

Will COP28 End Up As The Greatest Flop In Global Climate Diplomacy Thus Far?



*James K. Boyce - Photo:
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12-11-2023 Environmental economist James K. Boyce analyzes the roadblocks to climate action at the COP28 climate summit.

Global climate summits have rarely produced tangible results. More than anything, they have proven to be nothing less than platforms for verbose empty promises and extensive lobbying for the fossil fuel industry. COP28, currently underway in Dubai, may very well end up as the greatest flop so far in global climate diplomacy. Aside from the fact that it is presided over by the CEO of the United Arab Emirates' state-run oil company, global leaders like Joe Biden and Xi Jinping have decided to skip the conference.

In the exclusive interview for *Truthout* that follows, leading environmental economist [James K. Boyce](#) discusses the main roadblocks to climate action facing COP28 and argues for the need to introduce global carbon pricing as an essential policy towards decarbonization. Boyce is emeritus professor of economics and senior fellow at the Political Economy Research Institute (PERI) at the University of Massachusetts Amherst. He is the author of numerous books, including *The Political Economy of the Environment* (1972), *Economics for People and the Planet: Inequality in the Era of Climate Change* (2019) and [The Case for Carbon](#)

[Dividends](#)(2019).

C. J. Polychroniou: COP28 President and United Arab Emirates climate chief Sultan Al Jaber said there is ["no science"](#) behind demands for phasing out fossil fuels; in addition, he expressed doubts that there is a road map for the phase out of fossil fuels that would allow sustainable development, "unless [we] want to take the world back into caves." Isn't this already sufficient evidence that COP28 will be yet another global climate summit flop? Indeed, why would any country serious about tackling the climate crisis agree to a global climate summit that is hosted by a global leader in the oil and gas industry and whose vested interests are therefore in a product that puts the whole planet at risk? Be that as it may, what are the biggest roadblocks to climate action facing COP28?

James K. Boyce: Look, there is a reason these things are called negotiations. And there is something to be said for taking the fight to the heart of the beast.

There are powerful people who profit greatly from fossil fuel extraction. We're talking here about big corporations as well as oil fiefdoms. But the vast majority of us, and the generations to come, will benefit far more by phasing them out. So there are opposing interests at play, and the issue is who will prevail.

It is ironic, of course, to see a climate summit happening in the Emirates. But the big roadblock isn't where the summit is held. It is the vested interests worldwide who want to keep us hooked on fossil fuels as long as they can. This is a transnational alliance among people whose commitments to any particular place are weaker than what bonds them together: the pursuit of self-interest. Rising temperatures could make the Emirates uninhabitable in coming decades, but billionaires can buy safe landings in a more salubrious place. It is the people around the world who are more attached to the places they live and work, people who cannot easily move, who are at greatest risk.

It is important to realize that the climate crisis is not an all-or-nothing phenomenon. We have already entered an era of crisis, and this will intensify in the years ahead. The real question is how bad it will get. And that depends on what we do today. There is never a point where all is lost, because it can always get worse. Nothing could be more irresponsible than to throw up our hands and say, "Game over."

The head of the International Monetary Fund said at the COP28 climate summit

that decarbonization cannot proceed without carbon pricing. Could carbon pricing policies that incentivize reduced use of fossil fuels do enough to hold global warming to 1.5 degrees Celsius? The projections say that fossil fuels — oil, coal and natural gas — will continue to provide the bulk of our energy needs for the foreseeable future. So, how effective can a carbon tax be in transforming pathways to reach zero emissions?

She did not say that decarbonization cannot proceed at all without carbon pricing. What she said was that it will not happen fast enough. She is right, but only partially right: We need a carbon price as part of the policy mix, but not just any carbon price. The price must be anchored to a hard emissions-reduction trajectory.

As I have written elsewhere ([here](#), for example), there is a straightforward way to do this: Any country that is serious about tackling climate change could put a strict limit on the amount of fossil carbon — carbon embodied in oil, natural gas and coal — that is allowed to enter its economy. This limit would decline — the cap would tighten — year by year, on a path to net-zero emissions by a specific date, say 2050.

A hard limit is different from a carbon tax. A tax puts a price on carbon and lets the quantity of emissions adjust. A hard limit sets the quantity and lets the price of fossil fuels adjust. The carbon price that results from this limit drives a wedge between the price paid by fossil fuel users and the price received by fossil fuel producers. The first goes up as the supply of fossil fuels is curtailed, while the second goes down as the market contracts.

The higher price to consumers of fossil fuels is not a bug of the policy, it's a feature: It helps steer the consumption and investment decisions of firms and individuals away from use of fossil fuels toward alternative fuels and energy efficiency. Like it or not, prices matter. They matter a lot. Most investment in the world economy — about three-quarters of the total — is private, not public. And private investment responds above all to price signals.

