

Financial crisis and climate finance

Environmentalists now wonder if such massive amounts of money can be mobilised at such short notice to stem the financial crisis. A fraction of it can perhaps be mobilised to tackle a more permanent and potentially more fatal climate crisis.

MIZAN R. KHAN

THE financial crisis is already manifesting its impact particularly on downsizing economic activities. Even with the huge rescue packages amounting to a few trillion dollars, there are speculations about its impact. In such a critical time, climate change negotiations are entering into a crucial phase, leading to COP-15 of the UNFCCC in Copenhagen in December 2009. As is known, COP-15 is expected to cobble a new climate architecture.

Environmentalists now wonder if such massive amounts of money can be mobilised at such short notice to stem the financial crisis. A fraction of it can perhaps be mobilised to tackle a more permanent and potentially more fatal climate crisis. However, there are differing opinions about the impact of the crisis to fund climate change projects and programs.

Obama, the US, and Green Technology

As Presidential candidate a year before, Obama had called climate change a priority. Before the election, he pledged cutting US emissions by 2020 and deepening them by 2050, with large-scale

application of the cap-and-trade system in the US. Later, President Obama spoke of creating millions of "green-collar" jobs through a massive investment of \$150 billion over the next decade in renewable energy projects. The selection of Nobel Laureate Steven Chu as Obama's Energy Secretary is a clear signal that the US President is serious about energy efficiency and renewable energy. Previously, Chu helped pioneer research on energy efficiency, solar energy, and cellulosic "second generation" biofuels. Last year, Chu announced a \$500 million deal with BP to fund a new Energy Biosciences Institute at Berkeley. So the new Energy Secretary is expected to work out Obama's campaign promise to establish "a new digital grid... to make effective use of renewable energy." Estimates show that utilities providing natural gas and electricity employ up to 5 jobs for every \$1 million of spending, but renewable energy and energy-efficiency improvements support twice as many 8 to 13 jobs with the same spending.

A study by McKinsey & Company last year documented large opportunities to reduce US emissions by 2030 with a negative cost -- meaning that these represent investment opportunities that would increase the productivity of the US economy. Experts at the University of

California-Berkeley recently documented that more than 1.5 million jobs were created in California by aggressive clean energy policies adopted by the state between 1972 and 2006. So the amount of sacrifice involved in reducing GHG emissions can vastly be reduced by conscious action to access the cheapest, but cleanest energy.

Green technology has enormously benefited from the sky-high price of crude oil in recent years, which has made renewable energy like wind, solar and biomass-based power generation cheaper by comparison. But the collapse in crude prices to below \$60 a barrel represents a threat to the renewables, and there are signs of go-slow in the sector. Already British energy giants BP and Shell have signaled a pullback from renewable projects in Britain.

The question of climate finance

Other crises being ephemeral, the climate crisis is a permanent threat for the globe. But the US and West European governments have committed public money many orders of magnitude more to pay for the greed of the rich than the little commitments of few hundred million dollars made over the next several years to help the poorest in the developing countries adapt to climate change impacts! The EU -- the most ambitious of the economic powers on climate change -- indicates that it will not weaken on its pledges. Time will only show!

