

# IPCC Official: "Climate Policy Is Redistributing The World's Wealth"

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**Climate policy has almost nothing to do anymore with environmental protection, says the German economist and IPCC official Ottmar Edenhofer. The next world climate summit in Cancun is actually an economy summit during which the distribution of the world's resources will be negotiated.**

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Interview: Bernard Potter

**NZZ am Sonntag: Mr. Edenhofer, everybody concerned with climate protection demands emissions reductions. You now speak of "dangerous emissions reduction." What do you mean?**

Ottmar Edenhofer: So far economic growth has gone hand in hand with the growth of greenhouse gas emissions. One percent growth means one percent more emissions. The historic memory of mankind remembers: In order to get rich one has to burn coal, oil or gas. And therefore, the emerging economies fear CO2 emission limits.

**But everybody should take part in climate protection, otherwise it does not work.**

That is so easy to say. But particularly the industrialized countries have a system that relies almost exclusively on fossil fuels. There is no historical precedent and no region in the world that has decoupled its economic growth from emissions. Thus, you cannot expect that India or China will regard CO2 emissions reduction as a great idea. And it gets worse: We are in the midst of a renaissance of coal, because oil and gas (sic) have become more expensive, but coal has not. The emerging markets are building their cities and power plants for the next 70 years, as if there would be permanently no high CO 2 price.

**The new thing about your proposal for a Global Deal is the stress on the importance of development policy for climate policy. Until now, many think of aid when they hear development policies.**

That will change immediately if global emission rights are distributed. If this happens, on a per capita basis, then Africa will be the big winner, and huge amounts of money will flow there. This will have enormous implications for development policy. And it will raise the question if these countries can deal responsibly with so much money at all.

**That does not sound anymore like the climate policy that we know.**

Basically it's a big mistake to discuss climate policy separately from the major themes of globalization. The climate summit in Cancun at the end of the month is not a climate conference, but one of the largest economic conferences since the Second World War. Why? Because we have 11,000 gigatons of carbon in the coal reserves in the soil under our feet - and we must emit only 400 gigatons in the atmosphere if we want to keep the 2-degree target. 11 000 to 400 - there is no getting around the fact that most of the fossil reserves must remain in the soil.

**De facto, this means an expropriation of the countries with natural resources. This leads to a very different development from that which has been triggered by development policy.**

First of all, developed countries have basically expropriated the atmosphere of the world community. But one must say clearly that we redistribute de facto the world's wealth by climate policy. Obviously, the owners of coal and oil will not be enthusiastic about this. One has to free oneself from the illusion that international climate policy is environmental policy. This has almost nothing to do with environmental policy anymore, with problems such as deforestation or the ozone hole.

**Nevertheless, the environment is suffering from climate change - especially in the global south.**

It will be a lot to do with adaptation. But that just goes far beyond traditional development policy: We will see in Africa with climate change a decline in agricultural yields. But this can be avoided if the efficiency of production is increased - and especially if the African agricultural trade is embedded in the global economy. But for that we need to see that successful climate policy requires other global trade and financial policies.

**The great misunderstanding of the UN summit in Rio in 1992 is repeated in the climate policy: the developed countries talk about environment, the developing countries about development.**

It is even more complicated. In the 1980s, our local environmental problems were luxury problems for the developing countries. If you already fed and own a car, you can get concerned about acid rain. For China, the problem was how to get 600 million Chinese people in the middle class. Whether there was a coal power

plant or whether the labour standards in the coal mines were low was second priority - as it was here in the 19th Century.

**But the world has become smaller.**

Now something new happens: it is no longer just our luxury, our environment. Developing countries have realized that causes of climate change lie in the north and the consequences in the south. And in developed countries, we have realized that for a climate protection target of two degrees neither purely technical solutions nor life style change will be sufficient. The people here in Europe have the grotesque idea that shopping in the bio food store or electric cars will solve the problem. This is arrogant because the ecological footprint of our lifestyle has increased in the last 30 years, despite the eco-movement.

**You say that for successful climate policy a high degree of international cooperation is necessary. However this cooperation is not present.**

I share the scepticism. But do we have an alternative? Currently, there are three ideas how to avoid the difficult cooperation: We try unsafe experiments such as geo-engineering, focus on the development of clean and safe energy, or one trusts in regional and local solutions. However, there is no indication that any of these ideas solves the problem. We must want the cooperation, just as you work together for the regulation of financial markets.

**But unlike the financial crisis, in climate policy a country benefits if it does not join in.**

The financial crisis was an emergency operation - in the face of danger we behave more cooperatively. Such a thing will not happen in climate policy, because it will always remain questionable whether a specific event like a flood is a climate phenomenon. But there is always the risk that individual rationality leads to collective stupidity. Therefore, one cannot solve the climate problem alone, but it has to be linked to other problems. There must be penalties and incentives: global CO<sub>2</sub>-tariffs and technology transfer.

**In your new book you talk much about ethics. Do ethics play a role in climate negotiations?**

Ethics always play a role when it comes to power. China and Latin America, for example, always emphasize the historical responsibility of developed countries for climate change. This responsibility is not to deny, but it is also a strategic argument for these countries. I would accept the responsibility for the period since 1995 because we know since then, what is causing the greenhouse effect. To extend the responsibility to the industrial revolution is not ethically justified.

**Could we the ethics in order to break the gridlock?**

The book contains a parable: A group of hikers, who represent the world community, walks through a desert. The industrialized nations drink half of the water and then say generously: "Let us share the rest." The others reply: "This is not possible; you have already drunk half of the water. Let us talk first about your historical responsibility." I think if we are arguing about the water supply because we cannot agree on the ethical principles, then we will die of thirst. What we need to look for is an oasis that is the non-carbon global economy. It's about the common departure for this oasis.

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Transl. Philipp Mueller

*Ottmar Edenhofer was appointed as joint chair of Working Group 3 at the Twenty-Ninth Session of the Intergovernmental Panel on Climate Change (IPCC) in Geneva, Switzerland. The deputy director and chief economist of the Potsdam Institute for Climate Impact Research (PIK) and Professor of the Economics of Climate Change at the Berlin Institute of Technology will be co-chairing the Working Group "Mitigation of Climate Change" with Ramón Pichs Madruga from Cuba and Youba Sokona from Mali.*