the Chief Executives of many of the world's leading companies agreed that 'these devastating trends' make climate change the greatest challenge facing the world. Some already act within their companies. But they cannot solve the problem without a clear political framework which realigns the incentives of the marketplace with the longterm imperatives of the survival of civilisation.

Kyoto without America: a base camp

At the Rio earth summit in 1992 the US Government was persuaded to accept the UN Framework Convention on Climate Change which

aimed to “stabilise greenhouse gases in the atmosphere at a level which would prevent dangerous anthropogenic interference in the climate system”. Rich countries agreed to cut back their emissions to 1990 levels and to negotiate further reductions taking account of three key principles: precaution, equity (that is to say “differentiated responsibilities” between the rich massive emitters and the developing world) and efficiency. The Kyoto protocol and the subsequent Marrakech accords were an attempt to implement that pledge.

Alarmingly, global emissions have continued to rise, mainly because of a massive increase in American emissions. At Kyoto, in 1997, the European Union proposed 15% cuts in emissions below 1990 levels by all industrial countries, a sharp contrast with the US, which wanted no reductions at all. It was a big step for the well-intentioned Clinton administration to agree to the compromise cut of 5 % below 1990 levels but Congress showed no sign of ratifying Kyoto unless developing countries committed themselves to limit their emissions. Such commitments will not be made unless the rich are prepared to implement the principle of equity. Today the US, with 4 per cent of world population, is responsible for a quarter of world emissions. Now a President funded by Big Oil is in power and has made clear that the US will neither set a ceiling for its carbon emissions nor participate in any binding multilateral commitment with the rest of the world.

Thanks to the efforts of the European Union to mobilise support, the Kyoto protocol may come into force in rich countries other than America. Sixty nine rich nations, including all EU members, Japan, Canada and others have pledged to cut back or limit their emissions. The EU’s rules for enforcing commitments on industry backed by fines, are evolving rapidly while its Emission Allowance Trading System (EATS) is taking shape. As with the International Criminal Court, a start has been made without America. If Russia ratifies, providing the minimum number of participants to bring the protocol into force, a base camp will have been established from which to attack the awesome mountain of the longterm problem of climate change.

No principles or goal; diplomacy without a compass

Sadly, the Kyoto process also showed the weakness of a piecemeal approach, lacking clear principles or a longterm goal. Scientists are clear about the need to cut back emissions by some 60 per cent from present levels. States have not agreed any ultimate goal at all or any clear principle for sharing the burden of cuts.

Americans argue that a global agreement must involve all countries. Poor countries refuse to act until the rich who are mainly responsible act first. Without a compass, the best-intentioned pragmatism ends up with figures plucked out of the air which barely dent the problem. This lack of principle lies at the heart of the unresolved technical arguments between America, Europe and others which have dragged on for eight years.

At the start the US suggested that all countries should reduce emissions by an equal proportion - a grotesque proposal given that the US, with 4% of the world's population, is responsible for a quarter of global emissions. So, under pressure from poor countries and environmental groups, the negotiations reverted to a discussion of reductions by the rich, large emitters, with the US protesting all the way that a global problem requires a global deal. It nuanced its protests at Kyoto with an eminently practical idea - the idea of emissions trading. Experience has shown that if quotas can be traded there can be a big increase in efficiency, rewarding those who are skilful in cutting emissions and allowing the needy to invest in more. The trouble is that if combined with inadequate overall reduction targets, trading quotas can simply mean no reductions in emissions at all.

Three seeds of such inadequacy were planted at Kyoto. One was the enormous quotas allocated to Russia and the Ukraine before the collapse of their economies - quotas far larger than they actually need. The sale of these unused quotas or 'hot air' will transfer welcome money to these countries, but it will enable other rich economies to avoid making reductions.

A second was the proposal that the planting of new forests or 'forest sinks' which absorb carbon dioxide could qualify as an alternative

to cutting emissions. Planting forests can obviously bring benefits, but the benefit is nullified if they are cut down later; a planted commercial monocrop is also far less valuable to the world's fast-shrinking biodiversity than the preservation of virgin forest, whether temperate or tropical. Hightech wheezes with a similar goal, like sinking carbon in the sea, offer another distraction - an expensive longterm dream, no answer to the real need to cut emissions now

A third constructive but two-edged innovation was the Clean Development Mechanism. This provided the possibility for enterprises in rich countries to fulfil their emission reduction quotas by investing in energy-saving or clean production processes in developing ones. The idea could be hugely helpful in transferring lean technologies but it could also be abused if corrupted or used to pay for projects that would be undertaken anyway. If the rich countries primarily responsible for global warming do not accept the need for major reductions in their own emissions, these useful notions will fuel lucrative trading and some transfer of resources to poor countries, but do too little for climate change.

