

THE GLOBAL GREEN NEW DEAL

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Voices of the South on Globalization is a monthly newsletter intended to inspire a meaningful North-South Dialogue by raising awareness for global interdependences and by offering a forum for voices from the South in the globalization debate. Each edition will present short analyses or commentaries from a Southern perspective on one particular issue of the globalization process.

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DOWN THE MEMORY LANE

When UN Secretary-General Ban Ki-moon called for a *Green New Deal* at the United Nations Climate Change Conference in Poznań last December, the uninitiated thought he was presenting a new concept that would work for all nations, rich as well as poor, in the face of both climate change and the global economy.

However, a walk down the memory lane would reveal that Mark Hertsgaard, an independent U.S. journalist, was (*probably!*) the first to plead for what he called a *Global Green Deal*: a programme to renovate our civilization environmentally from top to bottom in rich and poor countries alike. In an article for the Time Special Earthday 2000 Edition, he wrote: "Making use of both market incentives and government leadership, a 21st century Global Green Deal would do for environmental technologies what government and industry have recently done so well for computer and Internet technologies: launch their commercial takeoff."

Getting it done would take work, and before launching necessary action, there was need to understand three facts: First, there was no time to lose. Because while progress had been made in certain areas - air pollution was down in the U.S. - big environmental problems like climate change, water scarcity and species extinction were getting worse, and faster than ever. "Thus we have to change our ways profoundly - and very soon," Hertsgaard wrote.

Second, poverty was (*and is*) central to the problem. Because 4 billion of the planet's 6 billion people faced deprivation inconceivable to the wealthiest 1 billion. "To paraphrase Thomas Jefferson, nothing is more certainly written in the book of fate than that the bottom two-thirds of humanity will strive to improve their lot. As they demand adequate heat and food, not to mention cars and CD players, humanity's environmental footprint will grow," he argued. Therefore the challenge was to accommodate the mass ascent from poverty without wrecking the natural systems that make life possible.

Third: "Some good news: we have in hand most of the technologies needed to chart a new course. We know how to use oil, wood, water and other resources much more efficiently than we do now." Increased efficiency - doing more with less - will enable humankind to use fewer resources and produce less pollution per capita, buying it the time to bring solar power, hydrogen fuel cells and other futuristic technologies on line.

The Global Green Deal did not have to be solely an American project, however. China and India, with their gigantic populations and ambitious development plans, could by themselves doom everyone else to severe global warming. Already, China was the world's second largest producer of greenhouse gases (after the U.S.). But China would use 50 percent less coal if it simply installed energy-efficient technologies available already nine years ago.

Under the Global Green Deal, Europe, America and Japan would help China buy these technologies, not only because that would reduce global warming but also because it would create jobs and profits for workers and companies back home. (*Continued on page 6*)

UK EXPERTS SHOW WAY OUT OF THE CRISIS

Seventy-five years since President Roosevelt launched a New Deal to rescue the U.S. from financial crisis, a new group of experts in finance, energy and the environment came together last year to propose a *Green New Deal* for the UK.

Drawing inspiration from the tone of President Roosevelt's comprehensive response to the Great Depression of the 1930s, the group proposed a modernised version, a Green New Deal designed to power a renewables revolution, create thousands of green-collar jobs and rein in the distorting power of the finance sector while making more low-cost capital available for pressing priorities.

International in outlook, the Green New Deal requires action at local, national, regional and global levels. Focusing first on the specific needs of the UK, the Green New Deal outlines an interlocking programme of action that will require an ambitious legislative programme backed by a bold new alliance of industry, agriculture, labour and environmentalists.

