



WP5

An ecological and inclusive multilateral world

Jean-Charles Hourcade
CIRED



Main aspects of the “ecological and inclusive multilateral world”

- **Strong global governance and cooperation policies**
 - global agreement on **financial regulation**
 - global agreement on **greenhouse gases emissions reduction**
- **Strong intervention** capacity of governments
- High participation of **civil society**
- **Reduction of inequalities** within and among countries
- **Rapid technical change** directed toward environmentally-friendly processes



Main aspects of the “ecological and inclusive multilateral world”

The emphasis is on global solutions to economic, social, and environmental sustainability, including improved equity.



Why is such a world possible?

- Previous scenarios reveal important global tensions
 - **energy security** issues: the bipolar and regionalization scenarios are vulnerable to peak oil
 - **political tension**: social cohesion is low in the consolidation and bipolar scenarios
 - **global financial imbalances**: consolidation, bipolar



Why is such a world possible?

- The situation is particularly bad for Europe
 - **consolidation**: risk of fragmentation of the eurozone
 - **bipolar**: weakening of Europe political power, strong tensions among countries, higher debt interests
 - **regionalization**: fragmentation of the eurozone, abandonment of the euro



What type of global agreements?

For financial regulation:

- **Agreement on financial regulation** among the G20 (or enlarged G20) countries
- **Creation of supranational institutions** capable of preventing the creation of offshore financial centers
- **Creation of a civil society organization**
- **Development of ethical finance** to redirect the bulk of savings towards firms which respect the environment and comply with the international labor code



What type of global agreements?

For greenhouse gases emissions:

- **Enforcement of the Copenhagen pledges** for big emerging countries
- **Creation of an international monitoring body** for Monitoring, Reporting, Verifying local low carbon policies
- **Europe commits to a 30% reduction of GHG in 2020** compared to 1990 levels
- What objectives for the rest of the OCDE? What about the 2°C target?
- Global agreement on a social cost of carbon?



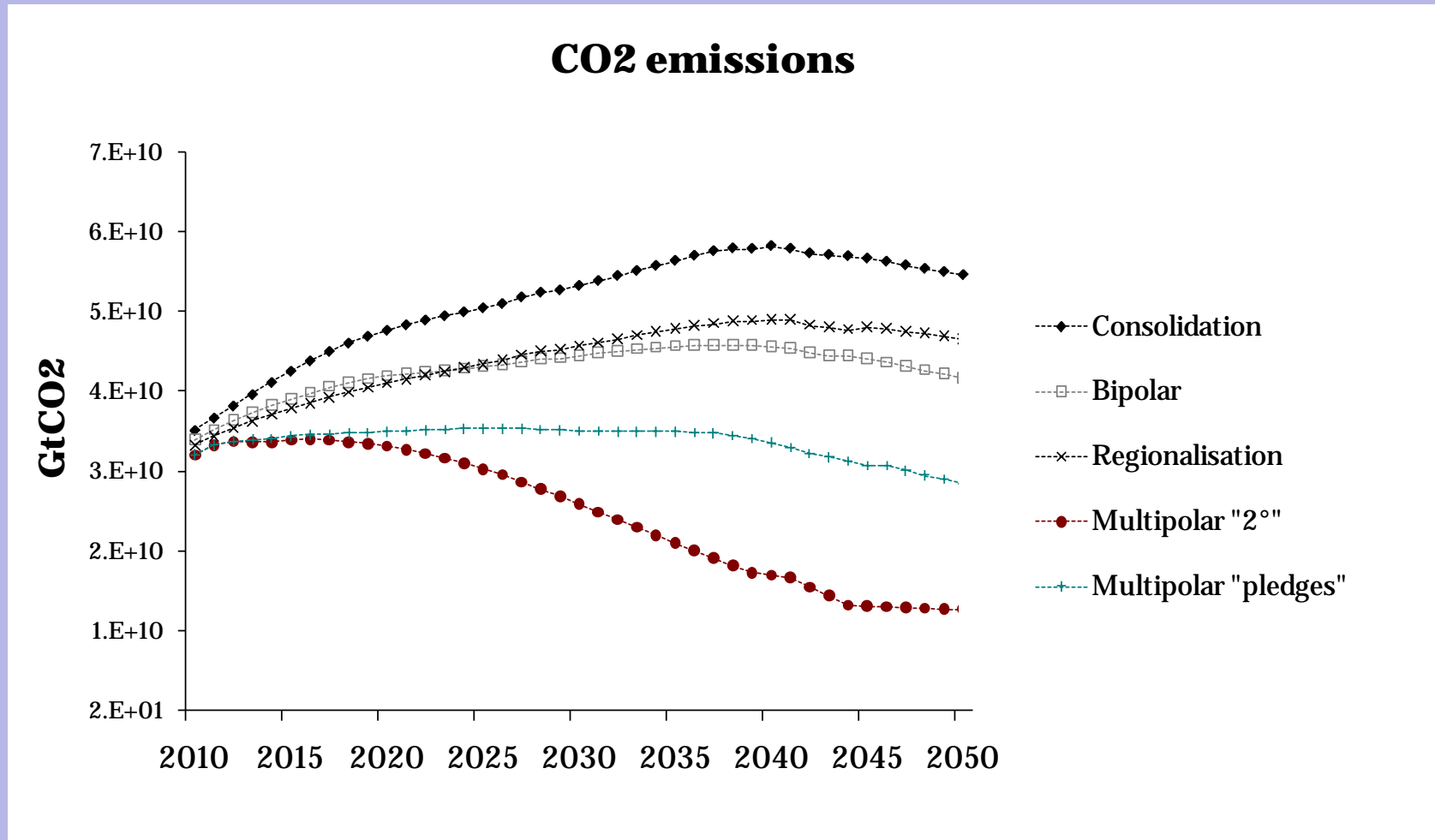
2 types of global agreements on GHG emissions