This was the background to the insistence by the European Union at the Hague that there must be significant reductions by rich countries and that only half the planned reductions could be eligible for emissions trading. A bad start - inadequate reductions in emissions - was to be remedied by an ad hoc solution - limiting emissions trading. Against the background of a recalcitrant Congress and an American economy whose carbon-fuel profligacy showed no sign of slowing down, US negotiators said no.

The time has come for developing countries and the European Union to take a political lead to cut through the muddle and start laying the foundations for a long-term global framework based on equity.

Equity and Contraction and Convergence

Equity means that on a planet where the most precious of commodities, a stable climate, is under threat, and where, in consequence, emissions must be rationed - every citizen should in

the long run have an equal emission quota. There could hardly be a more obvious application of the notion of Universal Human Rights enshrined in the United Nations Charter.

Justice combines with what is politically practical. All countries will have to be mobilised to cut back damaging emissions, but developing countries will never accept a reduction plan which promises to freeze the world's current sharing out of wealth. Other schemes, like the "grandfathering" proposal to demand reductions proportionate to each country's historical emissions, offer a kind of justice but not good guidance for the future. Encouraging countries to reduce emissions in proportion to gnp is not sufficient in terms of longterm equity. Other schemes that try to weight geography, population, local climate, transport needs, energy resources and more risk collapsing under the weight of their complexity. Equal emission quotas for every global citizen is a formula whose simplicity and justice can provide a durable framework over time.

Equally obviously, that ration should be based on a total level of emissions which scientists agree will be essential to avoid the worst effects of climate change. Clearly given the huge disparity at present between the wealth and emissions of nations, there must be a significant transition period - say 30 years - to the time when quotas are equalised. The length of that transition will be a key issue of negotiations.

From the start all emission quotas would be marketable, like those in the Kyoto protocol, ensuring maximum efficiency and flexibility in energy saving and new technologies. Such a concept binds all countries to the goal, but allows huge flexibility in applying it. If a rich country goes slower in reducing emissions or a developing one grows faster it can buy others' emission quotas. If the opposite happens an energy-lean country can sell emission quotas. Marketable emission quotas are fine in the context of stringent targets.

This concept, known as Contraction and Convergence, is familiar enough to cognoscenti of global climate negotiations. It was

developed by Aubrey Meyer of the Global Commons Institute and expanded in a recent book.¹⁰ It has been adopted as a policy goal by the major developing regions - India, China and much of Africa - and approved by a resolution of the European Parliament.¹¹ It has been urged by the Royal Commission on Environmental Pollution.¹² In March 2001 the Chartered Insurance Institute in a research report¹³ on the grim effects of climate change bluntly told Government and industry stakeholders 'to show some leadership by coming out in support of the principle of Contraction and Convergence.' It urged that global emissions be cut from the present 1 tonne of carbon equivalent per person of the world's 6 billion population, unequally shared, to one third of that amount, equitably shared, by 2040. It added that 'as the insurance companies own the oil companies (through equity ownership)' they have 'both the collateral and the need to adopt Contraction and Convergence.' The Chart on page 25 gives one example of Contraction and Convergence for all countries - in this case to equal emission rights in 2030.

The concept is not yet the official policy of the European Union but many Ministers are in sympathy and the decision to adopt it would open a new and hopeful perspective for the planet. The European Community itself was founded by committing to an ambitious goal (a common market) with a precise transition period (twelve years) in which to adapt and reach it. The greater goal of arresting climate change deserves no less commitment and a well-planned transition.

