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**Joint Dialogue between GLOBE International
And the Club of Rome**

(Palace of Westminster, London, 26th and 27th January 2009)

**Framing 2009's Global Challenges in the Context of Global Economic Crisis:
Developing a Response to the Interconnected Challenges of Climate Change,
Energy Security, Ecosystems and Water**

**Summary of the Discussions
by Martin Lees, Secretary General, the Club of Rome (1)**

The Challenges

We have considered the multiple, interconnected challenges we face across a wide area, from climate change and energy security to economic restructuring and financial system reform. Governments are good at focusing on one priority issue at a time but we now face a number of challenges which are all hitting us at the same time. We must treat them through a coherent approach. We face potentially irreversible risks in the field of climate change and the degradation of ecosystems. And the discussion has made clear that climate change and ecosystems are linked together with the issues of energy security and fresh water and that we cannot deal with them separately.

In spite of all of the efforts we have made to tackle climate change through international negotiations, agreements and policies, emissions into the atmosphere are still increasing very rapidly. We are in fact going backwards on this issue. Limiting concentrations of Greenhouse Gases in the atmosphere at 450ppm will not guarantee that the rise in temperature will be limited to 2°C. There is in fact, only a 50% probability that at a concentration of 450ppm, the rise in temperature will be limited to 2°C. And this implies in any case a rise of around 4 degrees at the Greenland ice cap, and also, for example, in Switzerland.

We also know that the emissions we are pumping into the atmosphere are triggering what are called positive feedbacks, where the physical effects of a rise in temperature provoke a further rise. Once these positive feedbacks start to operate, which scientists increasingly consider to be the case, the emissions themselves will cease to be the core problem and we will be confronted by a much deeper problem which will be very difficult for us to control. On the basis of new scientific evidence from all over the world, a climate emergency is developing much faster than anticipated: governments and of course legislators should focus now on urgent action to prevent the climate system from reaching a tipping point beyond which it will not be possible to avert catastrophic climate change.

In the area of Ecosystems, it was broadly recognized by all the participants that humanity is already making demands on ecosystems far beyond the capability of our planet in the long run to supply what we are demanding. We are losing species at a rate one thousand times faster than the historic background rate. The impacts of human activities and waste on biodiversity imply that the ecosystem services on which we entirely depend are weakening. This unsustainable situation is partly driven by the fact that the vital services provided by the planet are not factored into calculations on economic growth or costs.

Note 1: This summary was presented at the close of the meeting and could not cover all the presentations and contributions made. It is intended to reflect the main ideas and opinions expressed to complement the Chairman's Statement which sets out the specific conclusions and recommendations.

The participants recognized also that we are overusing fresh water in many regions of the world, beyond the capacity that is available, and that the increase in use of water is growing faster all the time. It was proposed by Walter Fust that development policies should integrate this question of the availability and use of water into core policies for development.

This degradation of ecosystems and biodiversity, outlined by Jonathan Baillie, is accelerating. It is already having serious impacts on food security across the world, principally on the poor and disadvantaged. And the degradation of biodiversity coupled with the impacts of climate change and growing stresses on the supply of fresh water and productive land will accelerate in the absence of strong action - just at a time when we need to increase the provisions of food and water to meet the development needs of a rising population.

In this context of water, food security, ecosystems and climate, it was pointed out that demographic growth is an absolutely fundamental driver and that it will be intensely difficult to meet the needs of a population of 9 billion people by 2050. The conclusion was that the demographic issue, however sensitive and difficult it may be, must become again the focus of serious policy consideration.

A remarkable presentation was made by Ian Dunlop on the links of climate change to peak oil. He pointed out, as was broadly agreed, that we are at the end of the era of cheap energy and cheap oil in particular. The current reduction of economic activity has lowered energy prices for the time being, but the feeling is that, as soon as economic activities recover, then we will be back into very high price levels for oil. IEA projections for probable supply have been lowered considerably and we are not finding new reserves to make up for depletion. The limitations of reserves are not purely an economic issue: they arise for many reasons, which, in many cases are purely technical. Increases in price may not therefore trigger increases in supply. This is well known in the industry.

It was pointed out repeatedly that there are crucial links between climate and energy security: as we have seen, policies to address energy security can run counter to policies to contain climate change. In short the age of cheap oil is over, but we must be careful as we face limitations in the supply of oil with consequent increases in the price, not simply to increase the use of coal and other polluting energy sources, because that has additional damaging effects on the planet.

After considering this array of environmental and resource challenges, the meeting then focused on financial and economic issues. Drawing on a paper presented by Colin Bradford, it was pointed out that the financial crisis offers a unique opportunity to make structural changes in the global economy and to move onto a new path to achieve equitable and sustainable world development. We must find the proper balance between the role of the market and the role of government, after a period of 25 years when the role of the government was discredited coupled with excessive belief in the magic of the market place. In this debate, the role of government includes not only the executive branch: there is a particularly

important role for legislators as they respond to the needs and the aspirations of their citizens. And they must also provide leadership through the difficult processes of social and economic change.