In both cases:

- **Enforcement of the Copenhagen pledges** for big emerging countries
- **Europe commits to a 30% reduction of GHG in 2020** compared to 1990 levels
- For the rest of OECD countries:
 - **Copenhagen pledges OR**
 - **reduction necessary to reach the 2°C target**



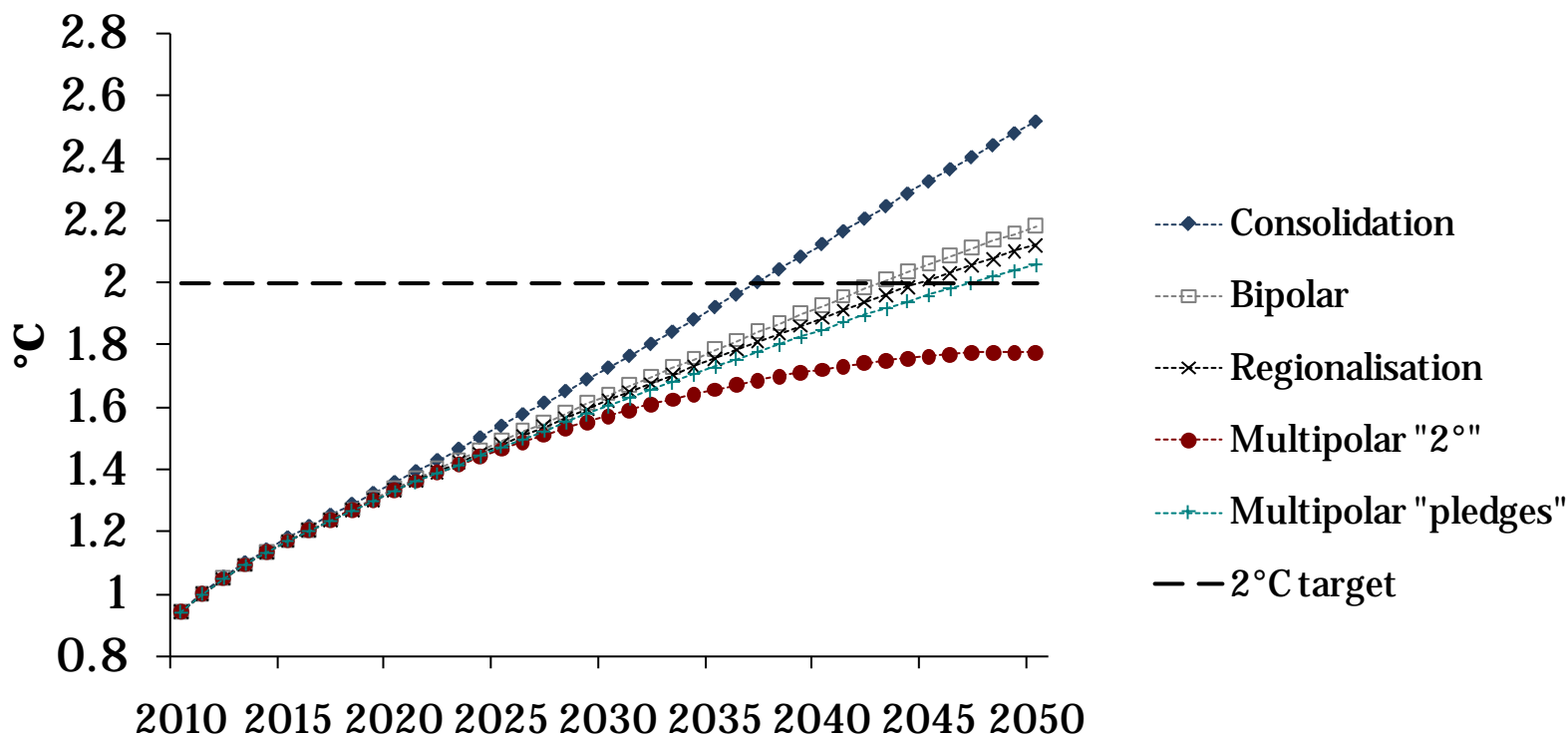
Resulting CO2 emissions





What about the 2°C target?

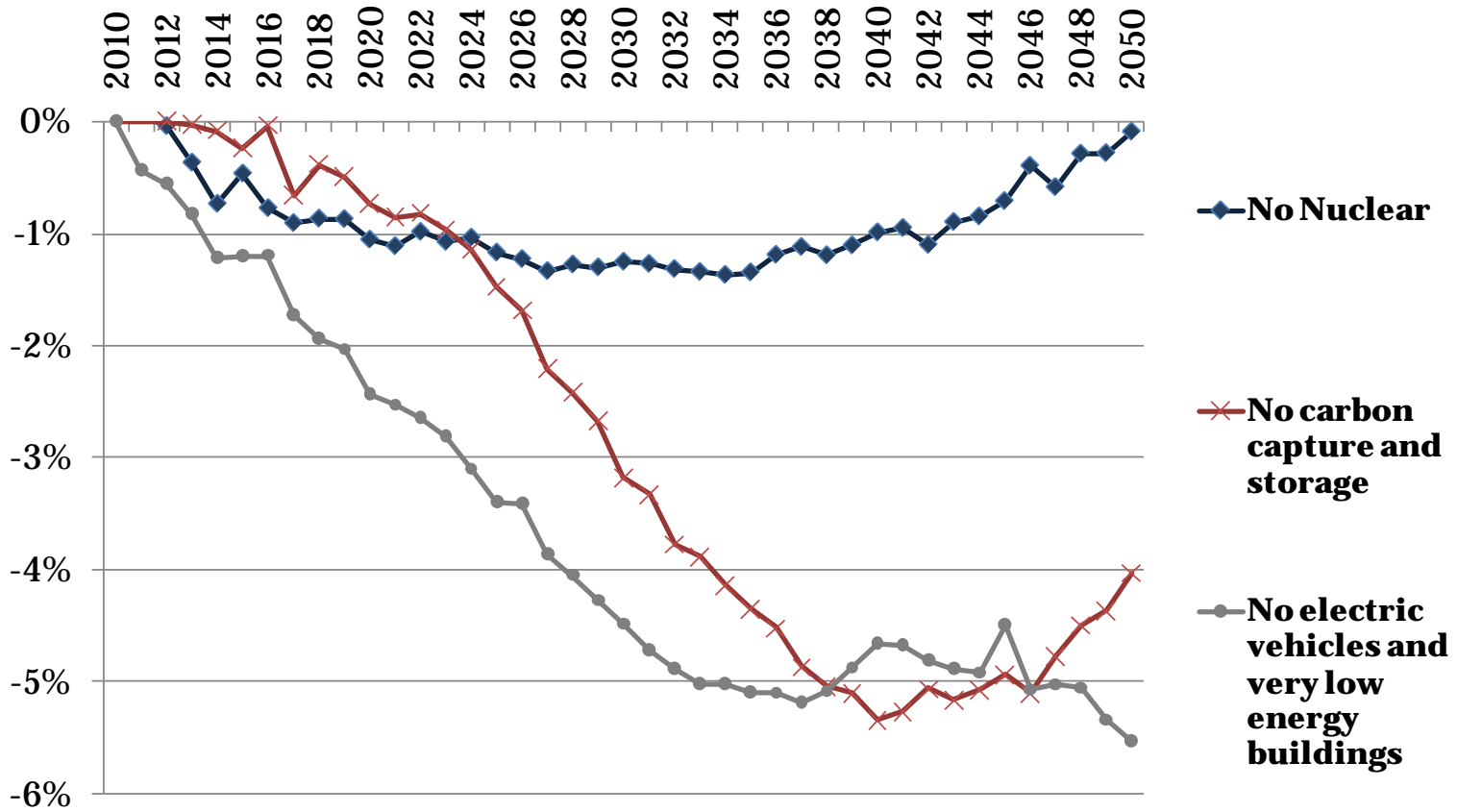
Mean temperature increase (/pre-industrial)





