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New Climate Club

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1. Background

International cooperation is essential to solve the climate change problem. Various global efforts are being made to reduce CO2 emissions.

- **The Conference of the Parties (COP) under the United Nations has been conducting international negotiations for over 30 years to agree on and implement CO2 emission reductions based on the principles of sustainability (SDGs).**
- **However, COP has been slow in forming agreements and has not achieved sufficient results.**

Therefore, the establishment of the Climate Club has been proposed.

- **The goal is to gather countries and regions with high awareness, speed up agreement formation, and achieve early CO2 emission reductions.**

2. Climate Club

The climate club adopts the following approach:

- Only member countries set a common global carbon tax target and require its implementation globally.**
- However, the international community has concerns about coercion, sanctions, and pressure against non-member countries.**

While there may be short-term effects, it is not consistent with the SDGs and could ignite international conflicts and disputes.

3. Objective

I propose a resilient approach that accelerates agreement formation and ensures emission reductions without using coercion, sanctions, or pressure, and aligns with the principles of the SDGs.

- **This approach is named the "New Climate Club (NCC)."**
- **Location:** **It can be established either within or outside UN.
If established externally, faster progress is expected.
Being consistent with SDGs, it can be absorbed into UN in the future.**
- **Contribution:** **Restoration of international order and its sustainable management.**

4. Mechanism of the New Climate Club (NCC) (1)

The New Climate Club (NCC) is characterized by the following negotiation rules:

- **Membership conditions:**
Regions (or countries) with a high awareness of sustainability join the NCC.
- **Decision of carbon tax targets:**
Member regions decide on a common global carbon tax target.
- **Declaration of carbon tax limits:**
Each member region declares the upper limit of the carbon tax it can tolerate. It is assumed that non-member regions declare a limit of zero.
- **Setting of commitment values:**
Based on the list of declared upper limits, the commitment values for each region's carbon tax are determined.
- **Respect for sovereignty:**
The commitment values of each region are set below their declared upper limits. The commitment values for non-members are zero.

4. Mechanism of the New Climate Club (NCC) (2)

- **If all regions join and set their upper limit at the target value, the commitment values for all regions are set at the target value.**
- **If there are regions whose upper limit is below the target value, the commitment values for all (cooperative) member regions are set slightly below their declared upper limits.**
- **Gradual adjustment:**

The difference between the upper limit and the commitment value for each member region increases in stages depending on the number of regions with upper limits below the target value.
- **Adjustment method:**

An integer M is predetermined. For any non-negative integer X , if the number of regions with upper limits below the target value is between $MX+1$ and $M(X+1)$, the commitment value for each member region is set $X+1$ units below their declared upper limit.

4. Mechanism of the New Climate Club (NCC) (3)

Example:

- Total number of regions: 200, number of member regions: 110, target value: 500 yen, number of member regions with the target value as their upper limit: 85, $M = 20$
- In this case, the number of regions with upper limits below the target value is $200 - 85 = 115$. Therefore, we have $MX+1 < 115 < M(X+1)$, $X = 5$, and the commitment value for member regions with the target value as their upper limit is set at $500 - (5+1) = 494$ yen.
- As the number of regions with upper limits below the target value increases by 20, the commitment values for all regions are reduced by 1 yen, keeping the difference between upper-limit and commitment values always below 10 yen, which is a much smaller value than the target value 500 yen.

4. Mechanism of the New Climate Club (NCC) (4)

- **The New Climate Club respects sovereignty by not forcing commitments beyond the declared upper limits. The New Climate Club even allows all member regions to change their declared upper limits midway.**
- **The New Climate Club always requires member regions to commit to values close to their declared upper limits.**
- **By maintaining transparency and democracy, the New Climate Club encourages external regions to join.**

5. Incentives

The following conditions, when met, provide incentives for all member regions to set their upper limits at the common carbon tax target value:

- Member regions adhere to international order (i.e., keep their promises).
- Regional divisions are more granular than at the national level.
- Each member region considers global benefits (even to a low degree).

Incentive logic:

- Granularity makes the reduction costs of each region negligible on a global scale.
- The global benefit of a uniform 1 yen increase in carbon tax cannot be ignored.
- This difference incentivizes each region to declare a high upper limit.

6. Resilience

The mechanism of the New Climate Club ensures resilience to unforeseen circumstances from an incentive perspective:

- **Even if insufficient member regions gather, member countries commit to high carbon taxes.**
- **Even if many member regions do not adhere to international order, other member regions still commit to high carbon taxes.**
- **Even if many member regions declare low upper limits, other member regions still commit to high carbon taxes.**

7. Sustainable Implementation (1)

For the New Climate Club to be sustainably implemented, the following complementary approaches are important:

- 1. Sustainability education**
- 2. Environmental technological innovation and inequality correction**
- 3. Carbon Border Adjustments (CBA)**
- 4. Ethical capitalism**

7. Sustainable Implementation (2): Sustainability Education

It is crucial for global citizens to have a high awareness of sustainability, considering economic, social, and environmental issues comprehensively.

- **Practical education programs:**

Learning about environmental ethics, social ethics, care ethics, systems thinking, diverse ethical perspectives, community engagement, diversity and inclusion, etc. is essential.

- **Reforming economics education:**

It is necessary to reform current economics education, which centers on explanations assuming self-interested individuals, and incorporate sustainability education into the curriculum.

7. Sustainable Implementation (3): Creating an Environment for Developing Countries to Participate

Creating an environment where developing countries can voluntarily join the New Climate Club is crucial.

- **Avoiding conflicts:**

It is necessary to eliminate conflicts over the setting of carbon tax targets between developing and developed countries.

- **Balancing education and technology:**

It is important to ensure that the balance between the spread of sustainability education and environmental technology adoption is uniform across regions.

High education levels and advanced environmental technology directly contribute to CO₂ emission reductions, but balancing education and technology is required to address the North-South divide.

7. Sustainable Implementation (4): Establishing CBA

To prevent free-riding by member and non-member regions, establishing Carbon Border Adjustments (CBA) is necessary.

- **Necessity of CBA:**

To prevent carbon leakage due to different carbon taxes, CBA is indispensable.

- **Careful operation:**

CBA should be operated carefully to avoid being excessively strengthened and used for sanctions or pressure.

It is necessary to avoid promoting inequality in environmental technology transfer.

7. Sustainable Implementation (5): Promoting Ethical Capitalism

For-profit companies are required to bear social responsibility by contributing to the SDGs through their business activities.

- **Reconstructing the capitalist competitive system:**
It is necessary to create a mechanism that eliminates for-profit companies that do not contribute the SDGs.
- **Various elements of ethical capitalism:**
 - Ethical consumers**
 - Ethical employees**
 - Ethical investors**
 - ESG evaluation**
 - Certification systems by NPOs**
 - Benefit corporations**
 - Support for social entrepreneurs**
 - Partnerships among the private sector, community, and government**
 - Crowdfunding based on empathy**