

IGNORED BATTLEFRONTS

This is not a time for war. This is the time for cooperation so that the world can combat its biggest existential threat of climate change

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In 2023, our world that was simmering with tensions boiled over; it burst and fissured and left us scalded. The two lost years of COVID-19 pandemic (2020-2021) seem like a distant nightmare; they even pale into insignificance when compared with the vortex of wars that we are in today. But as we move into 2024, it is the time to reflect and to change.

Let's first delve into the many wars and their implications. Of course, there is the war with nature that we are losing as a human race. The quest for economic growth has come at the cost of natural resource overuse and pollution. Climate change has become a daily reality as extreme weather events rage, ravage and ruin countries and their people.

Then there are the bloody wars taking a toll on our future like never before. Russia's invasion of Ukraine has not only maimed and killed tens of thousands of people, it has made sure that the oil and gas industry is back in business. When Europe was in dire need of alternatives to Russian energy, old allies—the US, Norway and other oil producers—jumped to ramp up production. This, in turn, has negated promises of these countries to decarbonise and to move away from fossil fuels.

After Hamas' unforgivable attack on Israel, retaliation has taken war to another level of brutality. This war is also changing our world—maybe for ever. It is showing us that public opinion does not matter, not even in liberal societies. People are protesting around the world, including in Israel, against the war, but their governments' will is not to listen.

Then there is the third, not-so-open, war—the western world against China. This is talked about as the fight against autocratic and undemocratic regimes (*which is true*). But the real reason is to gain control over resources and technologies needed for the future, including the green economy that the world so desperately needs. China today dominates the supply chains for batteries; it processes more than half of the world's lithium, cobalt and graphite; and it is an established leader in solar energy. To fight this “enemy”, the US has decided to give up all its ideological qualms about subsidies; the Inflation

Reduction Act (IRA) is providing finance to companies to manufacture low-carbon products in the US. The EU has its own version, the Carbon Border Adjustment Mechanism (CBAM), which will put a tax on the entry of products that do not qualify as low-carbon. The question is if this disengagement with China will come at the cost of green transition?

Amid these many wars, we also need to keep a close watch over two other big trends in 2024.

Shape and future of democracy

2024 is a milestone year for the “voter”. In this year, half the world's adult population will cast their vote to elect their governments. Bangladesh starts the new year with its national elections. And over the subsequent months, the world will get to know if the current idea of democracy will survive or be reshaped by current events. We are already seeing right-wing governments being brought to power by electorates driven by fear and polarised politics. Will democracy be about the mere cast of the vote and the majority that wins it? The idea and the practice of democracy has been about free-speech, about dissent, about strong institutions of balancing power. Will we lose it to the many wars that we see in our world today? As much as the wars have taken a toll on people, they have also disfigured the grand idea of democracy, as a moral force, that provides space for dissent and justice.

Then, we are seeing the fear of the “other” in the surge in migrants—people desperate to move out because of better prospects or being driven out because of poverty, war and weather-related displacement. There is no simple reason why people choose to leave their homes; their families and their communities. It is a complex web; but it is clear that the number of migrants is on the increase. According to the US-based Migration Policy Institute, the number of non-authorised migrants at the country's borders has doubled over the past year. It has become the hot potato

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for elections; now Republican governors of border states are sending hordes of migrants to the Democratic states, which is adding fuel to the fire. It is the same in Europe, where growing numbers of people coming by boat or land has given fodder to fear mongering. This then creates conditions for voters to elect masculine governments that promise to keep out the “other”.

The World Migration Report 2022, compiled by the Geneva-based International Organization for Migration, finds that the triggers for internal displacement are changing—it is not just war and conflict that are driving people out of their homes, but also the combination of slow onset of climate-related disasters, from floods to droughts. We know from our experience in India that migration from villages to cities and then beyond is multi-pronged; it is driven on the one hand by the loss of ability to cope with economic marginalisation, exacerbated by factors, including extreme weather disasters, losses in livelihoods and then, of course, the opportunities in the city. We also know that this migration can be reversed by investing in natural capital and well-being. Evidence shows that in villages where residents have built their local economies—by activities such as rejuvenating water systems and adopting low-input agriculture—migration has stopped. This is also why India’s national employment guarantee programme—which provides a basic minimum wage for 100 days of work on ecological improvement—remains the single-biggest coping mechanism despite all its flaws.

But today’s headwinds are against this reversal; war and conflicts will drive more people out; poverty is increasing in an even more inequitable and divided world as climate change impacts only get worse. We are not acting at the scale and speed needed to reduce greenhouse gas emissions. In fact, the actions by governments to combat climate change could also be another ignition point for the reshaping of democracies.

The fact is that the already industrialised world with its huge unpaid natural debt—years of economic growth built on spewing emissions into the common atmosphere—is finding the going tough when it comes to *really* reducing emissions. Till now, it has moved from coal to relatively less carbon-emitting natural gas to meet its electricity needs. Then it has exported its manufacturing to countries like China and even India, which are now the sources of greenhouse gas emissions. There is no *real* change in the consumption patterns or re-engineering of economies in these countries. Now as they move to tighten emissions from sectors like agriculture or households or industry, there is opposition. We saw this in the Netherlands where farmers voted against measures to cut emissions from their fields. In Germany, the Green Party has faced anger against its policy to introduce energy-efficient heat pumps in homes.

