

Abstract

Despite an enormous amount of work done to persuade the world of the dangers of climate change and the need for quick corrective action, there is little progress toward a global compact for managing climate change. In fact, there are some basic differences of perspectives on climate change policies between developed and developing countries which may bedevil future global agreements on climate change for quite some time. Among the reasons for these differences are the issues of historical responsibility for carbon emission by the developed countries, the need for lifestyle changes in both the developed and developing countries, suspicion in the developing countries about the motives of developed countries and too much focus of current discussions on the very long-term and global effects of climate change.

This paper presents an approach where the perspectives of the developing and developed countries are sought to be reconciled. A credible global compact for climate change must satisfy five criteria: it must be comprehensive, equitable, realistic, efficient and effective. Based on these criteria, it seems that the target of at least 50% reduction in CO₂ emissions by 2050 is unrealistic. A more realistic target is stabilization of CO₂ emissions at present levels until 2050 and a 50% reduction by 2100. With the target of per capita equality in CO₂ emissions by 2050 and allowing for developmental needs of the developing countries, this approach leads to a target of 5% annual reduction in carbon intensity of GDP for both the developed and developing countries. In terms of overall CO₂ emissions, this leads to a 3% annual decline in developed countries and a 1% annual increase in developing countries. The targets for the developed countries are mandatory in so far as they can be achieved by national action. For developing countries, the targets are conditional on receipt of funding and technology from international sources. The funding issue is crucial for a global agreement and there is no solution in sight on that count. The developed countries seem unwilling to make commitments on massive transfer of resources to developing countries for managing climate change and the latter are unwilling to make any commitments on emissions without such resource transfers. Clearly some innovative ideas are needed, one of which could be the use of seigniorage in global finance for funding the truly global public good of managing climate change.

Brief Profile

Dr. Ramgopal Agarwala did his B.A. and M.A. in Economics from Presidency College, Calcutta University in 1961 and his PH.D. in econometrics from Manchester University in 1966. He taught in the post-graduate Department of Economics of Calcutta University from 1961 to 1963. After doing macro-modeling for India, UK and Canada during 1963-1971, he joined the World Bank in Washington DC in 1971. He worked in various senior positions in the World Bank for 25 years with his last posting to Beijing as the chief economist of the World Bank in China. Since retirement in 1996 he has been working as consultant for the World Bank and Asian Development Bank and Senior Adviser in Research and Information System (RIS) for Developing Countries in New Delhi. He has

written several books covering the subjects of econometric model for India, rise of China, labor markets and social security in Asia and mainstreaming spirituality in development. He has written more than two dozen articles in learned journals which cover issues, among others of reforms of international financial architecture and climate change.