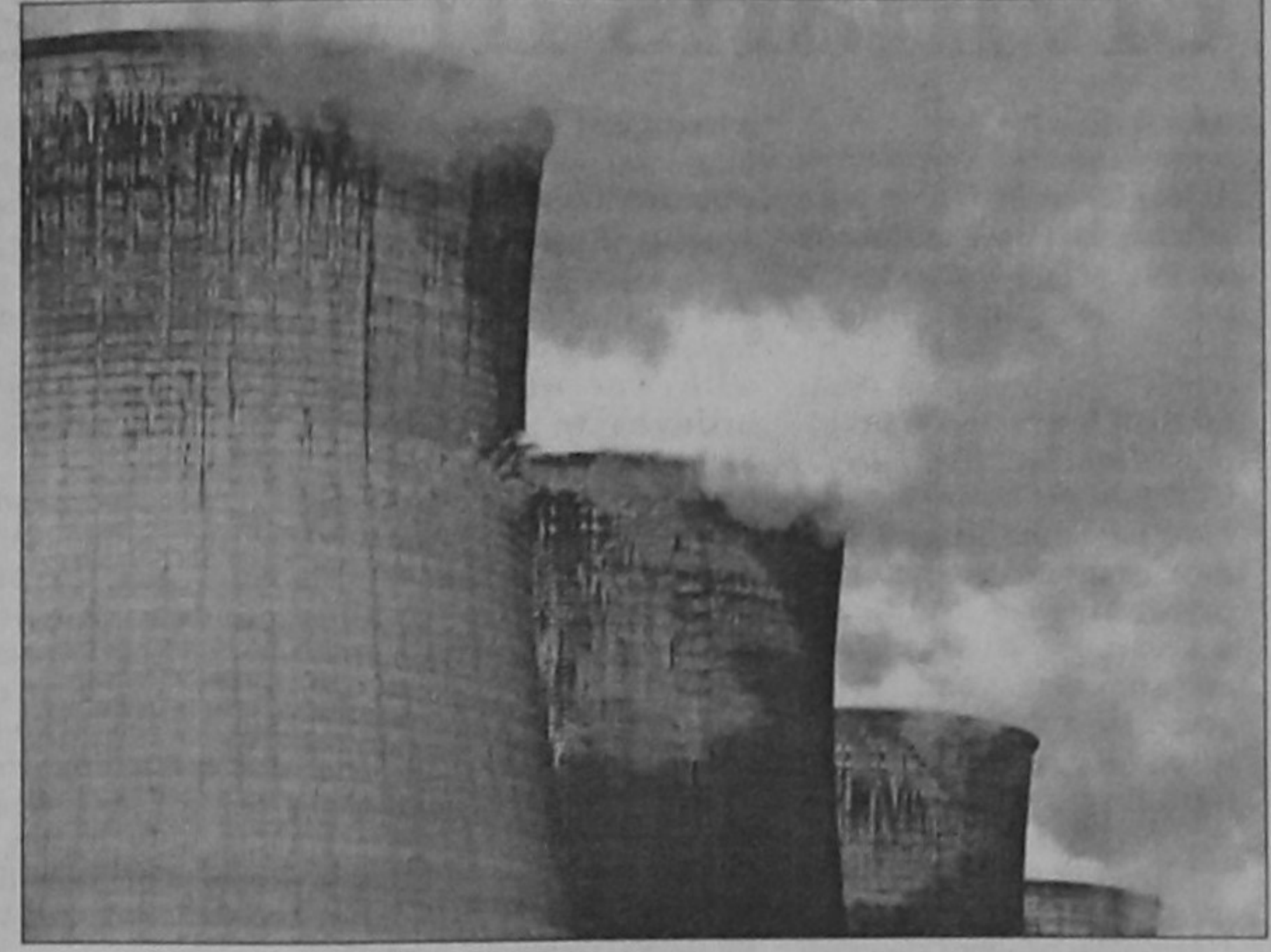
What is needed for the purpose is the global application of the accepted principle of the Climate Convention -- the common but differentiated responsibility (CBDR) based on respective capability (Article 3.1). The Swedish Environmental

Institute and the Danish Church Aid distributed a book during the COP-14 in Poznan, called Greenhouse Development Right. There they have worked out some indicators of contribution towards climate finance based on this responsibility and capability mechanism. The corollary of CBDR is the Polluter-Pays-Principle (PPP) for internalisation of a negative externality like carbon emission. This PPP is applied within the OECD countries.

The contradiction is that the industrial market economies, led by the US (the lone holdout of the Kyoto Protocol), constantly advocate the application of market instruments in managing the economic affairs of the developing world, but they themselves don't accept the basic market instrument of internalisation of externality (impact of accumulated GHG emissions) for meeting the challenge of climate change.

The amount of money needed for the purpose is not astronomical. The authoritative Stern Review estimates that inaction would cost 5% to 20% of global GDP, but action now will cost only about 1% of it. Estimates in Japan also put a similar figure of around 1% of its GDP for Japan to be on a low-carbon path. This equals a global average extra cost of about \$0.02 per kilowatt hour of electricity, or \$0.25 per gallon of gasoline. UNFCCC estimates about \$200 billion as the need to return GHG emissions to current levels in 2030. This is even less than 0.5% global GDP or much less than 2% of the global investment.

