

CYFNODOLYN MATERION RHYNGWLADOL

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In his introduction course in Part One, 'Introduction to International Politics', I remember Ian Clark saying:

'You might not be interested in climate change, but climate change is interested in you!'

Paraphrasing Ian Clark, I would like to swap climate change with a broader term, the environment. Whether or not you believe climate change is happening, think much of biodiversity, or have any concerns towards 'environmental issues', the environment is interested in you.

2010 was the year of biodiversity. It marked the end of the first decade of the 21st Century, one characterised by both positives and negatives. It was also a decade where concern for the environment entered the mainstream of international politics, and perhaps disappeared in the wash of important political issues of the decade. As Andrew Dobson has noted,

"One of the most striking political transformations of the past two decades has been the way in which environmental concern has moved from the margins to the mainstream of political life".<sup>1</sup>

2010 was also the first year a course on global environmental politics was offered at the Department of International Politics in Aberystwyth. The course has sparked off many interesting debates and ideas on issues concerning the environment in international politics, and inspired by this, we have decided to dedicate this issue of Interstate to Global Environmental Politics.

In this issue, we have tried to encapsulate the essence and the diversity of questions linked to environmental politics. With this selection of articles, we aim to show how wide the term environmental politics is, and how environmental issues play an important part in the conglom-

erate of the political dynamisms that dictate world politics. The articles in this issue use a wide scope, looking at environmental politics from different angles and perspectives. The aim is that everyone, whether concerned with the environment or not, will find something interesting in this journal, and get a deeper understanding of environmental issues in world politics.

2012 marks the 40th anniversary of the United Nations Environmental Programme, and the initiation of environmental concern in the international agenda. But as Nordhaus and Shellenberger argue, despite the time, effort and money put into fighting environmental issues, policy makers have surprisingly little to show for it.<sup>2</sup> A challenge of the next decade and beyond will have to be to expand our understanding of environmental issues and its implications, and in doing so we may be able to formulate better policies and achieve better results.

I would like to take the opportunity to thank everyone involved in this project. Interstate, is a completely undergraduate-run journal, and I am truly grateful to all the people that have taken the extra time to be part of this project. Firstly, I would like to thank the writers for their excellent contributions and the graphics team for making the journal look excellent! Secondly, I thank the senior editors for their partaking in running the journal. Lastly, I would like to thank the department for encouragement and help in the process of putting this journal together.

Hope you enjoy the read,

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<sup>1</sup> Dobson, A. *Green Political Thought*, 4th ed. (Routledge, London, 2007) p. 2

<sup>2</sup> Nordhaus, T. & Shellenberger M., *The Death of Environmentalism; Global warming Politics in A Post-Environmental World* 2004



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## 2010: THE YEAR OF BIODIVERSITY

Anja Berg

The urgency of concern over the earth's biodiversity has increased over the last couple of decades. This has resulted in the formation of the Convention of Biodiversity which declared in 2002 that it would have achieved a 'significant reduction of the current rate of biodiversity loss at the global, regional and national level as a contribution to poverty alleviation and to the benefit of all life on Earth' by 2010.<sup>1</sup> Consequently, 2010 celebrates the Year of Biodiversity culminating in the Nagoya World Summit on Biodiversity.

Biodiversity can be defined as 'the variability among living organisms from all sources including terrestrial, marine and other aquatic ecosystems, and the ecological complexes of which they are part, this includes diversity within species, between species and of ecosystems.'<sup>2</sup> The impact of biodiversity loss is only beginning to be fully understood now, however many scientists and researchers agree that biodiversity loss will have significant implications for the future well-being of the human society. A crucial factor underpinning biodiversity is the health and efficiency of global ecosystems and the services they provide. Ecosystem services can be defined as the direct or indirect contributions of ecosystems to human welfare.<sup>3</sup>

These services can be divided into four different categories: (1) *Provisioning services* that provide food, water, and building of material and pharmaceutical components; (2) *Supporting services* which enable the maintenance of ecosystems through soil formation, carbon storage and stability of biodiversity, these services also interact and underpin the provisioning services and are therefore indirectly essential to human welfare; (3) *Regulating services* control the physical

and biological processes within an ecosystem that enhance human welfare by regulating climate and water, control soil erosion and contain natural hazards; (4) Finally, *socio-cultural services* that are the aesthetic, spiritual, recreational, traditional or intellectual services a specific community describe to a natural system.<sup>4</sup>

In all these ways ecosystems provide real support and benefits to human society, which through these mechanisms draw food, shelter, clothing and medicine from the diversity of the biosphere. This is particularly true for the poor who draw up to 80 per cent of life support services directly from the biosphere for their day-to-day survival.<sup>5</sup>

However, the "flow"<sup>6</sup> of these services is subject to the resilience of ecosystems and their capacity to adapt to change. Under too much pressure, the resilience of ecosystems is being degraded and their ability to function properly might be undermined. To illustrate, a loss in marine biodiversity caused by too much pressure on marine ecosystems such as coral reefs is an example of loss in biodiversity as one of the effects of a damaged ecosystem.