Proposals set out in the Group's report include:

- Executing a bold new vision for a low-carbon energy system that will include making 'every building a power station'.
- Creating and training a 'carbon army' of workers to provide the human resources for a vast environmental reconstruction programme.
- Establishing an Oil Legacy Fund, paid for by a wind-fall tax on the profits of oil and gas companies as part of a wide-ranging package of financial innovations and incentives to assemble the tens of billions of pounds that need to be spent. These would also include Local Authority green bonds, green gilts and green family savings bonds. The monies raised would help deal with the effects of climate change and smooth the transition to a low-carbon economy.
- Ensuring more realistic fossil fuel prices that include the cost to the environment, and that are high enough to tackle climate change by creating economic incentives to drive efficiency and bring alternative fuels to market. This will provide funding for the Green New Deal and safety nets to those vulnerable to higher prices via rapidly rising carbon taxes and revenue from carbon trading.
- Minimising corporate tax evasion by clamping down on tax havens and corporate financial reporting. A range of measures including deducting tax at source for all income paid to financial institutions in tax havens would provide much-needed sources of public finance at a time when economic contraction is reducing conventional tax receipts.
- Re-regulating the domestic financial system. Inspired by reforms implemented in the 1930s, this would imply cutting interest rates across the board - including the reduction of the Bank of England's interest rate - and changes in debt-management policy to enable reductions in interest rates across all government borrowing. This is designed to help those borrowing to build a new energy and transport infrastructure. In parallel, to prevent inflation, they want to see much tighter regulation of the wider financial environment.

- Breaking up the discredited financial institutions that have needed so much public money to prop them up in the credit crunch last year. They want large banking and finance groups to be forcibly demerged. Further: Retail banking should be split from both corporate finance (merchant banking) and from securities dealing. The demerged units should then be split into smaller banks. Mega banks make mega mistakes that affect all. "Instead of institutions that are 'too big to fail', we need institutions that are small enough to fail without creating problems for depositors and the wider public."

- The Green New Deal Group urges the UK Government to take action at the international level to help build the orderly, well-regulated and supportive policy and financial environment that is required to restore economic stability and nurture environmental sustainability, including:

- Allowing all nations far greater autonomy over domestic monetary policy (interest rates and money supply) and fiscal policy (government spending and taxation).
- Setting a formal international target for atmospheric greenhouse gas concentrations that keeps future temperature rises as far below 2°C as possible.
- Giving poorer countries the opportunity to escape poverty without fuelling global warming by helping to finance massive investment in climate-change adaptation and renewable energy.

In this way the members of the Green New Deal Group hope to begin to stabilise the current crisis, and lay the foundations for the emergence of a set of resilient low carbon economies, rich in jobs and based on independent sources of energy supply. The Green New Deal hopes to rekindle a vital sense of purpose, restoring public trust and refocusing the use of capital on public priorities and sustainability. In this way it can also help deliver a wide range of social benefits that can greatly improve quality of life in the future. There is also an immediate imperative to restore some faith that society can survive the dreadful threats it now faces as a result of the triple crunch.

The Green New Deal Group includes: Larry Elliott, Economics Editor of the Guardian, Colin Hines, Co-Director of Finance for the Future, former head of Greenpeace International's Economics Unit, Tony Juniper, former Director of Friends of the Earth, Jeremy Leggett, founder and Chairman of Solarcentury and SolarAid, Caroline Lucas, Green Party MEP, Richard Murphy, Co-Director of Finance for the Future and Director, Tax Research LLP, Ann Pettifor, former head of the Jubilee 2000 debt relief campaign, Campaign Director of Operation Noah, Charles Secrett, Advisor on Sustainable Development, former Director of Friends of the Earth, Andrew Simms, Policy Director, nef (the new economics foundation). ☑

GORE'S STRONG PLEA FOR THE DEAL

Quick action is key to providing a strong negotiation stance at the UN Climate Change Conference in Copenhagen coming December, former U.S. vice president Al Gore testified before the Senate Committee on Foreign Relations on January 28. He urged the Congress to pass the American Recovery and Reinvestment Act of 2009 as a key stepping stone towards active participation in Copenhagen talks.

"The plan is unprecedented and critical investment in four key areas - energy efficiency, renewables, a unified national energy grid and the move to clean cars - represents an important down payment and is long overdue," he said. He also urged Congress to pass a cap-and-trade system for carbon emissions. "The U.S. will regain its credibility and enter the Copenhagen treaty talks with a renewed authority to lead the world in shaping a fair and effective treaty," added Gore.