A Climate Community: the example of Europe

Here then Europe should take the lead in partnership with developing countries, using another technique that was central to the development of the European Community itself. When western Europe first faced the necessity of Union in the aftermath of war Britain, the leading west European power, was unwilling and eastern Europe unable to join in the process of unification. The challenge became urgent when the Cold War and returning normality made

the western allies realise that German industry must be allowed to recover and rejoin a cooperative community of nations. The remedy was for six nations to form a community of equals, the Coal and Steel Community, covering the key industries then seen as the sinews of military power. The community embraced victors and defeated, Germanic and Latin Europe. It was wide enough geographically and effective enough in content to provide the foundation for a deeper economic union which is now drawing in the rest of Europe.

Half a century later the key problem for the planet is climate change and this time the dominant power, America, is not, for now, prepared to play the cooperative game. Now it is time for uniting Europe to take an initiative, together with other like-minded major nations and regions, to pioneer and form a global Climate Community on the basis of commitments to contraction and convergence.

To be useful such an initiative must include from the start not only Europe but major developing nations and indeed preferably all the states of the G77 group of poorer nations. Just as Europe's pioneer community of Six bridged two Europes, so a pioneering Climate Community must bridge the gap between north and south: rich nations which must cut back their emissions and poorer ones which can expand within fair limits. Ideally, after diplomatic soundings, a public invitation to participate in a founding conference would be made jointly by the EU and leading developing nations such as India. They should invite all nations to join who are ready to accept three key principles:

First, that the global Community must plan binding reductions that meet the full necessities of arresting climate change. The way to do this would be for the founding states to invite the IPCC to overcome its inhibitions about reaching policy conclusions and advise, later this year, on a global target (such as a 60 % cut in emissions) and a desirable date or dates for achieving this. Climatologists like flexibility to permit adjustment to new evidence, but they agree on the basic need and goal. A strong treaty with a clear goal could allow for adjustments later.

The second principle would be that reductions in emissions must be equitable, i.e. ultimately converging on equal emissions per head.

The third principle would be that emissions quotas must be tradable to ensure efficiency.

The scheme would be negotiated by all participating states but regions other than Europe could also negotiate regional membership, if they wished, enabling them to be flexible in adjusting quotas to meet the particular circumstance of member states.

These principles were spelt out very clearly in the original UN Framework Convention on Climate Change (see box) drawn up in 1992. They were not clearly implemented at Kyoto - or since.

Key clauses of the UN Framework Convention

Objective (Article 2): ‘to achieve stabilisation of greenhouse gas concentrations in the atmosphere at a level that would *prevent dangerous anthropogenic interference with the climate system*’ (i.e. emissions must contract).

Precautionary Principle: The parties ‘should take precautionary measures to minimise the causes of climate change and mitigate its adverse effects. Where there are threats of serious or irreversible damage lack of full scientific certainty should not be used as a reason for postponing such measures’ (Art.3.3).

Equity (Article 3.1). The Parties should ‘protect the climate system for the benefit of humankind on the basis of equity’. Moreover ‘the largest share of historical and current emissions has originated in developed countries and per capita emissions in developing countries are still relatively low.’ Therefore ‘in accordance with their common but *differentiated responsibilities* the developed countries must take the lead in combating climate change and the adverse effects thereof,’ while ‘the share of global emissions originating in developing countries will grow to meet their social and development needs’ (i.e. emissions must be rationed with the rich cutting back and the poor allowed limited growth).

Efficiency: Measures ‘should be cost-effective so as to ensure global benefits at lowest possible cost’ (Art.3.3) (a nod towards emission trading).

Institutions

The scheme would be negotiated by all participating states but will have to be managed by a smaller body. This might be a small Council of Ministers perhaps representing regions (i.e. groupings of several member states) and an executive. An Assembly of all the Ministers might meet, say, twice a year to approve key decisions or orientations. Two other institutions could be important. One is a Parliamentary Assembly perhaps drawn initially from national parliaments. This is of crucial importance for a body which will steer a radical transformation of the partners' economic life. The failure of accountability which has lost the World Trade Organisation, the World Bank and the IMF popular acceptance cannot be tolerated for this crucial initiative.

A second useful institution might be a Consultative Council. This might include elected, not self-appointed representatives from business, plus a leaven elected by non-governmental organisations and trade unions. Though the trading of emission quotas will be the crucial mechanism for generating change in the market place, the planning of huge changes in the energy market and the transfer of skills and technology in energy saving and lean processes could be fostered by dialogue between multinational companies and Governments.