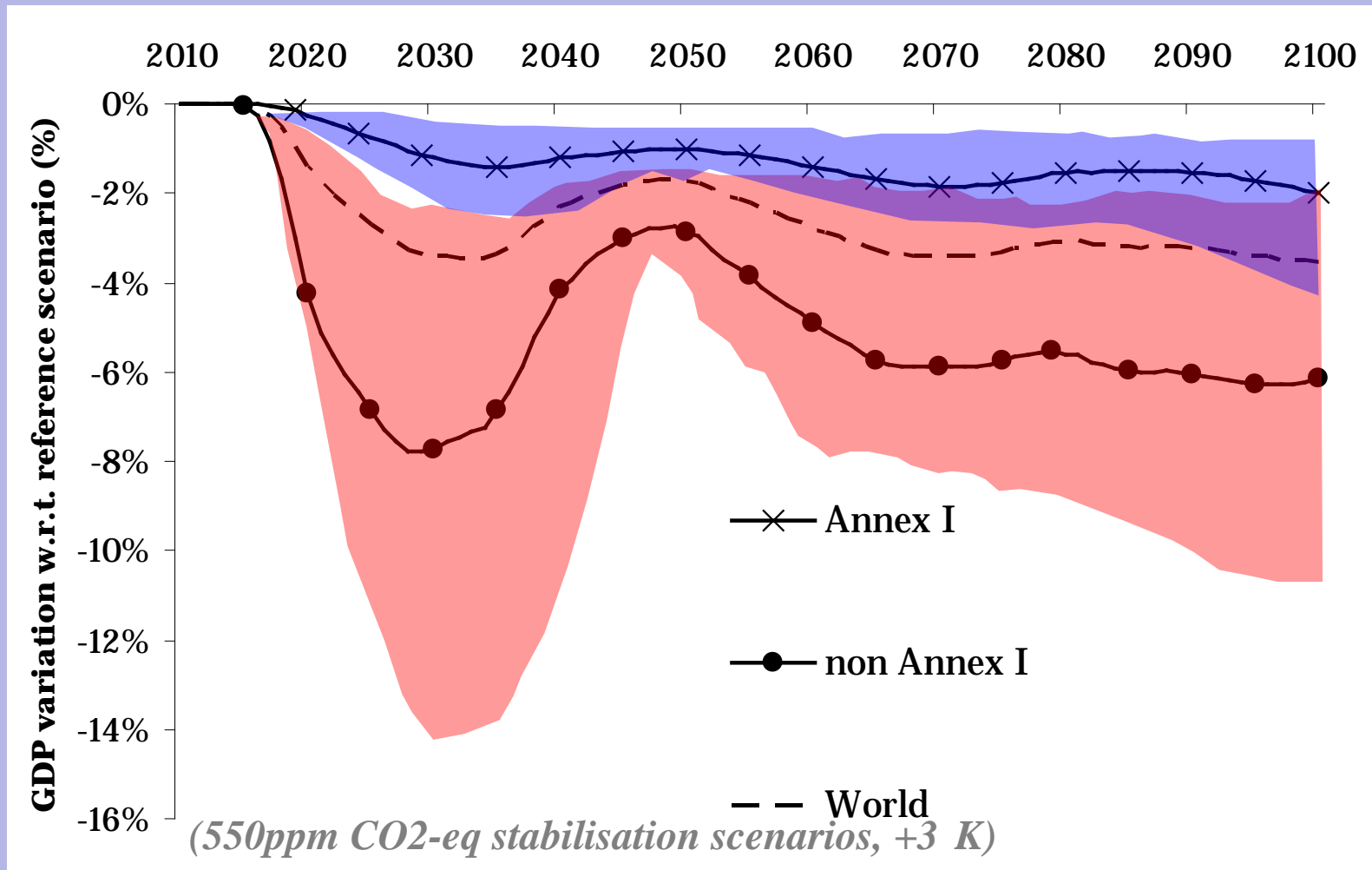
What technologies?