Another aspect of biodiversity loss is the particular impact it has on women, their lives and social status in indigenous communities that are dependent on biodiversity. Professor Patricia Howard conducts research into biodiversity and gender studies. Her findings show that women sustain a specific relation to the biophysical environment and that they possess considerable amounts of valuable botanical knowledge. This comes through long traditions of feminine roles as gardeners, gatherers and seed breeders and custodians. As such, women play a significant role in preserving plant diversity.

This relation between botanical diversity and female access is also conditioned by social status; 'in many regions, biological resources constitute the greatest part of women's wealth, providing them with food, medicine, clothing, shelter, utensils and income.'<sup>7</sup> Loss of plant diversity would mean a loss of place and "purpose" for women. As already "minor" social actors, it can only contribute to a further decrease in their status and social welfare. Furthermore, Howard claims that 'the significance of gender relations [botany] not only has implications for research and practice concerned with conservation, but is also crucial to problems such as food security, health, poverty, agriculture, trade and technology development.'<sup>8</sup>

Population growth, market expansion, environmental degradation and rapid decline in foraging resources, endanger access to plant diversity and are increasing the time and labour invested in foraging activities, that are roles disproportionately taken by women. At the same time female foraging rights are being usurped. What is more, reduction of foraged foods in the diet is leading to poorer nutrition and is reducing emergency food supplies. This in turn increases reliance on food purchases that decreases management and erodes local botanical knowledge and use of plant life.<sup>9</sup>

Taken as "domestic roles", the labour of these women suffers from a perception of reduced significance, and women themselves as "minor actors". This is compounded by the nature of the work as being non-monetary, making it all too easy to overlook the importance of biodiversity to sustaining communities and the role of these women in sustainably managing it as such. This important role of women is largely ignored in conservation practices and development projects.<sup>10</sup> Howard scrutinises these "domestic" places, the kitchen and the house garden, and suggests that they contain significant plant diversity.<sup>11</sup> These combined notions call for a reorientation of conservation policy towards "domestic" spaces of biodiversity.

The Convention on Biodiversity states that 'biodiversity conservation and sustainable use with equitable sharing of benefits derived from its natural

services are the basis of human well-being'.<sup>12</sup>

This goal can only be met by 'giving serious attention to women's knowledge, use, rights and needs with respect to local plant diversity'.<sup>13</sup>

It is as such essential to give women a voice in biodiversity policy and decision-making. Such a move becomes essential to securing the future range of plant diversity.

Through women we can also see how biological diversity and cultural diversity come to be closely linked. In consequence, to conserve biodiversity must be taken in relation to culturally diverse practices. We see that, 'the preservation of biological diversity must be instrumental to achieving human welfare, where "human welfare" is defined not only according to bio physical absolutes, but also to cultural values'.<sup>14</sup>

This linkage has given rise to a new conceptualization of biodiversity, that of "bio-cultural" diversity. It arises through recognition of this close link between biodiversity and the diversity of human cultural practices.<sup>15</sup> This broader concept of diversity, maintains its urgent necessity whilst also urging a new way of conceptualizing these issues.<sup>16</sup> The survival and wellbeing of indigenous people then becomes as essential as plant or species conservation. It is claimed that as indigenous societies have adapted to certain environments they have acquired an 'in depth knowledge of species, their relationships, ecosystem functions and they have learnt how to tailor their practices to suit their ecological niches',<sup>17</sup> these communities possess the knowledge and skill to live without depleting natural resources and thereby preserving biodiversity.

If development or conservation projects come to threaten the survival of these communities, we also see a threat posed to the biodiversity that surrounds them. Full respect for these communities and their requirements will possibly prove one of the most valuable movements towards reversing the decline of biodiversity and ensuring its future preservation.

