A GEOIST PERSPECTIVE ON COPENHAGEN

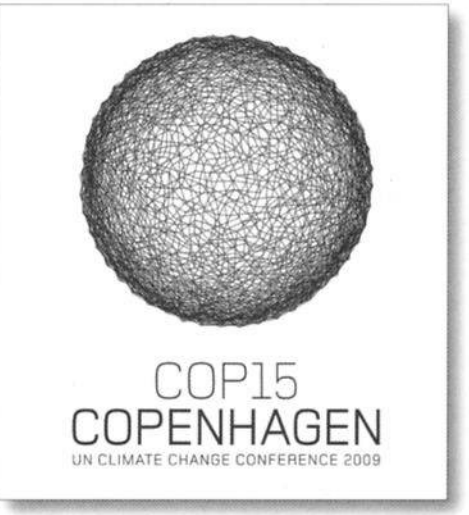
The failures and their remedies, by Karl Williams

Anyone could be excused for getting lost in the myriad of issues and disputes that arose during the U.N. Climate Change Conference over 12 December days in Copenhagen, the otherwise calm and charming capital of Denmark. Even the outcomes are heavily disputed, from claims that it will mark the end of human civilisation as we know it to chest-thumping cries of great victory for their nation and/or the planet's climate.

But "climate change" is a misleading euphemism, as is the alternative "global warming" – who doesn't like to be warm? "Climate chaos" is much closer to the mark, although I'll suffer the official language of the day for the sake of this article.

One widely-accepted definition of "dangerous climate change" is that it begins at a global temperature rise of 2°C. The Intergovernmental Panel on Climate Change (IPCC) recommends that to have a good chance of avoiding this definition of "dangerous climate change", developed countries cut emissions by at least 25% from 1990 levels by 2020, and that global emissions must peak and begin to decline by 2020 at the latest.

The non-binding Copenhagen agreement recognises the 2°C goal but does not endorse it. There is no peak year, and no collective target for cutting emissions. Indeed, with each passing climate update, we are realising that new measurements are in the upper range of previous predictions, and the time when critical and irreversible tipping points will be met and runaway climate chaos begins is much closer than we had feared. With a 0.7°C global temperature rise already upon us and, due to lags, another 0.6°C locked in, the planet may well be on track to a 3°C rather than a 2°C rise. Hold onto your hat, and make sure it's a wide-brimmed one.



So if the greatest assembly of scientists in history has made a series of ever-alarming warnings, why haven't the sovereign governments at Copenhagen made effective responses to human-induced climate chaos rather than the cheap words that constitute their "aspirational, target-focused, multilateral communiqués"? The answer isn't simple, but it boils down to a political system in which the players are focused on short-term reelection prospects, which is overseeing an economic system where polluters don't have to pay for the true cost of their activities.

Climate mitigation has a long track record of clear goals but little action, and the Bali Action Plan of December 2007 produced more heat-trapping hot air with little in the way of concrete results despite all nations – including the United States and China – having agreed to negotiate nationally-appropriate means to reduce emissions of heat-trapping gas. These actions and commitments were to be measurable, reportable and verifiable. Developed countries agreed to help reduce emissions in those developing nations least able to afford new technologies and economic modernization. This principle of common but differentiated responsibility based on respective capabilities was to guide the outcome of Copenhagen.

Let's then address the reasons why Copenhagen fundamentally failed.

COPENHAGEN PROBLEM 1:

The economic model being used by nearly all nations was fraught with difficulties, and largely ineffective.

Geoist Response: The cap and trade model, despite its many flaws, has been presented to citizenry and now the U.N. as a fait accompli, with very little real discussion about the alternative system of carbon taxing. Cap and trade is the cornerstone of "corporate environmentalism." It is one reason why large, well funded environmental organizations have sprung up and swamped the small but well established organizations which promote a clearly superior carbon tax.

Compared to the immense complexities of instituting a carbon trading scheme, carbon taxing is quick and painless – and do we have the luxury of waiting while the myriad details of a cap-and-trade system are resolved through lengthy negotiations? The taxes themselves can be designed and adopted quickly and fairly. Cap-and-trade systems, by contrast, are devilishly complex and key issues must be addressed intellectually and resolved politically; the proper level of the cap, timing, allowance allocations, certification procedures, standards for use of offsets, penalties, regional conflicts, the inevitable requests for exceptions by affected parties and a myriad of other complex issues must all be resolved before cap-and-trade systems can be implemented. During this time, polluters will continue to emit carbon with no cost consequences.

