

“Economy is curable but ecology may not be...”

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Economy is curable definitely and the world is applying prescriptions like near zero interest policy and near perfect Keynesian spending policy.

But this time it is more than just Keynesian but it is aiming to establish a new infrastructure both institutional and physical which is capable to sustain sustainable growth over the next decades and capable to transform the whole system into a new eco-friendly and climate friendly.

In short, the global economy is in its way to get recovered from the crisis by traversing the road to a low carbon and sustainable growth.

I might call this Green Keynesian. In my view the top Green Keynesian country is China. So hopefully the world economy would be eventually rescued before it plunged to the catastrophe.

Ecology is more serious. It may not be curable if we don't act decisively in time and with urgency. It may get out of our control and the world can plunge into a catastrophe.

The big difference between economy and ecology is that in economy we can talk about things like 2 years for the end of crisis, whilst on ecology no one is sure whether we can rescue the planet just in time.

Prescriptions are there certainly but people tend to apply those prescriptions only if others do, because most of those prescriptions are considered as growth constraining.

Here comes a new concept of green new deal. The more you go green and clean, you are better off in terms of growth, competitiveness, job and technology development and above all, you are far better off in your energy security.

It is in the interest of all countries to go to a low carbon economy. It is no time for any one to wait and see how much your neighbors do or do not do. The more you do and take all those prescriptions, you are likelier to win the battle of globalization and contribute to rescue the planet.

The third thing I like to talk is about how to ensure climate rescue. There are discussions but no decision has been reached as to what exactly we are going to do to ensure the solutions.

Copenhagen may succeed in creating a new robust momentum in the global climate efforts. Yet, much will remain to be done. The timing of the US's domestic legislation is unknown. Major developing countries have yet to come much to the fore. Most probably, we must look at post-Copenhagen.

And if the international community rises up to the challenge of climate change and mobilizes global efforts of this magnitude, we must ensure success. Definitely we must avoid catastrophe. Half-minded efforts are not a good strategy. It is almost like

former President Bush saying, “Are you with us or with them?”

If we fight against climate change, we have to win it. So the question we have to ask is, are we here to save it or lose it? If Copenhagen does not provide an answer, the post Copenhagen must. And the answer must be, “yes, we are here to save it”. Hence our search for the surest solution.

The surest recipe to achieve climate stability is to cap global GHG emissions with descending firm lid for decades to come.

Critically, nations must agree to cap global emissions (not national emissions nor companies’ specific emissions) so as to stabilize the climate by 2050.

And then, the cheapest recipe is to allow the abatement to take place wherever it is cheapest. These two requirements designate a global emission trading system with a strict descending world cap as the only plausible way forward. A global emissions trading system which would create a single common carbon price world-wide so that the price signal does all the tricks. A technology development treaty will greatly help enhance this recipe.

This may sound a bit like a fantasy. Yet momentum is gathering. The EU has announced that they aim to have emission trading systems linked amongst OECD countries by 2015. They say that a global ETS would be established by 2020. The EU says they would soon start a series of design consultations with interested parties including the US. See the EU communication of Jan.28, 2009.

China is yet another case in point. At Poznan last year a group of Chinese experts presented a new concept of global carbon budget and that the budget which goes below 50% reduction globally be

internationally traded on the basis of historical cumulative per capita emissions.

Whether it is on the basis of historical per capita or otherwise is a secondary issue. What is critically important is that even in China there are new discussions starting, with an apparent acquiescence of the authority, on capping globally and trading globally.

And then there is a school of prominent experts and political leaders who argue strongly for the globalized carbon market, Tony Blair, Sir Nicholas Stern and many others.

So let us hope that the day of reckoning would come to the planetary issue of climate change and hope that we can say, “ecology is curable just like economy is”.

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