At the World Summit on Biodiversity in Nagoya, Japan, it was agreed to increase protected land and

inland water to 17 per cent (compared to 13 %, now) and 10 per cent (compared with 1 % now) of coastal and marine waters by 2020.<sup>18</sup> Nations also committed to a “broad mission” to take action to halt the loss of biodiversity. This manifests in the aim to halve the loss of habitats and the desire to see new national biodiversity plans to chart how each country plans to manage overfishing, control of invasive species and prevent the destruction of the natural world.<sup>19</sup>

Though a consensus was reached, little in terms of a binding agreement emerged. There also appears little readiness from developed countries to assist the developing world financially to implement the agreements. Representatives seemed more interested in ‘defending national interests than reversing the precipitous decline of animal and plant life on Earth’.

Whether the Nagoya Summit is strong enough to address the ‘the forces that are driving the loss of biological diversity as well as eroding the majority of human cultures’ remains to be seen.<sup>20</sup> However it is apparent that a deeper appreciation of biodiversity and its value to the human society need characterize global policy and decision-making. There is also an urgent need to develop a broader understanding of diversity and its functions; one that includes cultural as well as ecological diversity and that gives greater credit to the unique contribution of actors such as women in the process.

recognizing the role of biodiversity for human well being (Secretariat of the Convention of Biological Diversity, 2009), assessed on 23/12

<sup>6</sup> Kershaw, F. and Silvestri, S (2010) *Framing the Flow: Innovative Approaches to Understand, Protect and Value Ecosystem Services across Linked Habitats*, UNEP World Conservation Monitoring Centre, Cambridge, UK (United Nations Environment Programme)

<sup>7</sup> Howard, P. The Major Importance of “Minor” Resources: Women and Plant Biodiversity, *The Gatekeeper Series*, no. 112 (International Institute of Environment and Development, 2003)

<sup>8</sup> *Ibid.*

<sup>9</sup> *Ibid.*

<sup>10</sup> *Ibid.*

<sup>11</sup> *Ibid.*

<sup>12</sup> Biodiversity, Development and Poverty Alleviation- recognizing the role of biodiversity for human well being (Secretariat of the Convention of Biological Diversity, 2009), accessed on 22/12

<sup>13</sup> *Ibid.*

<sup>14</sup> Howard, P. The Major Importance of “Minor” Resources: Women and Plant Biodiversity, *The Gatekeeper Series*, no. 112 (International Institute of Environment and Development, 2003)

<sup>15</sup> World Conservation- a World without Biodiversity? *The Magazine of the World Conservation Union* (2008) vol. 38:1, pp.13-16

<sup>16</sup> *Ibid.*

<sup>17</sup> *Ibid.*

<sup>18</sup> Walsh, B. *Wildlife: Nations Agree on a Historical Deal for Biodiversity in Nagoya* (Time, 2010) assessed on 23/12

<sup>19</sup> *Ibid.*

<sup>20</sup> Howard, P. The Major Importance of “Minor” Resources: Women and Plant Biodiversity, *The Gatekeeper Series*, no. 112 (International Institute of Environment and Development, 2003) p.15

<sup>1</sup> Convention of Biological Diversity <http://www.cbd.int/2010-target/>, (accessed on 23/12)

<sup>2</sup> World Conservation- a World without Biodiversity? *The Magazine of the World Conservation Union* (2008) vol. 38:1

<sup>3</sup> Kershaw, F. and Silvestri, S (2010) *Framing the Flow: Innovative Approaches to Understand, Protect and Value Ecosystem Services across Linked Habitats*, UNEP World Conservation Monitoring Centre, Cambridge, UK (United Nations Environment Programme), p.9

<sup>4</sup> Kershaw, F. and Silvestri, S (2010) *Framing the Flow: Innovative Approaches to Understand, Protect and Value Ecosystem Services across Linked Habitats*, UNEP World Conservation Monitoring Centre, Cambridge, UK (United Nations Environment Programme), p.9

<sup>5</sup> Biodiversity, Development and Poverty Alleviation-



## THE NORTH POLE: SHALL WE RACE?

Sofiya Kartalova

*The Hare was once boasting of his speed before the other animals. "I have never yet been beaten," said he, "when I put forth my full speed. I challenge any one here to race with me."*

*The Tortoise said quietly, "I accept your challenge."*

*"That is a good joke," said the Hare, "I could dance round you all the way."*

*"Keep your boasting till you've beaten me," answered the Tortoise. "Shall we race?"*

*The Hare and the Tortoise, an Aesop's Fable<sup>1</sup>*

The territorial claims on the North Pole are the latest contentious grey area amongst world forces – Russia, Canada, the USA, Denmark and Norway. The events could have been the perfect opportunity for a lesson in puppet mastery on the international political stage conducted with precision and panache. Instead, the political leaders provided their fair share of immature tantrums and pointless boasting. They enjoyed being in the spotlight, boosting the national confidence by flexing their muscles in front of cameras and voters. And as ever the obliging media gladly followed suit and fitted this into the narrative of an epic race.

