

EUROPE ´S MISSION TO TAKE THE LEAD IN FIGHTING CLIMATE CHANGE

EXECUTIVE SUMMARY 3/2019

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Scientists are unanimous today in stating that climate change endangers our planet and that human activity is a main source of global warming. Political leaders have followed, in principle, by signing the Paris Agreement. But limiting global warming to 1.5 degrees requires cutting greenhouse gas emissions by 80-95% and for the world to become climate neutral by 2050 at the latest.

Global trends are at variance with this path. The US has announced it would exit the agreement, Brazil has opened its rain forests to commercial activity, China is investing heavily in new coal plants, Africa needs energy to feed its tripling population. Russia is bribing its former allies by selling gas and oil "to become great again".

In this environment, Europe must take the lead in fighting climate change and shaping globalization in a more responsible way. This is an obligation due to history and past errors, but also a chance to become a technology leader in an important and dynamic technology field. The positive message – not so well known, but empirically proven – is that the leader will have net benefits through an ambitious strategy due to fewer costs, lower tangible and human damage, and the ability to shape the next technology according to own preferences and needs. The reluctant follower – who always demands that others take the initiative – has higher costs for patents, licenses and imported machines. Repairs are costly and acting in a state of emergency requires strong public and sometimes even military intervention.

A European lead needs determination, consistent goals, innovative implementation and guidance along broad societal goals. The present report carves out five principles for the transformation. (i) Emissions must be priced by taxes or through an Emissions Trading System. Meanwhile, subsidies for fossil energy have to be curbed, and innovations in alternative energy made more profitable. (ii) Globalization has to be reshaped, based on higher social and ecological standards. These have to influence international trade and investment agreements, in case of blunt negligence and, after an evaluation by international experts (that the measures are not protection in disguise), border taxes can be raised. (iii) Eliminating emissions by 90% and achieving climate neutrality requires new technology and energy sources, as well as overall higher energy efficiency. Technologies are on the horizon, but taxes are currently being levied on labor not energy and resource consumption. And polluting air and ship transport is practically untaxed. (iv) A new strategy requires the greening of finance, new funds, products and labelling. (v) Behavioral changes are necessary, which require changes in the education system, theoretical and practical training, higher priority in the media and new job profiles.

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QUERDENKERPLATTFORM: WIEN EUROPA

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Sectoral strategies can only be sketched in this paper. It does this for the traffic sector, for construction and spatial planning (regional /urban planning). We propose steps towards a circular economy that reduces waste and increases durability, and we describe the potential of digitalization to reduce greenhouse gases. Measures to transform the agricultural sector have to be combined with changes in the nutritional habits. All sectoral strategies should not be silo strategies, synergies between them are all-important. Without a strategy and preannounced deadlines for the use of combustion engines for cars and busses, as well as for heating with oil and gas, it is not possible to decrease emissions by 90% or more, but citizens have to be convinced that this is part of an overall strategy of improving well-being, equality of opportunity and freedom of choice. Otherwise, citizens, social partners, and regional groups – like the “yellow jackets” in France – can misuse short-run costs of change for protest and resistance to fighting climate warming.

Finally, the paper formulates game-changing guidelines. These start with the need for a broader bundle of goals (dynamics, quality of life, ability to choose). We have to switch from an egoistic and national approach to cooperation. The top-down definition of goals in the EU Strategy as well as in international compacts has to be combined with bottom-up implementation, since the path to climate neutrality is a search process under severe uncertainty. Technological progress should be redirected from labor to resource saving. We should switch from a short-run evaluation through the purchasing price e.g. of a car or a flat, to life cycle costs (including annual user costs of driving and heating). Public procurement policy has to become an innovation agent, supporting the phasing out of dirty energy and technology, through determination but also in steps. This allows early reactions and limits sunk costs. The new strategy should be discussed with civic society, social partners and teachers, and Europe should build partnerships with its neighbors in the East and South, increasing the leverage of Europe as a region with a low and declining population.

Currently, neither the world nor Europe is on the path to Paris. Not even the European and national goals are ambitious enough. For some countries and years emission are still increasing (as it is the case for many countries in emerging countries). The best performers in Europe have curbed their emission by 20% since 2000. The current European goals to decrease emissions by 30%/40% and lately 50% are not ambitious enough. This holds even more in light of the fact that in several countries people and regions feel they are being “forgotten” and support populist leaders who decry the importance of climate change and its human origins. Fortunately, the new president of the European commission, Ursula von der Leyen, has called for Europe to “strive for more” and to design a European Green Deal. This paper gathers evidence on how Europe can become the leading region in fighting climate change while at the same time increasing well-being, providing greater freedom to choose and reducing inequality.