GDP losses due to the lack of different technologies



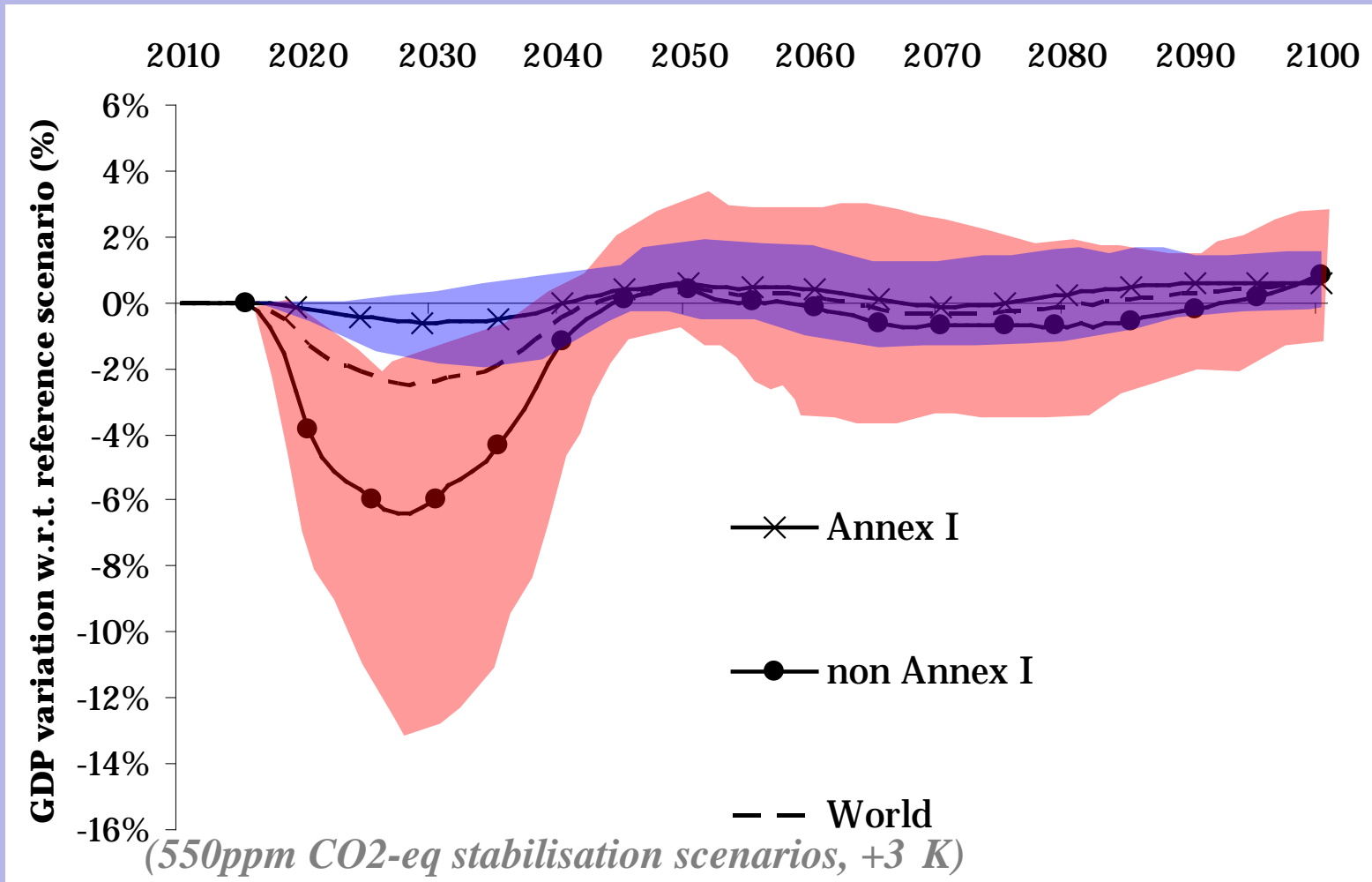


What instruments to reduce the costs of mitigation?





Early transport infrastructure policies open room for long-run benefits of climate policies





Fiscal policies to smooth the transition