Virtually, there are three avenues of financing for a low-carbon society: 1) pricing of carbon, 2) mobilisation of funding for clean technology from polluting activities, such as a levy from aviation,



Energy efficiency and renewable energy is a priority for the US

and 3) international cooperation. Carbon price is the most important: making those who emit carbon pay for the use of the atmospheric, terrestrial and marine carbon sinks they appropriate with those emissions -- and for the costs of the climate disruption they cause -- will accelerate the transition away from fossil fuels and make the overall global economy fairer and more efficient. Instead of taxing carbon, which is politically very sensitive, the cap-and-trade of carbon globally can mobilise the needed amount of financial resources. Tighter emission reduction target will lead to scarcity of carbon allowances, driving their prices up. But it is totally uncertain yet what

would be the agreed outcome in Copenhagen. In Poznan where this author attended as a member of the Bangladesh delegation, the European Union pushed for a 20% reduction of GHG emissions by 2020, compared to 1990. Will Barack Obama steer the boat to the right direction? Let this new US live by its core value of market principles for managing economic life, as well as for mobilising the sorely-needed carbon finance for arresting the human-induced climate change.

Prof. Mizan R. Khan is the Chairperson, Dept of Environmental Science and Management, North South University.

Can leftists retain West Bengal as their citadel?

Battle lines are clearly drawn in West Bengal with Congress-Trinamul seeking to reverse the trend while the left are desperate to retain the citadel. Whatever be the outcome, the leftists, known for their clean and dedicated politics, are a bit worried about the outcome of the 2009 elections.

ZAGLUL AHMED CHOWDHURY

INDIA, world's largest democracy, has begun voting for national elections in a phased manner from April 16 and the polls have generated widespread interest not only in India, but also in the region and far beyond for obvious reasons.

Understandably, the elections have become a subject of discussions and analyses in Bangladesh as well; for a variety of factors. But an interesting feature of the Indian elections, as far as Bangladesh is concerned, is the scenario in West Bengal state with which this country has manifold cultural and other similarities in addition to geographical proximity. As such, the political developments in West Bengal have always been a matter of immense interest in Bangladesh.

Among the Indian states, West Bengal is considered somewhat different in a positive sense and definitely politically advanced, echoing Gokhale's famous comment: What Bengal thinks today, rest of India does it tomorrow. The state was a stronghold for many years of the Indian National Congress that spearheaded country's independence movement from the British rule.

However, it was one of the two Indian states along with southern Kerala that changed the Congress pattern of politics by demonstrating more mature and progressive ideas in the governance of the people.

While the ruling in Kerala is generally swapped between the leftists and their nemesis Congress-led allies through elections, West Bengal remained the uninterrupted citadel of the leftists for

more than thirty years. Indeed, it is extraordinary in the sense that nowhere in the contemporary world have the communists succeeded in retaining power in multi-party electoral system through several elections.

The leftists have maintained their command in the state in both lower house of federal parliament (Lok Sabha) and the provincial (state) Vidhanshabha. This makes West Bengal entirely different from the rest of India, regardless of the fact that the communists have suffered setbacks in the international arena following the collapse of the former communist giant Soviet Union.

Although not a sovereign country but a component state of India, West Bengal has been serving as a beacon light of inspiration for the leftists across the world because of their undiminished ascendancy in the state. The ruling Left Front, headed by the communist party of India (Marxist), have so far weathered frequent political assaults from the Congress -- which is no longer a force to reckon with in the state -- and more particularly from its breakaway faction "Trinamul Congress" led by firebrand leader Mamta Banerjee.

Mamta had parted ways with main-

stream Congress several years ago maintaining her own identity opposing both Congress and the leftists. She had even joined hands with the conservative BJP-led national democratic alliance (NDA) and became a powerful central minister, a post she quit later on.

But this time, a new electoral alliance comprising the Congress of Sonia Gandhi and Mamta's "Trinamul Congress", has emerged as a potential threat to the communist domination in West Bengal, and many eyes are fixed on the outcome of the state particularly for this factor.

The performance of Trinamul in 2004, however, was quite disappointing compared to its earlier record since its emergence as a West Bengal based party. Mamta, despite her credentials as secular, was allied with the BJP, widely seen as communal. It was precisely for this reason that she cut a sorry figure in last polls. Now in 2009, the scenario is different with Congress and Trinamul combine posing a serious challenge to the ruling Left Front.