Commitments on the overall level of emissions, and the speed of transition to equal emission quotas per head would be made legally binding through the founding treaty, with clear procedures defined for changes in the light of new evidence and circumstances. The Community would issue its own 'emissions currency' and probably need a court or panel of judges to adjudicate. It would draw on the large volume of work done in the context of the UN's global climate change negotiations but give them the clear political goal - equity - and the practical transition plan and institutions essential for success.

One of the key tasks of the executive will be to monitor and inspect to ensure that commitments are being met. This will be just as important for the cutback of emissions as it is for the disarming of

nuclear weapons and missiles. Peer pressure, review of member countries' progress and advice and help will also play a part in enabling targets to be met.

In some other key areas - eco-taxes¹⁴ in particular - cooperation¹⁵ could be crucial in changing market signals so that they start to take account of the huge cost of man-made climate change.

John Pinder's innovative essay on this subject was entitled *The Rule of Law for a Uniting World; a Global Community for Sustainable Development*.¹⁶ There is no doubt that the rule of law in member countries and a willingness to use it to implement treaty obligations and international legislation is of key importance. The European Union has already pioneered this practice. Without any central force at its disposal, common legislation, notably in the environmental field, has been implemented through the governments and courts of member states. India, South Africa or Brazil could do the same.

There are, however, states - in the former Soviet Union and other parts of Africa, for example - where the rule of law is tenuous, to say the least, and corruption could distort the system. In some of these countries it must be hoped that more stable governmental structures will be established by the time emissions limitations bite hard. The rule of law after all seems to be a condition of development and its concomitant high emissions of greenhouse gases. The stick of the rule of law, however, is not enough. Carrots and incentives are needed too. One will be the market for emissions quotas. Another could be a substantial common fund (funded for example by a tax on aircraft fuels or landing charges) used to support and encourage the development and application of emission saving and renewable energy technologies, techniques of sustainable reforestation in north and south and the preservation of wild forest and, implicitly, their peoples. The fund could also contribute to the grim cost of adapting to the climate change that is under way.

The European Union has embodied two personalities in its relations with the poorer world. In the Lomé Convention and its successor treaties it endeavoured to create a genuine partnership which

African, Caribbean and Pacific peoples took seriously. In the International Monetary Fund, by contrast, its Finance Ministers backed the 'Washington consensus' which meant sending the young proconsuls of the Fund to Africa to tell African Governments how to run their countries. Western money commanded policy with little pretence of local - or any other - democratic control. It is hardly surprising that poorer nations are deeply suspicious of schemes to 'pool' sovereignty which feel like code for western rule. The return to equity embodied in Contraction and Convergence - with the most immediate challenges facing the polluting rich - opens the way to a real Community of interest, to a shared effort to meet the challenge before humanity.

Associates: Halfway house

The goal of a pioneer community must be to attract the widest possible membership of countries who are prepared to accept the principle of Contraction and Convergence. But some, like the US, are not at present willing and some may not be able to accept the rule of international law.

China's giant size and crucial importance for climate change, for instance, mean that it must be eligible for membership of the new community as soon as possible. Its decision to join the World Trade Organisation shows a willingness to accept binding international commitments. But it could not send representatives to the parliamentary assembly of the new community until it has an effective parliament itself. A deeply engaged form of Associate Membership might be appropriate for a while.

Questions

What are the objections to a new initiative of this kind? One will certainly be that even a feeble worldwide agreement involving everyone is better than a successful, radical initiative that leaves out key states. It is a misleading dichotomy. In postwar western Europe all states continued to cooperate in larger, weak organisations

such as the Council of Europe and the Organisation for Economic Cooperation and Development (OECD), while the more ambitious pioneers, knowing this was not enough, took the crucial step of founding the Community which evolved to become today's European Union. In today's climate drama an inadequate watered-down world deal that persuaded America to make some contribution to emission restraint could be helpful, but only on two conditions: It must not deceive public opinion or Governments into believing the climate challenge is adequately met or hold back those states who are ready to meet it. Participation in a weak global agreement could be an anteroom for reluctant states until they are ready to join the Climate Community, embracing North and South, which leads the way and meets the longterm need.

The Community must respect and make full use of the Framework and work provided by the UN Convention and yet provide a new political impetus, a critical mass of members who are prepared to forge ahead.

