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Beyond Kyoto?

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PM to look beyond Kyoto. Can he really see that far? That's the first question that occurred to me when I saw *The Australians'* headline story on the first Monday of the APEC week. The Australian Government has only a feeble grasp on the problems of climate change and its attempt to define a global or even a regional post-Kyoto agenda is little more than a joke.

The Kyoto Protocol is arguably the most important international treaty in human history. Its purpose is huge, yet it remains weak and irresolute. The world is staring catastrophic market failure in the face and attempting to rescue the most public of public goods we know – called Earth. What has the Protocol so far offered? A stunted user-pays treaty relying almost exclusively on unworkable market instruments. It remains the pale child of neo-liberal parents who are not yet convinced that markets ever really fail. So what do you do when the market fails? Only allow pretend markets in to fix it. The irony, and the limited horizons, are tragic.

Of course, that's not what makes Howard, or Bush for that matter, feel the need to go "further". On the contrary, they are convinced that Protocol has escaped proper neo-liberal jurisdiction and that it has not applied the user-pays principle hard enough. Why hasn't the UN insisted that huge developing countries like China and India pay their way and shoulder equal parts of the adjustment burden? And what's the solution Howard is peddling at APEC? Lower the price. "*Let's make the poor pay as much as the rich*", – or is it, "*Let's allow the rich to pay as little as the poor*"? Either way, aspirations and lip service are cheaper than firm targets.

Is anyone going to pay serious attentions to this? It looks as though Howard has an audience – the Chinese will talk to him, and outside of APEC, the Indians too. For all sorts of reasons, many developing country leaders would prefer to appear to be saying "yes" to aspirations rather than "no" to real demands. But history will at least record that they were motivated by more than greed.

We do well to remember here, that half the world's two billion children live in conditions of extreme deprivation – lacking enough food, clean water, sanitation housing, basic health care and so the list, according to UNICEF, goes on. Imperfect though it may be in many ways, the third world development imperative is ultimately also driven by needs of this kind and, in China, the pressure to go fast, to cut corners, including carbon corners, is that intense.

That's the grim reality everywhere in the developing world – and, in tomorrow's history books, their understandable errors will look far better than our own hesitation over power bills and petrol prices. Nor will this convenient alliance between desperate need and blind greed last. Yet Howard's position may well be superior to that of the Labor Party. Rudd will sign up to a manifestly inadequate treaty that does nothing to effect developing world engagement – for breast beating purposes, for vanity's sake.

So which is it to be? Greed or vanity? Some days, I think that greed may be the lesser sin, for the Howard position contains a kernel truth: A coal plant or more per week means that the developing world engagement is absolutely necessary. But it has to be real and fast engagement, not a user pays regime that gives everyone an aspirational holiday until the end of the Earth.

What are the realities here? Most people have heard that China has just overtaken the US as the world's largest emitter. But that's just the start. According to the American Council for Capital Formation, it will be emitting twice as much as the US by mid century and if the planet does not buckle in the mean time, 8 times as much by 2100. At that point, aggregate global carbon emissions will have grown from a current 7 to 18Gt and the developing world as a whole will account for 85% of it. By then, or even well before then, one or more of a number of runaway climate change triggers will have been pulled and Gaia's plans for revenge will be well advanced.

The Kyoto Protocol, as my teenage son would say, is "so not there" and even the boldest EU pledges deal only with developed world emissions – likely to account for just 15% of global emissions by 2100 on the above projections. So not there, so not there!

Clive Hamilton of the Australia Institute has argued that the Kyoto Protocol is responding to the challenge of the developing world carbon tsunami: its "clean development mechanism", essentially a larger scale UN sanctioned carbon offsetting arrangement, is doing the job. This is, indeed, the one small gesture the Kyoto Protocol has made to deal with developing world emission problems and it encourages corporate clean energy investment (where carbon savings are cheaper) in exchange for extended pollution rights at home.

But both the principle of offsetting and its actual practice are open to serious criticism. While Hamilton has done a lot of great work on climate change policy, and while he is right to defend Kyoto from some kinds of criticism, we need to be uncompromisingly realistic about its weaknesses too. When referring to the clean development mechanism, George Monbiot, author the best selling *Heat*, has declared that he cannot "think of a more effective means of postponing the hard choices we need to make know.... Buying and selling carbon offsets is like pushing the food around on your plate to create the impression that you have eaten it."

The crucial questions for this quintessential market instrument are time, scale and transparency. Will sufficient of the food on Monbiot's metaphoric plate go down quickly enough this way? As for lack of transparency: it makes real accounting more or less impossible and fraud, already extensive in the offsetting industry, a piece of cake – to extend the food metaphor still further.

So is there another way of engaging five going on eight billion people in the developing world and giving Kyoto the muscle to do so? The big problem, of course, is money. If such huge numbers don't have the money for clean energy, then insisting on the user-pays principle is just plain dumb. So is pretending that these matters will all take care of themselves if we sign up for 50 or 60% cuts with the rich club. Both courses of inaction are suicidal.

So how much money would an effective Postkyoto Protocol need – one with real targets and the means to fund them where users cannot pay or when direct public investment makes more sense? Estimates range quite widely but the \$300 billion

per year for a half century or so suggests itself as reasonable figure if you average the highest and lowest estimates or go for the top end of the EU Commission range.

That's a lot of money and you can't just find it anywhere. But you can find it somewhere and at the *Postkyoto Centre* we suggest that world military spending is good place to start looking. The world's military currently spends around \$1.3 trillion each year. That's a recurrent fund four times greater than the cost of a pretty good global carbon conversion program.

Why not, in true biblical fashion, turn swords to ploughshares, garner up to a quarter of that budget and turn it to really creative account? It's not as if the nations of the world would be disarming. (Heaven forbid!) Just some of its swords... Surely the \$1 trillion they had left would be enough to satisfy the human thirst for destruction. At the height of the Cold War, \$1 trillion was enough. More interesting, even at the Pentagon the search is on for carbon clean ways to fight war. There are some caring people there and a seed has been planted.

Also diverting money to climate change prevention would reduce major sources of tension in coming decades – arguably the most important sources. If we put the brakes on drought, for example, or if we started to seriously limit oil dependence... well, we could avoid more oil wars and coming water wars. So diverting money from weapons would not subtract from global security. Might even do a lot of good. Two further benefits. No child need go hungry to fund carbon conversion and the whole world, all 160 nations that have money to spare for militaries would pay. No free riders for John or George to fret about.

Of course, accounting as it does for 48% of the world's military spending, the US would pay most. But it has also been the world's biggest aggregate GHG emitter for a long time – and that is only now changing. It is close to the top of the table in per capita terms. That said, Iraq war expenditure would cover its contribution to a new Planet Saving(s) Bank.

For a more detailed elaboration of the argument see *Climate Change War or Climate Change Peace* in the Postkyoto Journal at <http://www.postkyoto.org>