The ease of collection of carbon taxes stands in stark contrast. Taxes can be managed to charge only what is required to cause change, letting the market decide where the change would occur without the merry go round. The taxes should be applied at the few initial sources (points of extraction or origin) which make them relatively trouble-free to collect. This has the further advantage of sending price signals to all points downline in the production process, greening every aspect of manufacturing from extraction to the finished product.

The price to industry of carbon emissions will be predictable with taxing and highly volatile with trading. A carbon tax simply imposes a set tax for polluting based on the amount emitted, thus encouraging polluters to clean up and entrepreneurs to come up with alternatives. However cap-and-trade systems will aggravate the price volatility that historically has discouraged investments in less carbon-intensive products and processes. What's even worse are the perverse incentives with trading which arise when emission permits are given away based on some type of baseline reflecting past pollution (which has been the practice with many N2O and SO2 trading programs). That is, it's actually in the interests of present polluters to maximise emissions before the cap-and-trade system goes into effect in order to "earn" those pollution permits.

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The cap on emissions effectively destroys the integrity of voluntary purchases of renewable energy, whereas a tax drives action directly through emitters and in secondary voluntary markets as people use their choices to avoid the cost and contribute to national emissions reduction. On an international level, the availability of purchasing permits from impoverished nations does nothing to reduce global emissions – it just shifts the apparent emissions away from rich nations to poor.

The supposed primary advantage of cap-and-trade — that future levels of carbon emissions can be known ahead of time because of the cap that's set — is speculative, since most cap-and-trade systems under discussion include a "safety-valve" for auctioning off additional carbon allowances if the price of allowances exceeds a predetermined level.

Carbon taxes can be implemented with little opportunity for manipulation by special interests, while cap-and-trade's complexity and politicization opens it right up to self-perpetuating Enron-style exploitation by speculators, lawyers, lobbyists and other market players bent on maximizing their profits on each cap-and-trade transaction.

Carbon taxing is much easier to understand than cap-and-trading and – most importantly – the tax system is much more transparent. We certainly must have widespread understanding and public acceptance of any system which reduces emissions, and it's not difficult for the public to appreciate how the government can and should impose a tax per tonne of carbon emitted. Those who degrade climate stability should reimburse the rest of humanity in proportion to the damage and, downline, the purchasers of such damaging products and services should be sent those same price signals.

A free and fair market has a place, but not here. The control over climate-impacting natural resources should remain with our democratically-elected governments. If increasing (or, God save us, runaway) global temperatures require urgent carbon reductions, our governments can simply crank up the taxes on carbon emissions so that they rightly become practically unaffordable. With cap-and-trading, our governments have to go through the process of buying back permits that would have been certainly auctioned off for less (if not given away, Rudd-style!).

COPENHAGEN PROBLEM 2:

Intractable international disagreement on cutbacks, assistance and monitoring.

Geoist Response: Politics being politics, we could well conclude that a synchronised response by all nations to global climate threats is a pipe dream. Sure, we'd make some progress if all or even some rich nations made a grand gesture by offering to drastically cut carbon emissions without waiting for other developed or developing nations to do so first. It has even been speculated that if the Big Two, US and China (which account for almost half of all global emissions), agreed to apply across-the-board carbon fees and levy import duties on the carbon emissions associated with the production of all goods, then many other countries will fall into line.

But assistance is also needed – without aid from the world's leading economies, countries without developed markets and infrastructure will not be able to mitigate their contribution to climate change or adapt to its dangerous effects. Enabling other nations to address climate change is a matter both of environmental protection and global security. As the United States' chief climate negotiator, Todd Stern, observed, "This is not charity. It is squarely in our national interest to help ensure that all countries – not simply the ones that already have the necessary infrastructure and resources at their disposal – pursue a clean development pathway… the national security threats posed by climate change are real."

Despite these and other lofty statements, the fact of the matter is that self-serving and even populist nationalistic positions have been staked out, with frequent claims that other nations must make the financial sacrifices.