Competing with Dinosaurs

If America and some others stay out, there will be fears that countries profligate with carbon fuels will obtain competitive advantage and go on contributing to the climate change so damaging to all. This is a risk. But it is more likely that European and other industries based in the new Climate Community will obtain major competitive advantages through the energy efficiencies and sustainable energy technologies which they are stimulated to develop. Foresight and judicious government help have made Danish companies leaders in the world market for wind power, a market destined to triple in size within the next five years. BP has based its major solar development project in Germany where Government help and a sympathetic public have made the market place take off. Dupont's policy, designed to slash energy consumption and emissions, has brought huge internal cost savings. Chemical companies in Europe which have reexamined their processes to minimise polluting waste have saved money, too. The clear framework of Contraction and

Convergence within a Climate Community would offer companies both the challenge and the opportunity to make innovation for sustainability the focus of endeavour.

One of the puzzles of the climate change debate has been the reluctance of a world in which scientists have the status of a priesthood to listen to their measured warnings or accept the stupendous potential of science and technology to deliver a sustainable emission-free society if the efforts of Governments, companies and communities were focussed to that end. In the early 1970s it was remarked that solar power would have been made economic long ago if it had been a weapon of war. Now it is akin to that, in civilisation's key struggle to survive. As the damage wreaked by climate change impacts on the market place countries and corporations which have not faced the challenge of a low-emission economy may risk being the doomed dinosaurs of a fast changing world.

A major incentive to join, for the Americans, will be their exclusion from the massive emissions market which will develop in a new Climate Community. The new community must remain open to America and other outsiders, but intransigent on adherence to its central methodology and goal. Empty chairs for outsiders will be well-defined. If the target for emissions reductions is based on the recommendations of the IPCC, the negotiations for late joiners, like those of founders, will centre round the timing of transition towards their share of the goal.

Thinking and acting positively should be the watchword in dealing with America. The present US administration is uncomfortable with the isolation it has created for itself and in petty ways - like discouraging the Russians from ratifying - has been trying to undermine Kyoto as it has the International Criminal Court. Yet a large majority of Americans are unhappy with this policy, see the effects of global warming and want their country to play its part in a global effort. Several states, like Massachusetts and California, are implementing emission reduction programmes. In the Senate a cross-party Cain-Liebermann resolution, introduced in early 2003,

has wide support. It would commit the US to reductions which might lead it to implement its Kyoto commitments some four years late. The members of the Global Climate Community should encourage all this, pushing ahead themselves, but offering outsiders a clear path to later membership. Emissions trading systems in progressive US states which have tough reduction strategies could become directly associated with the Global Community emissions market, encouraged by progressive US corporations whose subsidiaries in Europe are already involved.

Some Britons, in particular, may hesitate at the thought of a European initiative without America. Some on the right may even prefer to drown or scorn the climate rather than join another continental plot. Yet it is precisely Britain's own experience, and its Atlantic and worldwide links, which could make it a valuable initiator of such a scheme. It should understand from its own experience in Europe that the leading power in a region - or the world - may not be ready to join a necessary cooperative initiative until others have shown the way. It should be able to use its relationship with Washington to keep open the essential door for America to join. And its Commonwealth links could be precious in getting the scheme off the ground.

Europe hypocritical...