Copenhagen will be a pivotal event, at which it is hoped United Nations members will be able to thrash out an international climate change policy to be implemented after 2012, which is when the Kyoto accord's commitment period expires.

The Act, which was passed by the House of Representatives on January 28, carved out 2 billion dollars for renewable energy and energy-efficiency projects, including 800 million dollars for biomass technology and 400 million dollars for geothermal. Some 6.2 billion dollar was set aside for the weatherisation assistance programme, and 1 billion has also been reserved for advanced battery development.

Following are excerpts from Al Gore's statement to the Senate Foreign Relations Committee: [. . .] We have arrived at a moment of decision. Our home - Earth - is in grave danger. What is at risk of being destroyed is not the planet itself, of course, but the conditions that have made it hospitable for human beings.

Moreover, we must face up to this urgent and unprecedented threat to the existence of our civilization at a time when our country must simultaneously solve two other worsening crises. Our economy is in its deepest recession since the 1930s. And our national security is endangered by a vicious terrorist network and the complex challenge of ending the war in Iraq honorably while winning the military and political struggle in Afghanistan.

As we search for solutions to all three of these challenges, it is becoming clearer that they are linked by a common thread - our dangerous over-reliance on carbon-based fuels. As long as we continue to send hundreds of billions of dollars for foreign oil - year after year - to the most dangerous and unstable regions of the world, our national security will continue to be at risk.

As long as we continue to allow our economy to remain shackled to the OPEC rollercoaster of rising and falling oil prices, our jobs and our way of life will remain at risk. Moreover, as the demand for oil worldwide grows rapidly over the longer term, even as the rate of new discoveries is falling, it is increasingly obvious that the

roller coaster is headed for a crash. And we're in the front car.

Most importantly, as long as we continue to depend on dirty fossil fuels like coal and oil to meet our energy needs, and dump 70 million tons of global warming pollution into the thin shell of atmosphere surrounding our planet, we move closer and closer to several dangerous tipping points which scientists have repeatedly warned will threaten to make it impossible for us to avoid irretrievable destruction of the conditions that make human civilization possible on this planet.

We're borrowing money from China to buy oil from the Persian Gulf to burn it in ways that destroy the planet. Every bit of that's got to change. [. . .]

Developing countries that were once reluctant to join in the first phases of a global response to the climate crisis have themselves now become leaders in demanding action and in taking bold steps on their own initiatives. Brazil has proposed an impressive new plan to halt the destructive deforestation in that nation. Indonesia has emerged as a new constructive force in the talks. And China's leaders have gained a strong understanding of the need for action and have already begun important new initiatives. [. . .]

The elements that I believe are key to a successful agreement in Copenhagen include:

- Strong targets and timetables from industrialized countries and differentiated but binding commitments from developing countries that put the entire world under a system with one commitment: to reduce emissions of carbon dioxide and other global warming pollutants that cause the climate crisis;
- The inclusion of deforestation, which alone accounts for twenty percent of the emissions that cause global warming;
- The addition of sinks including those from soils, principally from farmlands and grazing lands with appropriate methodologies and accounting. Farmers and ranchers in the U.S. and around the world need to know that they can be part of the solution;
- The assurance that developing countries will have access to mechanisms and resources that will help them adapt to the worst impacts of the climate crisis and technologies to solve the problem; and,
- A strong compliance and verification regime.

The road to Copenhagen is not easy, but we have traversed this ground before. We have negotiated the Montreal Protocol, a treaty to protect the ozone layer, and strengthened it to the point where we have banned most of the major substances that create the ozone hole over Antarctica. [. . .] ☑

UNEP REPORT EXHORTS G20 TO ACTION

The G20, comprising of the 20 largest developed and developing economies that meet in London in April, is the first opportunity to begin shaping a Global Green New Deal. Such a Deal can also set the stage for a successful outcome to the crucial UN climate change meeting in December in Copenhagen.

These are among the findings of the Global Green New Deal report, written in consultation with experts from over 25 UN bodies and external organizations including the OECD, the International Monetary Fund and the World Bank.