If policies are focused on where national emissions are produced, rather than where they are consumed, then we'd discourage the mining and exporting of the coal or petroleum in the first place. But if only a handful of exporting nations implemented such a policy they'd be at a competitive disadvantage, so such an approach only makes sense under a big-bang synchronised global response.

This kind of universal tax agreement has long been wanting with regard to aviation fuel used for international aviation which, with a few minor exceptions, has always been exempt of tax for want of worldwide cooperation. Although north west Europe is finally addressing the problem within their own little corner, the massive carbon footprint of untaxed international aviation will continue on its merry way for the foreseeable future – talk about going to Hell in a handbasket!

But let's take a big breath and step into the geoist paradigm where everyone should have the equal and common right to share in the fruits of the Earth – land and natural resources. We all like to hear those feelgood music lyrics about putting aside infantile nationalism and being "world citizens", but what does that really mean if some people enjoy much greater shares of the earth's wealth than others? What if we lived on a planet where the neoclassical commodification and outright ownership of natural resources was seen as an outrage of our core human rights? What if we were all fed, with our mothers' milk, the understanding that the way to share the Earth equitably is to have an economic system in which those who abuse or exclusively use the Common Wealth should reimburse the rest of us through paying fully-costed natural resource charges?

But why should this EarthSharing only apply within national boundaries, which boundaries are very often arbitrary if not forcefully imposed by the victors of war? Where's the justice in one person growing up dirt poor on the wrong side of an international boundary, the other side of which has its citizens enjoying the spoils of minerals, oil or other natural riches that they did nothing whatsoever to create? Why don't studies of ethics and philosophy address one of the very fundamental issues of human existence – that is, what rightly belongs to me and what belongs to society collectively? Today, so-called "property rights" horribly conflate land and capital that it's no wonder that we've ended up in such an economic and moral mess.

If the rent from natural resources was shared on a global basis, then there's no way that Copenhagen-style sovereignty obstacles could occur. Copenhagen got bogged down by China and India resisting what they consider potential intrusions on their sovereignty in order to monitor carbon emissions.

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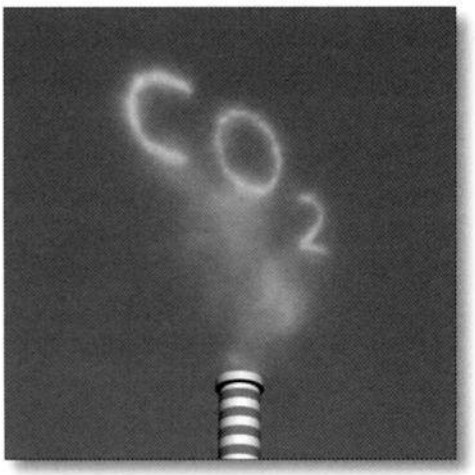
"What sovereignty"?! It's not really "their" land with which landholders should be able to do whatever they want! – the Earth belongs to all of us, and nations with greater natural advantages should have to effectively reimburse resource-poor or landlocked nations. If our economic systems conformed to this basic truth, then there would be much freer movement of immigration, almost no warlike temptation of territorial conquest or resource-grabbing, and no free reign to dam rivers to the exclusion of downstream nations. And no nation could pollute the Global Commons with impunity, and it certainly couldn't claim any

right to exclude international monitors on grounds of national sovereignty of "their" land. This is no dreamy nonsense but a precise sharing of the Earth's resources through a globalised application of our tax proposals, though this essay is not the place to elaborate in full as to the possible mechanisms of an international scheme.

COPENHAGEN PROBLEM 3:

Individual nations won't act to tax carbon emissions as they'll lose their international competitiveness

Geoist Response: Another great intractable problem that effectively scuttled proper solutions at Copenhagen is that nations won't compromise economic growth by losing industry competitiveness in the name of mitigating climate change. Under a non-synchronised approach, proposed emissions production models generate national concerns about loss of competitiveness, job losses and carbon leakage. Nations won't play or will only play dirty, via extensive policy exemptions, using these models.