The problem, of course, is that higher fuel prices on their own would hit consumers, including working families who already struggle to make ends meet. For this reason, many politicians — even those who are not on the take from the fossil fuel lobby — have been reluctant to embrace carbon pricing in any form.

But there is a straightforward way to solve this problem, too.

First, auction off the permits to bring fossil carbon into the economy. Don't give them away, as often is done in "cap-and-trade" systems. For fossil fuel suppliers, the permit price becomes part of the cost of doing business. It's passed on to final consumers in the prices of goods and services in proportion to the amount of fossil carbon used in their production and distribution.

Second, return most or all of the money from the permit sales straight back to the people as equal dividends to everyone in the country. Low-income households, who consume less than average amounts of carbon for the simple reason that they don't have much purchasing power, get back more than they pay in higher prices. Wealthy households pay more than they get back. The middle class more or less breaks even, but most of them come out ahead, too, because the dividends are pulled up by the outsized carbon footprints of the rich. So the majority of the people benefit from this policy in straight pocketbook terms, not even counting the benefits of a more stable climate and cleaner air. This is not a pipe dream. Canada already has a carbon dividend policy; they call it the [Climate Action Incentive payment](#). The Canadian system did not materialize overnight; it was the product of grassroots [activism](#), careful [preparation](#) and committed political [leadership](#). In the U.S., Sen. Chris Van Hollen (D-Maryland) has introduced landmark [legislation](#) that would place a hard limit on carbon emissions and rebate the money from permit auctions as dividends, coupled with an environmental justice guarantee that mandates cuts in air pollution in overburdened communities.

Some argue that carbon offsetting is more effective than carbon pricing. Can carbon offsets have a significant impact on global carbon emissions?

Offsets let polluters keep polluting if they pay for things that supposedly compensate for their emissions, like planting trees. Efforts to increase carbon sequestration — in soils and forests, for example — will be an important part of the climate solution, too. But offsets are a deeply flawed way to promote this goal for three reasons: It is hard to verify that the offsetting activities really happen; where verified, it is hard to know whether they add to what would have happened without the offsets; and even where verified and additional, it is impossible to know how long they will last. For these reasons, carbon sequestration should be promoted separately from emissions reductions, not as a substitute for them.

What about the argument that carbon pricing, with its emphasis on “market vs. regulation,” frames the issue of climate change as a market failure instead of a fundamental system failure which requires, in turn, a systematic transformation?

This is a false dichotomy. Many regulations affect prices. The policy I outlined is an example: It regulates the amount of fossil carbon entering the economy, and this affects the price of fossil fuels. Prices and regulations are core elements of economic systems. And any policy that weans economies off fossil fuels is a pretty big systematic transformation.

There are some 70 different approaches to carbon pricing around the world, but setting up a global carbon pricing system doesn't seem to have much support among politicians. In fact, the U.S. doesn't even have a carbon tax on a national level. How likely is it that global leaders would agree to a proposal of setting up a global pricing system at the COP28 or any time in the near future?

What I am proposing here is a strict limit on the amount of carbon allowed to enter the economy, a side effect of which is a carbon price emerging from permit auctions. You could have a carbon tax alongside it that acts as a floor price in permit auctions, providing certainty that the minimum price will rise over time.

This does not require agreement on a global pricing system. It is something that countries can adopt independently. We do not have a global government that could implement a global carbon limit or tax. We have national governments. The key is to craft a policy that can win durable support from the country's people, regardless of what other countries do. The policy I sketched does exactly that: The majority, including working people, come out ahead financially as well as environmentally. Rather than holding national policies hostage to an international agreement, individual countries can forge ahead and inspire others to do the same.

You were among the first economists to address the political economy of the environment — in fact, even before climate change became a prominent issue in the international political agenda. Have the dynamics of environmental degradation changed in any meaningful way since you first started researching and writing about the problem?

The core of the issue is that big inequalities of wealth and power allow those on top to benefit from activities that harm the environment while shifting the costs

onto others. For this reason, efforts to protect the environment must go hand in hand with efforts to build more just and equitable societies. Oligarchy is the enemy of the environment.

In this respect, I would say that the dynamics of environmental degradation have not changed. What *has* changed is the extent to which people understand the problem. When I started working on this, there was a widespread view that inequality had little or nothing to do with the environment. Indeed, some alleged that the poor were the main drivers of environmental destruction, and that the rich would be our enlightened saviors. It was bullshit then, and it is bullshit now. What has changed is that fewer people believe it. The environmental justice movement helped to lead the way. Today more and more people are connecting the dots.

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