In the new pattern of economy which is emerging, we must integrate environmental sustainability into the economic system and we must learn to respect not just economic factors, but also social, human and particularly natural capital factors. The path of economic growth is not determined: each society can choose its path of economic growth. The industrialised countries must put more emphasis on improving the quality of life and welfare and de-emphasising material consumption.

The major challenges in the fields of finance and the economy and also of climate, energy, ecosystems and water must be seen within the broader framework of world development as outlined by Ashok Khosla. We face a continuing and deteriorating crisis of development and poverty all the time. There are now around 2.4 Billion people living in real poverty and deprivation in a \$66 Trillion world economy while inequality in incomes and wealth is increasing both within and between countries.

Colin Bradford underlined that massive investments will be required to meet the present and future needs of a growing world population, not only in the energy area but in many other areas, such as clean water, sanitation, health, transport etc., and in general, to meet the Millennium Development Goals.

However, investment in all these areas is crippled by volatility in the world economy, particularly volatility of energy prices. To enhance investment flows, it will be necessary gradually to stabilise energy prices at levels which provide incentives for sustained, long-term investment. But this must be done in such a way as to ensure that the price mechanism selected does not exclude the poor who are not in a position to purchase the energy which is vital to their development. Eberhard von Koerber emphasised that the investments and technologies which are essential to resolve the crises we face must be deployed mainly by the private sector. There must be adequate stability and incentives to stimulate the sustained flows of investment and technology required.

The Responses

These then were the problems discussed; let me briefly review some of the responses.

Yvo de Boer emphasised four major points which are essential for international agreement in Copenhagen.

- 1 Industrialised countries must make a clear commitment to targets for reduction of their emissions.
2. Developing countries must establish appropriate national plans to reduce emissions, with financial and technological support from the rest of the world.
3. Industrialised countries should provide a stable source of funds and provide financial and technological assistance to developing countries to reduce their emissions and to adapt to the inevitable impacts of climate change.
4. International governance structures must be established which give equal status to industrialised and developing countries in decisions on the arrangements for this financial and technological cooperation.

It is often the case that governments move funds from one pocket to another, but in this case poverty alleviation must continue while funds are provided for the reduction of emissions. He pointed out that the position of the developing countries on these issues is that their efforts must be, to a degree, conditional on financial and technological support from the North. This was also underlined by Professor Zhao from China.

The reform of the financial system should be conceived in a way which will support the restructuring of national economies across the world onto a low carbon path. Walter Fust added a further perspective, that any agreement on a post-Kyoto Treaty must also include elements of “climate justice” because of the nature and origins of the climate problem largely brought about by the industrialised countries. Unless there is some clear justice in the deal in Copenhagen, the agreement will not have the necessary support. He also pointed out that the social dimensions of the impacts of climate change are not yet the focus of policy, as of course they should be. Climate refugees and forced migration are crucial questions which should be put onto the international agenda.

Following a presentation by Colin Bradford, the meeting focused on the issues of global governance. Broadly, we are trying to solve 21st century problems with 20th century tools. There will need to be a substantial reform and rethinking of our institutional mechanisms. In this connection the G20 was the focus of discussion as a potential new framework for international agreement. While the geographical and political coverage of the G20 is one very important factor, the other is sectoral coverage. Those who have worked in government or international institutions know that the responsibilities of finance ministers are usually very specifically defined. It is therefore crucial, in the sense of the discussions of the meeting, that the G20 should be able to take on board the broader perspectives needed to address the array of issues confronting the world community.

In addition to the issues of international architecture, the importance was underlined of convincing the public, the business community and the media of the need to move on these issues in the interests of the future. In this respect the key roles of legislators was again pointed out and the role of education was repeatedly emphasised also.

It was pointed out during the discussion that there are many opportunities for early and rapid “win-win” action besides the longer term negotiations, including incentives and targets to guide industries onto a different path. The potential of energy efficiency and conservation was stressed: for example, half of all the buildings to be built in the world by 2015 will be built in China. If they are built efficiently this will have a major positive impact on emissions: if they are built inefficiently, the climate will be affected for decades to come.

The possibility of rapidly deploying existing technologies was also stressed: not waiting for new research and development but benefiting on an expanded scale from what is already available.

In conclusion therefore we have three broad choices: we could focus on financial and economic issues first, and delay our response to the other crises. This could lead to irreversible consequences in regard to climate and ecosystems. Alternatively, we can try to resolve the various crises in parallel and pretend that they are not connected. Such disconnected responses will fail to resolve the fundamental problems. Or third, the broad consensus of the meeting is that we must develop a coherent strategy for equitable, low-carbon, energy efficient and sustainable growth to address the underlying causes of the crises. We can in effect take advantage of the financial crisis and the decline in economic activity to re-orient economic and social progress onto a new path.

Finally, a further essential conclusion from this diagnosis of the problems faced by the world community at the start of the 21st century, underlined by many participants, is that profound changes are needed in what Colin Bradford called our “mind set” so that we begin to see and to act on these problems in a more coherent, integrated way.

As one track in the follow up to this meeting, the Club of Rome will convene a small expert conference in Austria in April to take these ideas further. This will develop specific insights and proposals, together with GLOBE, which will be available for consideration in June at the GLOBE Assembly.