The report, *A Global Green New Deal*, commissioned on behalf of UNEP's Green Economy Initiative was written by Professor Edward B Barbier of the University of Wyoming. Prof. Barbier is a leading expert on the economics of sustainability, and co-authored with the late Prof. David Pearce, the landmark Blueprint for a Green Economy. Its findings, alongside those of the UNEP Year Book 2009, were presented February 16 to over 100 environment ministers attending UNEP's Governing Council/Global Ministerial Environment Forum in Nairobi.

"The Global Green New Deal report, part of the UNEP Green Economy initiative, is being presented here to ministers from the North and the South as an anti-dote to the current economic woes. It represents an opportunity to accelerate towards innovation-led, low carbon, low waste Green Economy societies with decent employment prospects for many more millions of people," said Achim Steiner, UN Under-Secretary General and UNEP Executive Director.

"Several economies, such as the United States; China; the Republic of Korea; Japan; Germany, Denmark, France and the United Kingdom are already earmarking parts of their multi-billion dollar stimulus packages for environmental investments. This report is designed to inform a public debate and perhaps assist those who may be unsure how to proceed so they too can turn crisis into opportunity," he added.

Steiner emphasized: "This agenda - this locomotive for sustainable development - is as relevant to developing and emerging economies as it is to industrialized ones. Greening the economy is as much about greening overseas development aid development; bilateral and multi-lateral assistance; south-south cooperation and direct foreign investment as it is about national investment."

Pavan Sukhdev, Project Leader of UNEP's Green Economy Initiative who is on secondment from Deutsche Bank, said: "Prof Barbier's report is the third in our ongoing stream of work to rethink economic models and target job growth in a world where leveraging 'Natural Capital' is both an increasing constraint and an untapped opportunity, and where failing to pursue sustainable development is no longer an option". He said the new report built on two earlier reports - the Interim Report on The Economics of Ecosystems and Biodiversity (TEEB) published in May 2008 and an initiative of the G8+5 and

the Green Jobs Report of September 2008. "Now 'A Global Green New Deal' brings this thinking to bear on the current economic crisis, with a focus and on the reflationary packages being planned to solve it. It shows how "green" components of stimulus packages together with appropriate policy changes may be used to restore job growth and achieve a more sustainable "green economy," he said.

According to Sukhdev, the new report demonstrates that "simultaneously targeting the triple goals of job creation, lower climate and ecological risk, and reduced poverty is not only possible but also desirable and timely".

"This report addresses both developed and developing world challenges. It recognizes that, in a highly globalized world economy in serious recession, the poor and the vulnerable are hit hardest, and makes useful suggestions to prevent worsening poverty," he said.

Rich array of options

The 154 page Global Green New Deal report outlines a rich array of options and actions available to countries at different points in their economic and developmental paths some of which can be undertaken nationally and others cooperatively at the regional and global level. The report shows that some countries are at the national level already exceeding, meeting or factoring some proportion of the one per cent suggested target.

The report counters the idea that renewable energy is the preserve of the well off economies. Small hydro-power, biomass and solar photovoltaics are already providing electricity, heat, water pumping and other activities for tens of millions of people in rural, developing country areas.

- 25 million developing country households now use bio-gas for cooking and lighting and 2.5 million developing country homes now use solar lighting systems.

- Indeed contrary to popular belief, developing economies account for 40 per cent of existing global renewable energy resource capacity, 70 per cent of solar water heater capacity and 45 per cent of bio fuels production.

- "Expansion of these existing sectors (in part by redirecting fossil fuel subsidies) will not only increase the availability and affordability of sustainable energy services for the world's poor but provide much needed (often local) employment opportunities," says the Global Green New Deal report.

- A dollar invested in clean water and sanitation in developing countries gives returns of between 5 and 11 dollars and in some cases up to 28 for some low-cost measures' benefits including reduced days spent away from work or from school, reduced costs to local health services and reduced costs in medicines as a result of falls in water borne diseases such as diarrhoea ☑

REDUCING ECOLOGICAL SCARCITY AND POVERTY

(Extracts from UNEP Report on Green New Deal)

There is a link between reducing ecological scarcity and improving the livelihoods of the poor. Ecological scarcity is the loss of myriad ecosystem benefits, or "services", as these systems are exploited for human use and economic activity. This scarcity problem is accelerating on a global scale, and is manifesting itself in the loss of many ecosystem services that are vital to the poor.