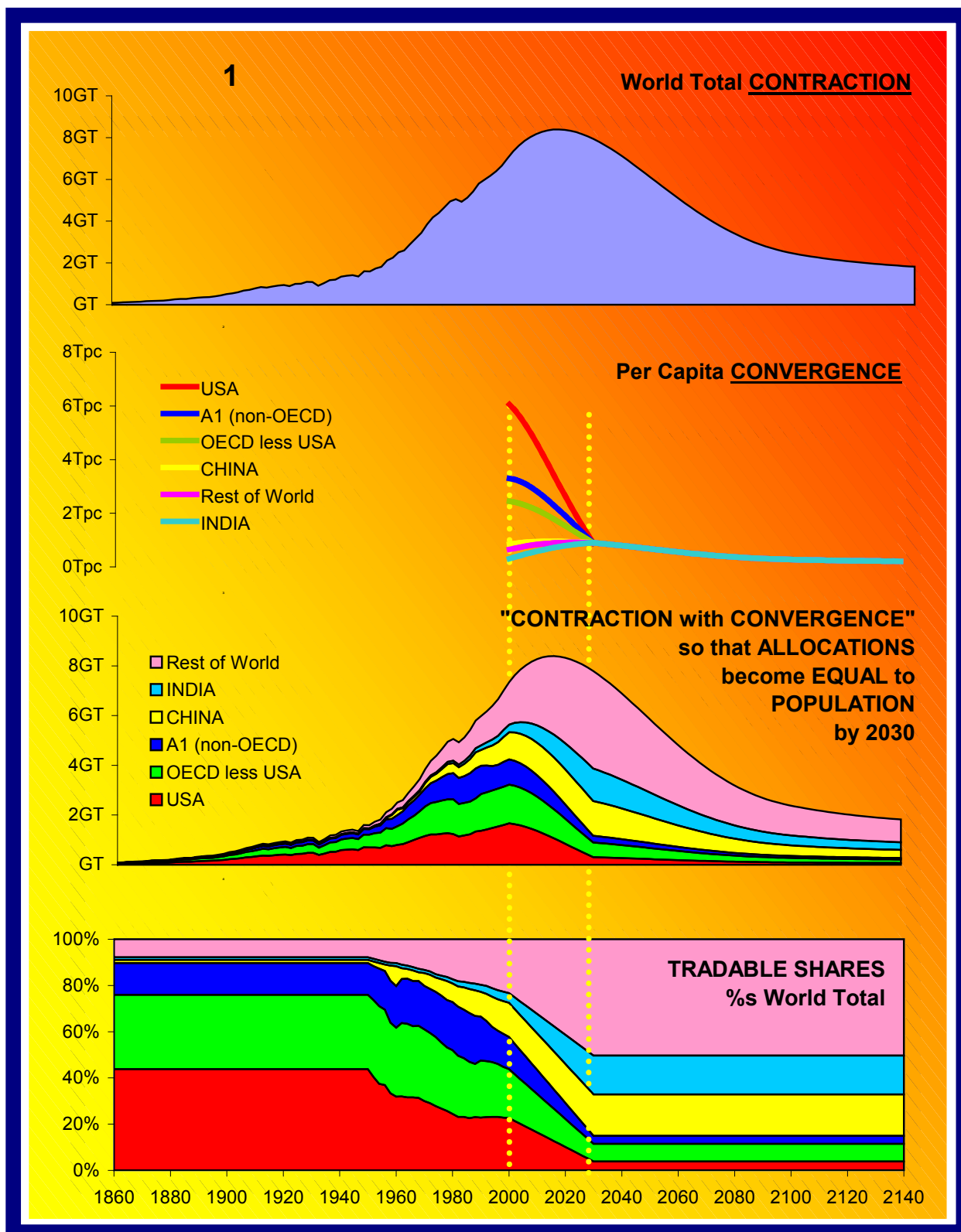
To plead for a European initiative is not to say that European countries have been wholly virtuous in their attitude to climate change. Inter-European differences, as well as American awkwardness played a part in the Hague breakdown. The EU agreed at Kyoto to cut emissions by 8 per cent on 1990 levels by 2008-2012, but so far only five out of 15 states have fulfilled their national share of the EU's planned cuts. Britain has succeeded thanks to the market driven dash to gas, but it has been irresolute on eco-taxes, and grand targets for renewable energy and energy-saving have not been matched by results. Germany has made big emission cuts, but they owe much to its slower

economic growth and to cleaning up eastern Germany; even with Greens in power it still subsidises coal. France relies on nuclear power while throughout Europe citizens have displayed a remarkable ambivalence, combining mounting awareness of climate change with resistance to the changes in lifestyle needed in response.

...or mature enough to lead?

