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Coffee, confection and the trillion dollar climate connection!

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(first published on www.onlineopinion.com.au 25/2/2008)

A recent UN study calls for a \$20 trillion global investment in climate change abatement over the next 20 years. (http://news.yahoo.com/s/ap/20080130/ap_on_sc/un_global_warming) This higher-than-usual price tag is no doubt a gross cost figure. Doubtless, too, the \$20 trillion figure responds to the demands of a more alarmed scientific community. In any event, \$20 trillion is equivalent to 1.5 per cent of global GDP for the coming two decades. That's about three times the rate estimated by Nicholas Stern for the first 20 years of climate change mitigation.

Stern's estimates weren't wrong. It's just that he costed a 500ppm of CO₂e concentration target - a target now widely considered inadequate. Climate science has become more demanding. Five star NASA climate scientist Jim Hansen was recently quoted in the *Washington Post* (December 27, 2007) thus: "The evidence indicates we've aimed too high, that the safe atmospheric upper limit for CO₂ is 350ppm."

That's equivalent to around 400ppm of CO₂e and the view that we must aim at something like this figure to hold global temperature increase down to 2C has been current for longer.

These tougher targets, the UN is now telling us, will cost \$20 trillion. Is that beyond us? And what of the companion worry: "even if the rich world can scrape together its share, the poor can't - or won't - so we're doomed." And there are serious reasons for concern here.

Poverty and constrained investment capacity are real enough. Average daily income measured as GDP per capita in the developing world is \$4 and, indeed, almost three billion people make do with less than \$2. Pay for three meals out of these sums if you can and there isn't much left.

This is ultimately why the argument in Bali was so intractable, too. It's embarrassing to admit it, but everyone knows that the rich world wants these basic rations of bread or corn or rice, already more expensive because of climate change, on the negotiating table. Bali was declared a triumph because developing world governments apparently agreed and taking food from the hungry became part of the "road map".

Fortunately, the whole world is not poor and those raising funds for climate change don't have to raid poor rations. Average per capita daily income in developed nations,

for example, is \$80 - a lot more than \$4 and providing lots of scope for discretionary spending. Money here, and in the developing world, is not evenly distributed either - so there are very substantial concentrations of elite wealth in both worlds. At the same time both worlds engage in wasteful public spending practices. It is just a little bit sad that no-one is exploring these sources of money as alternative climate change funds.

Surely this is not wealth up to its old tricks: making the poor pay? If so, it's a bad move, not just morally but strategically: they are not going to pay. And they are not going to pay for a simple reason. If your choice is between your child's life and that of your great grandchild, you will choose in favour of your child. There's a great deal to be said here that can't be said in just a few words. I will just say one short and provocative thing: the relatively new principle of intergenerational justice is itself a luxury available only to the relatively rich.

If we want the planet to survive, nothing should be off limits - especially nothing that the rich have. So where is the research to track down money? Apart from or along with refining the science, this is now the most important research on which the planet waits. Let me get it rolling. We need enough money to contain GHG concentrations at 400ppm CO₂e and to save the planet. How much is it in terms everyone can understand? And where is it?

Coffee, coke and confection

Let's have another look at the scale of the task: 1.5 per cent of global GDP or \$1 trillion at the moment? If we divide that sum by the 1.1 billion inhabitants of the developed world, it comes to \$900 per person per year or \$2.50 per person per day. That's significantly less than a half-way-decent cup of coffee or a worthwhile ice cream. At many places in Australia, there'd be little left after buying a can of coke or a small chocolate bar.

These are currencies we all comprehend and we are in deep discretionary spending country. Why not put these goodies on the table instead of rationed rice or cornbread?

Making do with less of any of these would do many of us - myself included - good. That's to pay for not just for ourselves but to set the whole world on viable course. Can you believe that? Can you believe that we gamble with the planet for the sake of a little coffee, coke or confection? But I forget the plight of the serious coffee addict or chocaholic. So let me move on to other options.

Let the rich - wherever they are - pay death duties

The world contains just under 10 million so-called HNIs or "high net worth individuals": lucky people worth \$1+ million in capital assets excluding housing and consumption items. Their combined capital asset will reach \$51 trillion by 2011 according to the most recent World Wealth Report 2007 (<http://www.us.capgemini.com>) just in time to fund bold, new, post-Copenhagen or post-Kyoto climate change programs.