As the world economic crisis deepens and expands, it is the poor who are most vulnerable to the consequences, and increasing ecological scarcity adds further to this burden. Thus, a GGND (Global Green New Deal) must also tackle urgently the problem of extreme world poverty caused by rising ecological scarcity, as well as implement measures that more directly reduce the vulnerability of the world's poor.

This objective can be accomplished through several pathways.

Most developing economies and the majority of their populations depend directly on exploiting natural resources. For the foreseeable future, primary product exports will remain the main source of export earnings and savings that will facilitate the foreign direct investment, domestic private and public investment and international borrowing necessary for financing economic development. Ensuring sustainable income from primary production is not only essential for generating the necessary savings and revenues in the long run but also important to guarantee that sufficient financial flows are available for investment in the physical capital, infrastructure, skills, health services and educational opportunities necessary for long-term development. Encouraging more primary production from a country's natural resource endowment is not truly sustainable, however, unless it also alleviates the persistence of widespread poverty, especially rural poverty, and improves the economic livelihoods of the large numbers of people concentrated in fragile, resource-poor environments.

Three resource-dependent developing economies have shown progress with the first two objectives: Malaysia, Thailand and Botswana. All three countries managed to achieve a long-term investment rate exceeding 25 per cent of GDP and long-run average annual growth rates exceeding 4 per cent, which are investment and growth rates comparable to that of high income economies. Malaysia and Thailand have successfully diversified their economies through re-investing the financial gains from primary production for export. Botswana is a mineral-rich economy that developed favourable institutions and policies for managing its natural wealth and primary production for extensive economy-wide benefits.

Asking national governments of developing economies to implement policies, reforms and investments to improve the sustainability of primary production seems a tall order during a deepening global economic crisis. However, as argued by the World Bank, such a strategy is even more vital for resource-dependent developing

economies during a worldwide recession in which private investment flows and trade has declined. The main policy priorities should be improving the sustainability of primary production activities, with the aim of ensuring that they generate sufficient investible funds for diversifying the economy, building up human capital, and investing in social safety nets and other investments targeted at the poor. In addition, the failure to implement such policies worsens extreme poverty in developing economies and raises the costs of implementing these measures.

There are two ways in which a GGND can improve the livelihoods of the poor. The first is to provide financing directly, through involving the poor in payment for ecosystem services schemes and other measures that enhance the environments on which the poor depend. Wherever possible, the payment schemes should be designed to increase the participation of the poor, to reduce any negative impacts on nonparticipants while creating additional job opportunities for rural workers, and to provide technical assistance, access to inputs, credit and other support to encourage poor smallholders to adopt the desired land use practices. More effort must be devoted to designing projects and programmes that include the direct participation of the landless and near landless.

The second is to target investments directly to improving the livelihoods of the rural poor, thus reducing their dependence on exploiting environmental resources. For example, in Ecuador, Madagascar and Cambodia poverty maps have been developed to target public investments to geographically defined sub-groups of the population according to their relative poverty status, which could substantially improve the performance of the programmes in term of poverty alleviation. A World Bank study that examined 122 targeted programmes in 48 developing countries confirms their effectiveness in reducing poverty, if they are designed properly.

Targeting the poor is even more urgent during major economic crises. Under-investment in human capital and lack of access to financial credit are persistent problems for the extreme poor, especially in fragile environments. Low income households generate insufficient savings, suffer chronic indebtedness and rely on informal credit markets with high short-term interest rates. Two types of policies and investment programmes targeted to the poor are essential in these circumstances. The first is a comprehensive and targeted safety net that adequately insures the poor in time of crisis. The second is the maintenance, and if possible expansion, of long-term educational and health services targeted at the poor. ☑

DOWN THE MEMORY LANE

(Continued from page 1)

Hertsgaard argued that governments would not have to spend more money, only shift existing subsidies away from environmentally dead-end technologies like coal and nuclear power. "If even half the \$500 billion to \$900 billion in environmentally destructive subsidies now offered by the world's governments were redirected, the Global Green Deal would be off to a roaring start," he said. Governments needed to establish "rules of the road" so that market prices reflect the real social costs of clear-cut forests and other environmental abominations.

