

The Irrelevance of Climate-Gate, and the Political Economy of Climate Change

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ARJUN SINGH-MUCHELLE, DEC 14 2009

Inaugurated with the suffix ‘-Gate’ ought to bring abject shame to the noun in question; however, this is not the case in this instance. What this particular ‘-Gate’ has done is mar the scientists, not the science supporting climate change. There is an overwhelming international consensus that the science is robust, dynamic and sound. A better collection of words to precede this ‘-Gate’ would be ‘*Wag the Dog-Gate*’, as this is clearly a case of something of secondary importance improperly taking on the role of something of primary importance.

If there is no consensus on an international agreement on climate change, it will not be due to some irrelevant ‘-Gate’, but rather, due to the political economy of climate change.

Europe

The European Union requires an internationally-binding agreement on climate change and, in particular, the Kyoto Protocol, to ensure the viability of its institutional comparative advantage. Due to the *Mittlestand* traditionalism of the citizens of the Union, there is a stronger tendency towards quality competition between producers, rather than competition based on price; in other words, producers in the EU rely upon the willingness of consumers to pay higher prices for goods due to their higher quality in relation to goods produced in the other parts of the world.

Through enshrining an internationally-binding agreement on climate change, the EU is able to justify a high entry-barrier and non-tariff sanctions upon Third-Country producers who would otherwise undercut EU producers with lower-cost goods. Due to the added cost of adapting to more environment-friendly production for Third Country producers, this will increase the costs to the end-consumers. In this instance, the consumer decides as whether to purchase, for example, German produced widgets or Chinese produced widgets, on an equal footing of quality competition, rather than the former being undercut by the latter on price.

What is more, the higher or stronger the internationally-binding agreement, the more attractive to the EU. Moving to cut Greenhouse Gas emissions by 30% (base: 1990) by 2020, implies the introduction of even higher costs of production. This however, the Union has decided, shall only be enforced when other countries, such as the United States (the world’s largest per capita emitter and China (the world’s largest total emitter), to make similar pledges, in turn, further increasing the production costs of their producers.

Non-Annex 1

Non-Annex 1 countries require an internationally-binding agreement on climate for one reason: structural power. One of the two major groupings in the climate change debate are *Annex 1* countries, defined in the Kyoto Protocol as ‘industrialised countries that are members of the OECD...economies in transition [in Eastern Europe]’ and the like. The other group, malignly termed, *Non-Annex 1* countries include what loosely is recognised as the developing world, or countries such as China, India, Brazil, South Africa, the UAE, Qatar and Botswana. These groupings represent the ‘rulers’ and the ‘ruled’. Orwell, in 1984, wrote, ‘*a ruling group is a ruling group so long as it can nominate its own successors. Who wields power is not important, provided that the hierarchical structure remains*

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always the same.[1] Apart from raising questions on 'the other' and 'the self', the *Non-Annex 1* countries are the rulers, the *Annex 1* the ruled.

Due to industrialisation, even if the countries constituting the groupings change, it does not change the structural power of the *Non-Annex 1* countries. The very act of constituent change is irrelevant, as long as the 'hierarchical structure remains always the same'. Take the case of Malta; on 7 December 2009, Malta requested to move from being a *Non-Annex 1* country to an *Annex 1* country. This constituent change did not result in a seismic shift of power; were China or India to move from *Non-Annex 1* to *Annex 1*, this would not result in a seismic shift of structural power. This is because *Non-Annex 1* countries, under the framework constructed in the Kyoto Protocol, have secured a position of structural power.

Under the Kyoto Protocol and the Bali Action Plan, the *Annex 1* countries are included within the framework conventions and bear the brunt of responsibility to reduce their emissions and fund adaptation and mitigation in the *Non-Annex 1* countries, particularly, those countries identified as least developing countries and rapidly industrialising countries. The financing arrangements under the Kyoto Protocol allows *Non-Annex 1* countries the opportunity to benefit from not simply being net-recipients of finance, but to continue releasing emissions, albeit at a slower pace. Take for instance, China's or India's recent announcements on reducing their emissions in relation to intensity (i.e. emission reductions per capita), rather than in relation to total emissions. When measured on the former basis, Chinese emissions are one of the lowest among the *Non-Annex 1* countries, despite their emissions, in totality, being the largest in the world. Using a similar logic to the Chinese per capita definition, Russia has emissions that are lowest per hectare of land; Japan has emissions that are lowest per robot produced; and Australia has emissions that are lowest per surfer.

Although the Chinese and Indian propositions reduce emission releases per capita, in total terms, the emissions released by China and India shall continue to increase. These emissions, under the Kyoto Protocol framework, are to be traded-off by total emission reductions by *Annex 1* countries. It is of note that these growth-indexed limitations on emissions are still going to result in an overall global increase of emissions, albeit, to the benefit of *Non-Annex 1* countries.