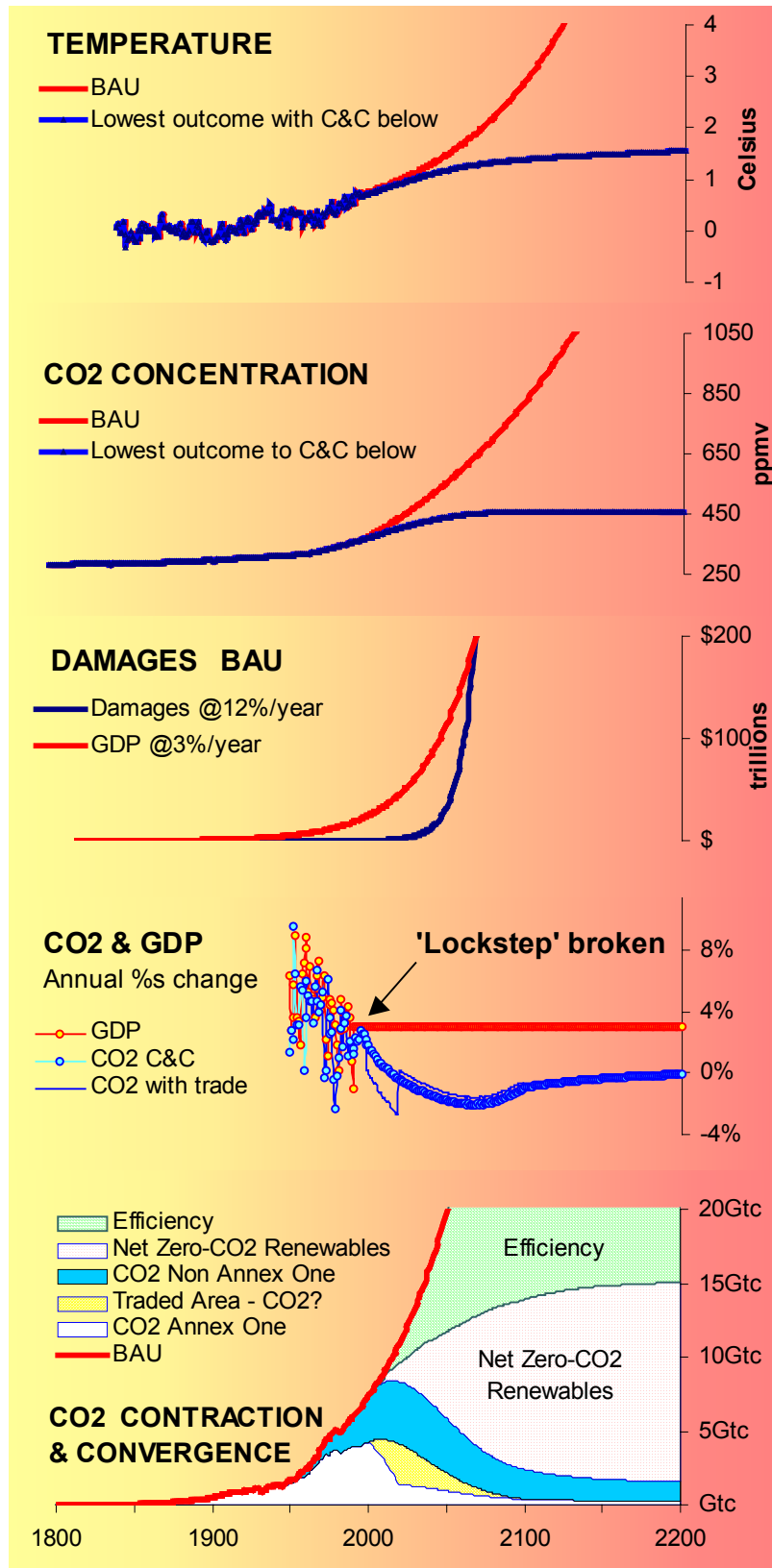
Yet Europeans, though enjoying comparable living standards to America, manage to do so with half the emissions per head of the United States. The EU remains the key industrial power pressing for major cuts in emissions to meet climate change. The Commission's target for reduced emissions - of 20% by 2020 - is at least within shooting distance of the kind of reductions that will be required under Contraction and Convergence. They could be achieved if political leadership matched up to the scale of the challenge, made sustainability the core of national and EU policy and shared the goal with citizens.¹⁹

Setting a clear longterm goal to combat climate change could help that awareness and give companies a new perspective in which to plan and innovate. Petrol blockades have shown that eco-taxes may not be acceptable unless their environmental purpose is sold positively to citizens and the taxes hypothecated to environmental goals - such as renewable energy or home insulation with its potential for job creation and saving vulnerable lives in winter. In the vehicle industry the rapid development of the fuel cell is a promising breakthrough toward clean hydrogen power. But imaginative new private/public partnerships (PPP) may be needed to build the necessary infrastructure for the hydrogen age. In January 2001 the European aircraft industry announced a huge collective programme of research and development. In this fast-growing polluting form of transport a core research goal should be to develop a replacement for hydrocarbon fuel, an apt use of funds from a tax on aircraft fuel. Subsidised food and agriculture in their present energy-intensive form load massive external costs on the economy through greenhouse-gas emissions, destruction of biodiversity and