Again, such a shift could be revenue neutral. Higher taxes on, say, coal burning would be offset by cuts in payroll and profits taxes, thus encouraging jobs and investment while discouraging pollution. A portion of the revenues could be set aside to assure a just transition for workers and companies engaged in inherently anti-environmental activities like coal mining.

All this sounded easy enough on paper, but in the real world it was not so simple. Beneficiaries of the prevailing system - be they U.S. corporate-welfare recipients, redundant German coal miners, or cutthroat Asian logging interests - will resist.

"Which is why progress is unlikely absent a broader agenda of change, including real democracy: assuring the human rights of environmental activists and neutralizing the power of Big Money through campaign-finance reform," said journalist and author Hertsgaard, adding: "The Global Green Deal is no silver bullet. It can, however, buy us time to make the more deep-seated changes - in our often excessive appetites, in our curious belief that humans are the center of the universe, in our sheer numbers - that will be necessary to repair our relationship with our environment."

Hertsgaard's arguments seem to hold ground in the year 2009 when the support is growing for a Global New Green Deal in the international community.

The plea coincided with the 30th anniversary of Earth Day, triggered by U.S. Senator Gaylord Nelson in April 1970. Time's was the first global special edition in full awareness of the fact that no nation alone can defeat global warming or clean up the atmosphere and oceans. This special edition was the culmination of the Planet Heroes series - and much more. In those pages the readers met new heroes and heard bold ideas for preserving the planet offered by such distinguished conservationists as Edward O. Wilson and Richard Leakey.

They also got thoughts from two people who wielded great power in very different spheres of influence: President Bill Clinton and Leonardo Di Caprio. For the latest information on the deteriorating condition of the planet's ecosystems, contributor Eugene Linden got an exclusive advance look at a sweeping study to be released by two United Nations agencies in partnership with the World Bank and the World Resources Institute.

Equally significant milestone down the memory lane is the Earth Charter, a declaration of fundamental ethical principles for building a just, sustainable and peaceful global society in the 21st century. It seeks to inspire a new sense of global interdependence and shared

responsibility for the well-being of the whole human family, the greater community of life, and future generations. It is a vision of hope and a call to action, centrally concerned with the transition to sustainable ways of living and sustainable human development. Ecological integrity is one major theme.

However, the Charter recognizes that the goals of environmental protection, the eradication of poverty, equitable economic development, respect for human rights, democracy, and peace are interdependent and indivisible.

The idea of a Charter originated in 1987, when the UN World Commission on Environment and Development called for a new charter to guide the transition to sustainable development. In 1992, the need for a charter was urged by then Secretary General Boutros Boutros-Ghali at the Rio de Janeiro Earth Summit, but the time for such a declaration was not ripe.

The Rio Declaration became the statement of the achievable consensus at that time. In 1994, Maurice Strong (Chairman of the Earth Summit) and Mikhail Gorbachev, working through organizations they each founded (Earth Council and Green Cross International respectively), restarted the Earth Charter as a civil society initiative, with the help of the Government of the Netherlands.

The drafting of the text was overseen by the independent Earth Charter Commission, which was convened by Maurice Strong and Mikhail Gorbachev with the purpose of developing a global consensus on values and principles for a sustainable future. The Commission continues to serve as the steward of the Earth Charter text.

The Earth Charter was completed in March 2000 and launched in a ceremony at The Peace Palace in The Hague, Netherlands, on 29 June 2000. Queen Beatrix of the Netherlands attended the ceremony.

Its preamble says: "[. . .] as the world becomes increasingly interdependent and fragile, the future at once holds great peril and great promise. To move forward we must recognize that in the midst of a magnificent diversity of cultures and life forms we are one human family and one Earth community with a common destiny. We must join together to bring forth a sustainable global society founded on respect for nature, universal human rights, economic justice, and a culture of peace [. . .]."

- Ramesh Jaura