With globalised geoist sanity, we could implement a big-bang synchronised global response to carbon emissions where we could realistically focus on where emissions are produced, rather than where they are consumed. Carbon taxes for, say, aviation fuel could be introduced globally, and ramped up if/when the threat of climate chaos appears to worsen in line with the true cost of the full effect of carbon emissions. In the event of a climate emergency, there would be no need to call another Copenhagen and endure endless delays (much less stalemates and grandstanding walkouts) as individual nations act in their own national interest and representatives in their own political interests, even at the possible cost of the end of life on Earth as we know it.

The so-called "tragedy of the commons" was claimed to be that common resources are plundered or degraded because they belong to nobody. We see this when, say, polluters dump toxins into the air or effluent into waterways. Natural resources charges prevent such free rides on nature and furthermore, when globalised to apply to climate resources that cross international boundaries, we can see the Global Commons transformed ..... from "nobody's resources" to "everybody's resources".

COPENHAGEN PROBLEM 4:

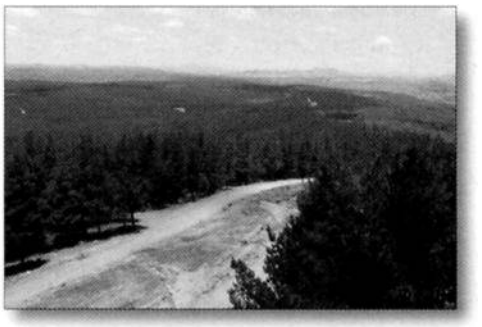
The knotty issue of reimbursing nations for preserving forest cover and thus aiding carbon sequestration

Geoist Response: At the moment, there is no conclusive solution or financial formula to the issue of how much compensation, if anything, a nation deserves for preserving some or all of its climate-friendly forest cover. Certainly it is in the world's interests to preserve forests, but there is a more compelling national self-interest to exploit their forests.

A program called REDD, for Reducing Emissions from Deforestation and Degradation, would pay poor countries to protect their forests. But the current draft includes no money for the program and no benchmarks to reduce deforestation. But if we can somehow arrive at an amount of compensation, from which nations should the money come? And if we can decide on this, then should the compensation be distributed evenly among the citizenry of the forest-preserving nation, or should those living in the forest provinces receive more compensation than the city-dwellers?

Again, as long as we are captive to the neoclassical paradigm which assigns individual or even national "property rights" over natural resources, we can never hope to solve the issue of proper compensation. But stepping into the geoist paradigm, the problem seems to evaporate!

Let's hear it again – the Earth is the equal and common inheritance of all humanity. Or, as Rousseau put it, "The fruits of the earth belong to us all, and the earth itself to nobody". Those nations "blessed" with forest resources don't really "own" them, just like those inhabitants of a forest have any no greater right to them than their nation's city-dwellers. Ownership through prior occupancy, as is espoused by politically-correct advocates of indigenous rights,



is a moral and logical nonsense. As true world citizens, no-one or no group would have the right (or the financial incentive) to exploit forests for short-term gain. All would share in the fruits of mineral, ocean, atmospheric and biological resources, and all would therefore be motivated to preserve them from over-exploitation.

But what should Copenhagen have adopted as a wise interim measure, given that EarthSharing is a political world away? The set of criteria that should have been factored into the compensation formula must have included:

- Of course, the value of climate services that a nation would provide to the world, given that it would refrain from exploiting its forests.
- An estimate of the income that the nation could have derived from

such exploitation.

- Historical factors which acknowledge how much or how little forest has already been preserved or lost since the Kyoto landmark of 1990, which is when all nations should have acknowledged the reality of human-caused climate chaos. But if the income derived from such recent exploitation has not enriched current citizens (through kleptocracy or other political misdeeds), then such citizens should not be penalised. However, this exemption should be conditional upon that nation having in place a proper democratic and transparent political system to ensure such misdeeds don't reoccur.
- Nations which can derive greater tourism potential, local climate moderation, better water catchments etc. from their preserved forests do not need as great a degree of compensation.