A variety of factors appear to be contributing to a likely setback for the leftists, including their role in vehemently opposing the government in the much talked about Indo-US civilian nuclear deal, which most Indians seem to be support-

ing even though it is not above controversy.

The small car project of the Tatas in the Nandigram had to be abandoned by the left government in face of agitation mainly by Mamta's party and, here too, it is believed that Mamta scored over the state government. She argued that land of farmers meant for agriculture can not be used for industrialisation which the state government favoured.

Besides, the communists have been in power in the state for long and the incumbency factor, which they have fought successfully in the successive polls, is now coming against them. But it is also true that the overall record of governance is seen as beneficial for the people.

West Bengal goes to polls from April 30 and, as such, the current month will see hectic electioneering for both the main rivals. Mamta has already fanned out across the state as the main campaigner for the alliance. Sonia Gandhi and her son Rahul Gandhi -- main crowd puller for the Congress -- will also campaign in West Bengal.

For the communists, in the absence of the active participation by charismatic but nonagenarian former chief minister Jyoti Basu in the election field because of health

ground, the task has fallen mainly on chief minister Buddhadev Bhattacharaya while central CPM leaders Prakash Karat and his wife Brinda Karat are also being engaged in the electioneering.

Among the notable Congress leaders, external affairs minister Pranab Mukherjee is seeking re-election from the Jangipur constituency while the leftists are making every bid to prevent his victory this time. Another Congress stalwart Priya Ranjan Dasmunshi is not in the fray as he is badly ill and his wife is seeking elections. Several left heavyweights are feeling threatened this time even though the communists are still very dominant in the state.

Battle lines are clearly drawn in West Bengal with Congress-Trinamul seeking to reverse the trend while the left are desperate to retain the citadel. Whatever be the outcome, the leftists, known for their clean and dedicated politics, are a bit worried about the outcome of the 2009 elections in the face of determined by the Congress and Trinamul alliance although they are confident to retain the unassailable supremacy.

Zaglul Ahmed Chowdhury is a senior journalist and analyst on international affairs.

Facing communication gap?

The old US joint counterinsurgency policy ignored a regional political strategy and relied on Pakistan's military to deliver without understanding its security concerns. Unless the US takes Pakistani concerns fully on board, its single-minded attempt to defeat al Qaeda risks dragging US deep into Pakistan's quagmire.

HAIDER ALI HUSSEIN MULLICK

BREAKING away from Bush's goal of democratisation of the Islamic World, Obama has placed defeating the al Qaeda terrorist network at the centre of US's policy goal in Afghanistan and Pakistan.

While popular and logical from the American perspective, this approach fails to take into account the interest of US's indispensable ally Pakistan, which is concerned with not just al Qaeda, but also with what it sees as growing Indian influence in Afghanistan and the threat of subversion.

Recent interviews with senior Pakistani military officials make it clear that Pakistani cooperation will depend on the Obama administration's readiness to contain India's anti-Pakistani efforts in Afghanistan. What Pakistan demands as the price of its cooperation is a reversal of US policy that has tilted in favour of India. These demands offer US two stark options: work with Pakistan's security interest to defeat al Qaeda or be dragged into a quagmire with the nuclear-armed nation.

While US troop strength in Afghanistan has increased, US officials have repeatedly said that al Qaeda leadership is now located in Pakistan. How deep America

will go, and how it will choose between employing drone attacks or deploying troops in the pursuit of al Qaeda will depend on Pakistani cooperation.

Use of drone attacks on the border region is one thing, but US boots in Pakistan is an uncrossable "red line," as stated by the administration officials. If in the next 12-18 months US, Afghan and Pakistani militaries fail to reverse al-Qaida's gains -- and worse al Qaeda relocates deeper inside Pakistan and blends in in the cities away from the drone attacks -- the US could sanction extended drone attacks and Special Operations from bases in Afghanistan and Pakistan.

Al Qaeda is, in fact, already moving beyond the tribal areas, facilitated by local alliances and motivated by counterproductive Pakistani counterinsurgency tactics that alienate people through brute force.

In the past seven years while Pakistan made short-term political deals with the Taliban, al Qaeda and associates assassinated national leaders, bombed munitions factories, police training centres, mosques, and girls' schools.