The classical model of a race can be found in Aesop's fable, *The Hare and the Tortoise*. While the Tortoise kept its gaze fixed on the ultimate goal; the Hare identified velocity, his personal bravado and public approval as the decisive factors and paid for his incorrect judgment. In contrast, the Tortoise employed the result-oriented approach and was rewarded for his concentration and persistence. Essentially, the Tortoise is a brilliant strategist. He considered two factors – the characteristics of the track and the personal traits of his opponent. The former goes down to the simple operation of crossing the finish line first, whereas the latter entails recognising the Hare's weaknesses. This is an example of primal confrontational politics.

This piece argues that national forces are wrongly caught up in construing the North Pole scenario as a matter of establishing dominance. Applying the aforementioned pattern universally amounts to a clumsy imitation of the ways of the inspired thinker that is the Tortoise. A moral

for today's leaders is to consider the specifications of the terrain and the adversary before rushing into action. It is contended that the best strategy in the Arctic 'race' is cooperation towards reaching an agreement, perhaps even an overarching multilateral treaty. This proposition has proved valid upon inspection. Firstly, there is no universal finish line for the Arctic 'race' – a different time limit is set for each country to submit sufficient evidence to the United Nations Continental Shelf Commission in order to reach a settlement with regard to the borders on the map. Plus, at least half a century may pass until any country can gain access to resources in the North Pole. Secondly, the confrontational policy of the states so far has proved to be markedly inefficient and slow in producing results, if at all. And thirdly, the stakes are too high for anyone to back off, which will doubtlessly bring incessant fruitless bickering or escalation of the disagreement. Thus, only those that strive for an equitable, peaceful and dignified resolution could resolve this matter.

However, let us first explore what the terrain has in store for our valiant contestants. Some estimates suggest that about 20% of the world's total oil reserves lie under the Arctic.<sup>2</sup> Needless to say, this is seen as an extremely attractive potential asset for any developed country, especially considering that there is a huge market in places such as China and India where deficits in oil supplies exist. So far, Swedish and Russian attempts to drill into the ocean floor have proved successful, discovering promising reserves of mineral deposits and coal beds, not to mention an abundance of fish stocks, including cod and capelin.<sup>3</sup> Additionally, climate change and the consequent melting of the polar ice caps have renewed hopes for a

new route leading westward to India. Borgerson, quoted in Richard Parker's article, points out that should warming trends continue, with sea ice melting and becoming thinner in composition, 'the Arctic will become similar to the Baltic Sea, covered by only a thin layer of seasonal ice in the winter and therefore fully navigable year-round.'<sup>4</sup> This is crucial for world economies because using the Northwest Passage (NWP) – a sea route through the Arctic Ocean – will shorten the transit from Europe to Asia by 7000km, making it less costly than passing through the Panama or Suez Canals, which may have positive economic consequences for European markets.<sup>5</sup> Let us move on to the rulebook of the race. The existing regime can be summarised as such: 'The Arctic has no binding regional convention, but instead a hodgepodge of a few international treaties, various regional bilateral and multilateral agreements, and domestic laws. Although in need of a binding treaty like the ATS [Antarctic Treaty System], the inability of the Arctic nations to reach a consensus on sovereignty claims and other issues has perpetuated the reliance on soft law in the region.'<sup>6</sup> The only binding instruments presently include the UN Convention on the Law of the Sea, the Straddling and High Migratory Fish Stocks Convention and the International Convention for the Prevention of Pollution from Ships (MARPOL). With regard to national legal dimensions, it has been noted that 'while domestic law can play an important role in protection, it is ineffective at addressing transboundary problems and only adds to the multiplicity of laws affecting the region ... domestic conservation attempts provide only piecemeal protection for the environment.'<sup>7</sup>

Meanwhile, there is a wealth of soft law sources. In 2008 the five circumpolar nations issued the Ilulissat Declaration<sup>8</sup> – a crucial statement of intention to work out a comprehensive set of rules. It is vital to stress here that the five states used the language of 'sovereignty, sovereign rights and jurisdiction in the Arctic Ocean', seeing themselves as the key players by excluding the indigenous population of the North Pole and the other Arctic Council members.<sup>10</sup> And so, this piece will work under the presumption that establishing a form of sovereignty over the Arctic territories is possible.