The latter countries therefore, prefer to keep the structural framework of the Kyoto Protocol within any new internationally-binding legal instrument and require the latter to tie-in the *Annex 1* countries.[2] This is also why on 10 December 2009; the delegate of the G77 re-iterated that they wanted the United States to join the Kyoto Protocol at the Copenhagen Climate Change Conference.

United States

'You never change the existing reality by fighting it. Instead, create a new model that makes the old one obsolete.' The fateful words by Buckminster Fuller ring true for the case of the United States and its opposition to the Kyoto Protocol. In addition to imposing a heavy reductions burden, eradicating the Kyoto Protocol is in the interests of the United States due to three reasons: 1) the inferior structural position of *Annex 1* countries within the framework convention; 2) institutional comparative advantage; and 3) sovereignty.

On the inferior structural position of *Annex 1* countries, as mentioned previously and reiterated by the lead delegate from the United States on 9 December 2009, the US will not join the Kyoto Protocol due to a lack of any commitment – mechanism to lock in emission reductions from developing countries. As stated by the lead delegate from China on 10 December 2009, the Kyoto Protocol makes 'no stipulation on reductions for developing countries'. The justification of having no commitment – mechanism to lock in emission reductions from developing countries is intricately linked to the 'historical responsibilities' of developed countries. The United States however, sees things a little differently.

Echoing the sentiments of the US delegation, Willem Buiter of the LSE wrote, 'turning back the clock would be a great solution to many problems, unfortunately however, the past is a bygone...The stock of past emissions is not a choice variable or an instrument of policy. Only the flow of new emissions [may be considered an instrument for

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policy engineering]'.[3]

On its institutional comparative advantage, producers in the United States, much like their brothers and sisters in developing countries, compete in terms of price, not quality. By refusing to join the Kyoto Protocol, the United States sends a strong signal that their institutional comparative advantage cannot be compromised as their entire production schematic is based upon low-cost, mass production, as in countries such as China. By locking in the United States in an internationally-binding treaty, where the latter makes no comparable locking-in mechanism upon developing countries, reduces the institutional comparative advantage and the competitive-edge of the United States, in relation to developing countries.

Importance of an International Agreement

The importance of an international agreement oughtn't to be lost within the current noise emanating from the Copenhagen Climate Change Conference or the non-issue of Climate-Gate. An international agreement creates an institutional structure, purposefully tying the hands of all actors within a framework allowing for predictable actions, which in turn create credible, long-term commitments from all parties involved.

Tuvalu and other island countries most vulnerable to climate change, on 9 December 2009 split from the G77 & China group and suspended the plenary as they wanted a new Protocol that would introduce more stringent limitations upon not just *Annex 1* countries, but on *Non-Annex 1* countries as well. This is opposed by the *Non-Annex 1* countries as not only would the Tuvaluan proposal make binding reduction requirements upon them, but also would, in their opinion, retard their economic growth. Not only are the arguments of the other *Non-Annex 1* countries short-sighted and opportunistic, they are based upon current emission levels, rather than future expected levels.

The Tuvaluan proposition would amount to capping a global temperature increase to 1.5°C, rather than the currently accepted 2°C and greenhouse gas emissions to 350ppm CO₂-eq, as opposed to 380-390ppm CO₂-eq. Although this schism within the *Non-Annex 1* countries may seem opportune for the *Annex 1* countries, for the purposes of divide-and-rule, such tactics, within the context of the Kyoto Protocol cannot be achieved due to schisms within the *Annex 1* countries, with some being happy to accept the Kyoto Protocol and others wanting a new Protocol.

The issues of determining emission reductions go beyond the pedantic differentiations of 'per-capita' emissions versus 'total' emissions versus 'intensity' emissions. The force of greenhouse gas emissions is felt not just by citizens of country X or Y, but by everyone, irrelevant of national or cultural affiliations. Questions of sovereignty in the classic sense are of little use in the context of an issue transcending fictitious geo-political ambits. The full force of greenhouse gas emissions will not be felt by those living in relative comfort, rather, by those living on the opposite end of the spectrum. An agreement is nothing, apart from its force; and as Marcuse wrote, '*force is nothing, apart from its effect*'. [4]

[1] Orwell, George (1949), *Nineteen Eighty-Four*. London: MacMillan (Ch9, pg 2)

[2] There is however, an exception to this rule; Tuvalu, discussed later.

[3] Buiter, W (2009). *Does poverty give a country the right to pollute the atmosphere?* On-line Access: <http://blogs.ft.com/maverecon/2009/07/does-poverty-give-a-country-the-right-to-pollute-the-atmosphere/>. Last Accessed: 13 December 2009.

[4] Marcuse, H. (1941). *Reason & Revolution: Hegel & the Rise of Social Theory*. London: Oxford University Press (pg 109)

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