(from Aubrey Meyer, *Contraction & Convergence: The Global Solution to Climate Change*, The Schumacher Society, Bristol, 2000)

Consequences of 'Business as Usual' (BAU) or 'Contraction and Convergence' (C&C)



soil fertility, chemical pollution and harm to health.²⁰ A rigorous framework for combating climate change would accelerate the shift to a sustainable, more organic agriculture, improving nutrition, reducing this economic cost and making the replenished soil a useful carbon sink.

The European Union was originally inspired by the spiritual goal of reconciliation. The passion has flagged now that the goals of peace and prosperity have been achieved. Even enlargement to the East is so slow a process that the wider goal of peace no longer inspires. The thrill of the fall of the Berlin wall has been overtaken by humdrum disillusion. In Britain the European debate seems lost in an island fog in which misinformation about the European institutions blends with phantasies of an imaginary superstate. Climate change now demands committed international action, not theology about sovereignty. With the US holding back, it puts to the test Europe's capacity to join with the South in courageous action and Britain's will to play a decisive, innovative part.

Europe and developing country partners must be politically equal partners in the initiative for a global climate community, because the founding members will lay down the ground rules on which the community develops. The founding principles of the new climate community will be equity, solidarity and shared responsibility in addressing the greatest challenge to threaten humanity.

Footnotes

¹ The sixth conference of the UN Framework Convention on Climate Change (FCCC) agreed at Rio in 1992.

² IPCC Working Group 1 *Third Assessment Report*. Jan 2001

³ Euan Nisbet in *Leaving Eden*.

⁴ See the work of Chris Freeman, University of Wales and Melvin Cammell, Centre for Ecology and Hydrology, Edinburgh.

- ⁵ *Impacts, adaptation and vulnerability*, IPCC, Working Group 2, Feb 2001.
- ⁶ Munich Re estimated world storm damage at \$100billion in 1999 with annual increase of 12% (Report, 2000).
- ⁷ The EU group which negotiated with the US included representatives from France, Sweden, Germany, Britain and the European Commission. The deal they struck was rejected by the full group of EU Environmental Ministers and the conference was suspended.
- ⁸ Meeting at Trieste on March 4, 2001 Ministers from the G8 group of industrial countries expressed 'concern about the seriousness' of global warming and said that they would 'strive to reach agreement' in July at the next set of talks on implementation of the Kyoto protocol.
- ⁹ See note 8 below and John Pinder's concept of a Global Community for Sustainable Development (note 13).
- ¹⁰ *Contraction and Convergence* by Aubrey Meyer, Green Books for Schumacher Society.
- ¹¹ In September 1998.
- ¹² Report on Energy and Climate change, June 2000.
- ¹³ *Climate Change and Insurance*, Research Report from the Chartered Insurance Institute, February 2001.
- ¹⁴ See *Don't tax more, tax different. A tax paradigm for Sustainability* Hinnells and Potter, Centre for Reform, for a UK exposition.
- ¹⁵ See IPCC Working Group 3 *Mitigation of climate change* (draft report March 2001) for a collection of views on areas for cooperation.
- ¹⁶ Chapter for E.Hirsch Balin, E.Janse de Jonge and P. Kooijmans (eds), *Realism and Moralism in International Relations* (The Hague: Kluwer Law International, 1998).
- ¹⁷ See, for instance, Duncan Brack *Failure at the Hague in Challenge*, winter 2000-1.
- ¹⁸ The Kyoto protocol will enter into force when 55 parties to the UNFCCC, including industrialised countries accounting for 55% of emissions in 1990, ratify it. So far 31 countries, none of them industrial, have done so.
- ¹⁹ See also *Sustaining Europe: a common cause for the European Union in the new century* by Ian Christie for Demos and Green Alliance.
- ²⁰ A study by Jules Pretty, University of Essex, in *Agricultural Systems* 2000, put these 'external' costs at £2,343 million in 1996.

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