Assuming each individual fortune is taxed every 25 years, a 50 per cent estate tax on this small treasure would raise around \$1 trillion pa. How convenient is that? You

would almost think this a match made in heaven! There's no obstacle here that political creativity and courage can't overcome. That doesn't mean the rich won't fight it. They will ... and that's why political courage is needed.

One third of HNI assets belong to millionaires in the developing world - yes there's concentrated elite money there too. From the point of view of isolating capacity to pay, this makes estate taxes a much more precise instrument. Making proper allowances for the poor in the developing world is one thing, letting the rich there off the hook is altogether another. A global millionaire's estate tax works perfectly here too.

Forgiving Third World debt

Currently, the developing world transfers some \$380 billion annually to the developed world to service international debt. This money services a \$2.5 trillion debt. Returning this money or forgiving these punishing debts would liberate sufficient funds to pay for some 80 per cent of the developing world's clean energy make-over. Forget the rice and tortillas.

Even without further borrowing, interest payment will exceed \$16 trillion by 2050. This money, it has been extensively noted, could do many other good things too - ask Bob Geldorf. But if it were dedicated to climate change mitigation, modern debt financing instruments would enable it to finance the first 25 years of the developing world's clean energy refit. Is it smarter to bleed them to exhaustion and then demand their dinner as well? Is it civilised?

Trade reform

The developed world spends about \$350 billion annually in subsidising inefficient agricultural production. That can buy a lot of efficient and clean energy infrastructure as well as boost trade, development and self-help capacities in the developing world. To say nothing of ideological consistency and the integrity of the free trade argument.

Diverting defence budgets - weapons to windmills?

While this is an argument I am developing more fully elsewhere (see "Climate Change War or Climate Change Peace?" at www.postkyoto.org) it warrants brief summary form here. The world currently spends 2 per cent of annual GDP or \$1.3 trillion on its militaries - more than enough to finance global climate change mitigation. Of course some defence spending is necessary but a decade or so ago, the world managed with half as much. Did anyone feel more unsafe then?

World military spending has climbed so rapidly because it has been growing at the huge rate of 7 per cent per annum. Some of this involves preparation not just for more oil wars but for coming water and food wars as well. And this takes us to the threshold of another very big question, perhaps the biggest of all if we can bring ourselves to ask it: *are we going to devote more resources to fighting over diminishing planetary life support capacity than we are willing to spend on its protection and extension?*

As I write, and while the world's civilian publics remain silent on this matter, the world's militaries - both advanced and backward - are answering. In Africa and the Middle East they are already spilling blood. Elsewhere they are preparing in the name of coming climate change threats to national security.

This is absurd for a number of reasons. Fighting over life support capacity is more expensive than maintaining it. Beyond that, modern warfare, while it may deliver possession to the victor, often hastens destruction of the prize. We should not be surprised to learn that, war is bad for climate change. The world's defence machine, even when idling, is five times more carbon intensive than is the world civilian economy.

That said, green consciousness is now everywhere and I have seen serious Pentagon reports involving the search for less carbon intensive ways to kill. Hybrid tanks and solar power for military bases. That kind of thing. Good ideas are always infectious. But, hey, we can do better than that!

Finally, and this may be more critical still, war destroys social as well as natural capital. And, right now, we need the former as much as the latter. Diminishing social capital means diminishing capacity to co-operate, means less effective international climate change agreements. And so will we be trapped in complex downward spiralling synergies of our own careless making? What, for the sake of coffee and coke?

Conclusion

But if we can give a little, then, taken together, forsaken cups of coffee and the odd can of coke, death duties, debt forgiveness, trade reform and partial disarmament, together point to available surplus funds of about \$4 trillion - much of which is growing either under its own steam or driven by general economic growth. It also opens up vast new negotiating terrain and many opportunities for the exercise of constructive leverage. Even this very preliminary and incredibly hasty survey reveals that we can save the planet without poaching from the poor and we can do it even if the UN have seriously underestimated costs. Let me end on this up-beat note..