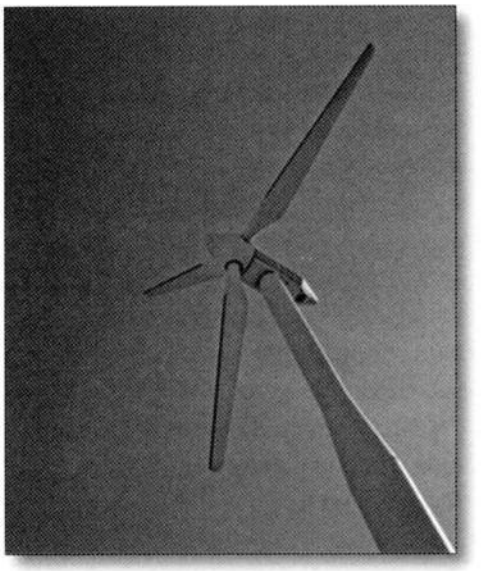
You get the picture, I'm sure. While there's no claim of formulaic exactitude in applying such criteria, it's certainly better than a wild guess. And even a wild guess is better than no guess at all, which is pretty much the present situation!

COPENHAGEN PROBLEM 5:

The ongoing tardiness in the adoption of clean, green alternative technologies

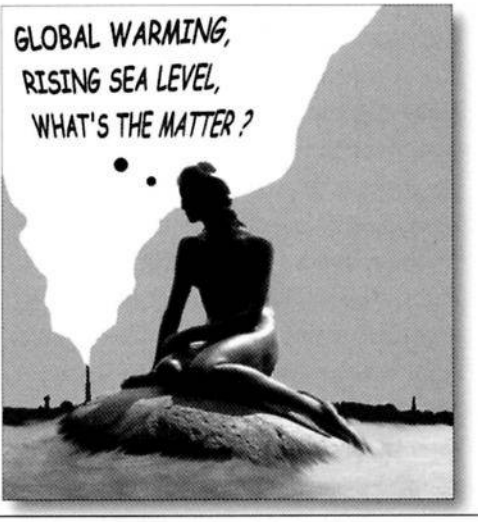
Geoist Response: As we've heard for decades now, creating a global solution to climate change requires the comprehensive deployment of existing clean energy technologies and investments in innovative research to construct a new energy economy.

Many well-meaning groups have been advocating hefty subsidies for green technology, but this is to ignore the hidden subsidies and privileges that have long been enjoyed by polluters and wastrels, which subsidies have effectively restrained the uptake of green technology. Once the true cost of the use and abuse of water, air, fish stocks,



forest resources, soil, biodiversity etc. is applied, suddenly there's a huge boost in incentives for the development of alternative technologies or processes which use natural resources much more efficiently. To subsidise such products and processes is a folly, for much green technology is still reliant on natural resources. Photovoltaic (solar) panels, for instance, have significant quantities of embodied electricity in their manufacture, and shouldn't be given a free ride on nature. If dirty electricity production is properly priced, solar panels should be able to gain proper market share on their merits.

If Copenhagen had adopted a significant, worldwide charge on carbon emissions (at least US$50 a tonne) then market mechanisms would leap into action in response. Patent rights for this technology would provide that incentive, although developed nations who have benefitted from past resource exploitation should provide such technology for free to developing nations as a form of compensation because of the historically-low carbon footprint of developing nations.



COPENHAGEN PROBLEM 6:

Improvements in per capita emissions are being undone by population growth.

Geoist Response: While all humanity has the right to share equally in natural resources, those rights have corresponding responsibilities to future generations to preserve those resources, which include climate stability.

The unseen elephant in the room is an insane population growth which can either be tempered by international agreement and the rule of law or by a lemming-like disaster. No nation, ethnic group or breeding couple has the "fundamental human right" to inflict on future generations more offspring than can be sustainably accommodated, regardless of personal, cultural or religious beliefs. Australia has already surpassed its sustainable carrying capacity of between 10 and 15 million, yet we have a prime minister who's gung-ho about increasing that to 35 million by 2050.

The curbs on unrestrained breeding aren't palatable, but preventing vast numbers of humans being born is somewhat preferable to runaway climate chaos where vast numbers of humans are killed. It is obviously better to achieve a lower birth rate voluntary (through a massive public education campaign) than through punitive measures.

At the very least, there should be no more "breeding subsidies" such as Peter Costello's Baby Bonus. Tax breaks for families with more than 2 children must cease. Concession prices/rates for children need to be reevaluated as part of a general recognition of the wealth transfer from responsible breeders to irresponsible breeders. We could even have a public debate whether those adults who forgo having children should be compensated in some form – it would surely start to undo the nonsense