



Richard Nixon and European climate policy

The former US President will forever court controversy. Yet his ignominious departure from the White House casts a long shadow hiding some truly visionary achievements. Unlike most of the current generation of national leaders in Europe and elsewhere, he was able to deliver some of the most lasting and profound changes that are the backbone of our world today. He was brave enough to overcome deep-seated vitriolic hostility towards China and bring it back into the world stage. His signature gave birth to the Environmental Protection Agency as well as the iconic Clean Air and Clean Water Acts overcoming bitter resistance from his powerful corporate allies. If only he had read more carefully a confidential memo from his adviser Daniel Patrick Moynihan in 1969 on the serious implications of rising global CO₂ levels in the atmosphere our story today would be so different.



The current generation of European government heads are in the same situation as Nixon. Some are mired in their own 'Watergate' spying and 'kick-back' scandals whilst others are happy to sit back and allow vested interests to run their agendas for them. The 'China moment' was put on the agenda this week when the European Commission launched its blurred vision for a climate and energy framework to 2030. Correcting

this framework is the iconic fight of this and many generations to come. The jury is open on whether they will be able to seize it. We all know the consequences if they don't.

Nixon's confidential memo is now a 600 page detailed scientific report from the world's leading brains on the issue. There is no room for doubt. We have to stay below a 2 degrees rise in global average temperature. The Commission's proposed 40% GHG target does not deliver this. Its own impact assessment indicates that a 45% GHG target coupled with a 35% Renewable energy target and energy efficiency framework would save 3 million lives every year to 2030 and prevent twice the number of premature deaths caused by local pollution from today's 18,200 annual lives lost, deliver substantial employment boosts and lock-in competitive advantage today and tomorrow. A substantial slice of the €400 billion spent on fossil fuel imports would be saved benefiting householders, industry and commerce. Better still, local employment and healthier, energy efficient homes could undermine some of the political extremism that is taking root across Europe as citizens feel less and less connected with their governments. Setting the right targets in March is the first challenge. We will pay with our lives and futures if they don't.

The second challenge is finally facing up to the roadblocks around an effective EU ETS. It has been kicked around for too long. For the Commission to suggest a Linear Reduction Factor (LRF) of 2.2% is, at best, poor. It simply shaves off 4 years from the expiry date of the ETS from 2070 to 2066 which is still a good sixteen years after the 2050 cut off date governments agreed in 2009. The carbon market must pass the 'Ronseal Test' and 'do exactly what it says on the tin' by having the correct LRF for 2050. Delaying investment is not a least cost measure. The Stability Reserve Mechanism (SRM) could in principle be an important tool in preventing price crashes which have battered the carbon market to date. But the Reserve has to be built up much quicker to restore investor confidence especially as we are now in a lost decade of investment due to the failure to cancel this crippling surplus. Institutionalising the surplus in the SRM could continue to undermine investor confidence especially if they assume the whole surplus will come back into the market. This is the *Sword of Damocles* that policy makers have to remove by through permanent cancellation excess allowances. After all, society has already paid for this by agreeing to extend the 'Carbon Leakage' list to 2019 based on a €30 ETS price against a real carbon price which is less than €6. We need an immediate return on what is the largest kick-back in EU history.

Nixon said that the 'finest steel has to go through the hottest fire'. We will see what our leaders are made of in March and what voters think of them a few weeks later in European elections.

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