While angering the US, Pakistan's duplicitous policy, meanwhile, has failed to achieve its legitimate national security goals -- that of fighting al Qaeda with the Americans, but maintaining its influence

in Kabul through pro-Pakistani Pashtuns as a safeguard against a precipitous US withdrawal and perceived threat from India in Afghanistan.

But why is this important? In the early years of the war that defeated the Taliban, leaders in Kabul failed to conciliate pro-Pakistan and moderate Taliban leaders, consistently ignoring their legitimate influence over southeast Afghans, thus increasing Islamabad's anxieties.

President Hamid Karzai gave India unprecedented access, accepting large amounts of socio-economic aid worth \$1.2 billion and military training -- knowing that Pakistan with its \$200 million program could not compete. He also ignored Pakistani allegations of "India's financial support" for separatists from Pakistan's Baluchistan province.

The alleged support could be retaliation against Pakistani backing for the Kashmiri insurgency and the Taliban attack on the Indian embassy in Kabul.

If the US remains oblivious to Pakistani concerns and Pakistanis remain secretive about their duplicitous means in taking care of a perceived Indian threat, then US unilateral military escalation may be unavoidable. In that case Washington should have no illusions: if the United States sends troops, it would face an angry, 175 million strong, nuclear-armed nation attracting regional intervention and coalescing with al Qaeda. An imploding Pakistan could start a domino-effect with incalculable consequences for US.

How can one stop this doomsday scenario?

Islamabad must make its security interests clear to Washington. Based on background interviews with dozens of senior Pakistani officers, it is clear that the price that Pakistan wants for its coopera-

tion, in the words of one senior official, that US state publicly that India "must stop all subversive activities against Pakistan from Afghanistan."

If enough moderate Taliban from the southeast participate in the upcoming Afghan elections and are allowed to share power, Pakistan's clandestine support for the Taliban in Afghanistan is unnecessary. If not, then the Pakistani generals will continue to support the Taliban in Afghanistan.

The trust gap between the Pakistani government and its citizens should be eliminated. The main obstacle to effective Pakistani counterinsurgency is not lack of trainers or dollars, but the support of the people. To Pakistanis, the message should be unequivocal.

This should be aided by a massive 'transparency' campaign through electronic and print media and notably through radio -- a recent survey states, 80% of all tribal area denizens have radios -- to explain the US-Pakistan partnership, its military and socio-economic benefits, and its past failures.

Most US military and intelligence presence in Pakistan must be made public; and 'missing people,' or cases of extra-constitutional detentions must be resolved by the newly reinstated judiciary. Renowned Pakistani security analyst, Lt. Gen. (retired) Talat Masood agrees, "the dual trust deficits between US and Pakistan, and Islamabad and Pakistanis, must be resolved [...] more transparency will garner public support and American acknowledgement of Pakistani worries of a pro-India Afghanistan will ensure effective Pakistani support for the new US strategy."

Despite the failure of peace deals between the Taliban and Islamabad, political reconciliation is still the only



Enemy to the West: Pakistanis demonstrate against Afghan president Hamid Karzai.

logical long-term solution to quelling the insurgency. Future efforts, while sensitive to local demands -- better governance, speedy justice, etc. -- should be monitored by specific metrics for counterinsurgency success, such as areas under control, attacks on security personnel, etc.

Pakistan must reject heavy-handed counterinsurgency that leads to heavy casualties and loss of popular support while waiting for the peace deal to break. The recently announced \$3 billion in US military aid aims to enhance training and equipment. Moreover, the Pakistani law enforcement agencies should be a major recipient because 'holding' and 'building'

relies on effective policing. On balance, past US strategy in Afghanistan and Pakistan to defeat al Qaeda failed. The old US joint counterinsurgency policy ignored a regional political strategy and relied on Pakistan's military to deliver without understanding its security concerns. Unless the US takes Pakistani concerns fully on board, its single-minded attempt to defeat al Qaeda risks dragging US deep into Pakistan's quagmire.

Haider Ali Hussein Mullick is a Senior Fellow at US Joint Special Operations University focusing on US-Pakistan relations.

© Yale Center for the Study of Globalization. All rights reserved. Reprinted by arrangement.