Shape and future of global trade

Many yesterday’s ago, when the world was discussing the possibility of a climate crisis, it was also negotiating a new global trade agreement. In early 1990, when the UN Framework Convention on Climate Change was agreed at the Rio Summit, the World Trade Organization (wto) was also set up and the global rules to facilitate free trade between nations was signed on. The deal was simple: the cost of manufacturing would come down when goods were produced in countries with lower labour costs and environmental standards. The export-economies would drive prosperity in the still developing world, but most importantly in the rich world where consumers would benefit from cheaper goods and boom in services. The tectonic shift came in 2001, with the acceptance of China into wto. China had massive workforce; no trade unions; little environmental safeguards; authoritarian government that controlled everything from media to currency. After joining wto, China’s share of global CO₂ emissions rose from 5 per cent in 1990 to 21 per cent in 2019. Trade boomed but the age of global prosperity did not come.

In 20 years, this idea of globalisation has soured—the proponents of the grand scheme are turning their backs to the idea of unfettered global trade, which was designed to be without distortions of subsidy and support by national governments. These governments are now rewriting the rules of globalisation, even as more countries in the emerging world join the export-driven growth race. The question is how will these new globalisation rules shape in a war-torn world?

The fact that China dominates the new-age green economy is a given. The issue is if the western world’s mission to break this stranglehold will lead to higher costs of the green transition and even delay it? Or will it be successful in doing the impossible; securing access to rare minerals

and rebuilding its manufacturing industry, even with the higher costs of labour and environmental standards. This could lead to de-globalisation or localisation as more countries decide to maximise their advantage as holders of natural resources, and technology and the knowledge that goes with it. The US is subsidising the investment in local microchip industry, which it had outsourced till now to Taiwan. It is setting up barriers so that its high-end proprietary knowledge is not taken by China. It is also a possibility that there are new breakthroughs in technology, which would make the China-dominated supply chain redundant. For instance, there is talk about sodium-ion batteries that could take down the need for lithium batteries.

But it could equally mean that the pace of green transition is disrupted. For instance, the US, through the IRA, is providing support to local manufacturing of electric vehicles. It has notified that electric vehicles that include Chinese-made battery components will not be eligible for full subsidies. It goes on to say that these vehicles will not qualify for IRA if they have “significant” ties to the Chinese government or produced with a licensing agreement with a China-based or -controlled operator. Given the near-complete control of China in the raw mineral and battery manufacturing segment, this disengagement may delay the electric vehicle transition or make it more expensive. The Chinese electric car manufacturer, BYD, has already overtaken Elon Musk’s Tesla. According to the *Financial Times*, in the fourth quarter of 2023, BYD sold a record 526,000 battery-only electric vehicles, as compared to Tesla’s 484,000. Therefore, managing the twin objectives of localisation and a speedy green transition in today’s China-dominated world could be a challenge.

It is the same in India. We have decided—and rightly so—that we must invest in local capacity for solar industry. The Indian government has announced fiscal incentives for solar cell and module manufacture and imposed higher import duties on Chinese products. It is difficult to say, as yet, if this will impede India’s ambitious renewable programme, as domestic production may not be able to keep pace or be cost-competitive. On the other, there is an obvious advantage in building our industry. This global shut down of the free-trade world will also have implications for Indian industry’s exports. So, all in all, there is a new game in town and we need to see if this time around the rules of trade will work for or against the people and the Planet.

This is also about the “other” crisis of migration. The western world, which now wants to get back to business of manufacturing, has a serious lack of human power. But immigration has become politically contentious. So, will this lead to a greater automation and dependence on artificial intelligence (AI)? Or will it mean a greater need to build inclusive societies that can work together in harmony? Another question for our coming future.

There is then the big question about emissions. It is hoped that this time, when manufacturing industry is re-established in western world, it will come with lower or no carbon intensity. In other words, it will shift its fuel to hydrogen or something else so that it can produce without adding to the stock of emissions in the atmosphere. It is not yet certain if this will happen. We are not seeing any serious bending of the emission curves in this world—at least not as yet. The US is already the world’s largest producer of oil and gas, overtaking Saudi Arabia. Europe is working overtime to build its liquefied natural gas (LNG)-import infrastructure. This, again, needs to be watched so that this new localisation of green trade does not lead to more emissions.

The last but the most important question is that of cost. The entire drive for lower-cost goods has been at the heart of the climate crisis—cheaper the goods or food, more we discount the true cost of production. But given that the world has a serious problem of affordability, the increased cost, particularly of food, spells bad news. Unless, of course, there is investment in local food security so that poor consumers can benefit. This then brings us to the question of resilience of communities that will rebuild local economies, to stem migration and to cope with climate change.

All this is not possible unless we wind up the many wars we are waging in our world. This is not the age of war. This is the age when we must cooperate so that the world can combat its biggest existential threat of climate change. ■

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