

Climate "Reparations"

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RODGER A PAYNE, DEC 1 2009

One of the critical issues facing Copenhagen negotiators is the amount of money (and technology) that will be transferred from wealthy states (who are responsible for the lion's share of past and current greenhouse gas emissions) to developing countries so that the latter won't burn fossil fuels and thereby create future emissions that could effectively cancel out any reductions achieved by rich states.

The same problem was faced (successfully) in the 1980s during the bargaining related to the Montreal Protocol, which essentially phased out CFC production in relatively short order. The Multilateral Fund has transferred billions of dollars over the years.

However, in the case of climate change compensation, developing state requests and affluent state offers are separated by a vast gap. Bolivian President Evo Morales has called for affluent states to transfer 1% of their GDP to developing states for what some activists call "climate reparations." That would amount to nearly \$700 billion annually. African states have more modestly asked for \$65 billion per year.

Affluent states, led by the UK and France, have proposed much smaller transfer amounts. French President Sarkozy originally proposed a \$3 billion per year fund, but he recently joined the 53 Commonwealth states in calling for a fund that would transfer \$10 billion annually from 2010 through 2012.

Japan has not yet announced specifics on its proposed "Hatoyama Initiative," but Japanese newspapers refer to EU cost estimates of nearly \$150 billion needed per year by 2020. The EU plans to transfer more than \$20 billion annually by 2020.

Exactly how much will be needed?

That cannot be answered with precision, of course, but there are a variety of estimates grounded in research. A group of scholars recently published results of research in a National Academy of Sciences outlet indicating that climate change resulting from rich state emissions will cost poor states something like \$2.3 Trillion over the course of this century. A World Bank study found that poor states will need \$75 to \$100 billion annually for the next 40 years. Oxfam International calls for a \$50 billion annual compensation fund.

So far, I have not seen any concrete numbers associated with potential US donations to a compensation fund, though I did recently read an op-ed that pointed out that "the entire sum required to buy off Third World opposition to carbon caps is around what we spent to bail out Fannie, Freddie, and AIG."

The U.S. has long said it won't go along with emission reduction targets unless states like China and India are likewise committed. China is now apparently on board and there are signs that India may deviate from its longstanding view that its participation in the climate regime depends on this compensation issue. India wants a permanent seat on the UN Security Council and may be willing to deal to get it.

The Copenhagen meeting begins next Monday.

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