The underlying document for the time being is the United Nations Convention of the Law of the Sea (UNCLOS). UNCLOS has been called "the constitution for ocean governance", since it encompasses a wide array of rights and duties – pollution and conservation, dispute resolution, jurisdiction, exploitation of resources, deep sea mining, navigation etc. It is a self-executing treaty, the general rules of which are further complemented by agreements on specific issues. UNCLOS is particularly relevant with regards to delimitation of the Arctic waters. It is especially important to note that the treaty constitutes codifi-

cation of pre-existing custom and therefore it is binding on all states.<sup>11</sup> It has been widely acknowledged in public international law that there are two sources of binding legal rules – custom and treaty. Thus, even though the US is the only circumpolar nation that failed to ratify it, it still needs to comply with its provisions.

However, UNCLOS has been frequently criticised as insufficient to meet the upcoming challenges of the overlapping claims to the Arctic:<sup>12</sup> Section II of UNCLOS allows for an extension of the exclusive economic zone by an extra 150 nm, if the state manages to provide evidence that it is a 'natural prolongation of its land territory'. Article 87 of UNCLOS instructs the states to agree on a boundary within a 'reasonable period of time', while the opt-out option is to be found in Article 298. All of the contenders, except for Norway, have taken the chance to avail themselves of this responsibility in dispute resolution. This fact only goes to show that UNCLOS is ineffective in regulating disputes such as the one between Russia and Norway.<sup>13</sup> The ICJ and the International Tribunal on the Law of the Sea have not yet encountered a case decided on the basis of UNCLOS as binding law. The continental shelf disputes are meant to arrive at an 'equitable solution' (Article 83 UNCLOS), but no means to this end are specified.<sup>14</sup> This hinders the establishment of objective criteria to judge equitability and leaves too great a margin of appreciation to the states.

B.A. Malloy has presented a brilliant analysis of the loopholes of the current regime for the Arctic.<sup>15</sup> She argues that the existing framework leaves too much room for selective applicability and arbitrariness. The policy is too weak to withstand raging national interests. States fail to codify specific legal standards, measures and deadlines, which leads to the disregard of soft law guidelines in the pursuit of resource extraction and military security. Given their conduct so far, it would be unwise to trust the contenders to act objectively and in moderation in their resource management. Moreover, Malloy points out that UNCLOS is not as exhaustive as it should be there are no rules taking into account the specifics of the Arctic ecosystem. The scope of protection in UNCLOS is unfortunately only restricted to ocean governance. Other omissions in the current regime include uniform regulation of military operations and mining for resources.

In the face of such a faulty legal framework, a binding multilateral treaty exclusively on the North Pole is recommended. D. Rothwell envisions a universally applicable instrument that contains a clear and unequivocal codification of the sovereign rights over the Arctic which already exist. In doing so, no preference should be given to the territorial claims of any of the five actors. This instrument should design proper mechanisms for the reso-

lution of disputes, in the case of an overlap. It should also include a variety of underlying tenets, while the details will be arranged officially later in date. Its scope should extend to the entirety of the Arctic Ocean and the adjacent high seas.<sup>17</sup>

Let us proceed with an analysis of the legal status of the different elements of the Arctic territory. To start off, the legal status of the NWP has long been a subject of disputes between the US and Canada. Canada sees it as part of its internal waters and demands full authority over its usage.<sup>18</sup> The *Norwegian Fisheries*<sup>19</sup> case three-fold test is to be applied to assess the credibility of Canada's contention on the basis of the following criteria: the natural physical formation of the coastline; a close link between land and waters and lastly; the economic and social implications.<sup>20</sup> Even if Canada manages to withstand rebuttal on the delimitation point, there is an exception to the absolute control over internal waters. When the coastline claims waters that were previously left outside its original internal waters, there is a right of innocent passage enshrined in UNCLOS 1982.<sup>21</sup> Another argument could be littoral sovereignty that calls for proof of discovery followed by effective occupation and administration. This thesis is further supported by the historical acquisition of more territories through treaties.<sup>22</sup> In contrast, the US contends that it is an international strait that is under limited Canadian sovereignty, without prejudice to free transit.<sup>23</sup> The US also points out that all maritime States have a legitimate right to the 'safest and most expeditious route.'<sup>24</sup>

The next element is the Arctic ice. At first, Canada and Russia contended that sea ice could be equated to land, but this view was dismissed as outdated. Today the polar ice is regarded as water, although it bears a somewhat special status. Shelf-ice could be used as a basis for determining straight baselines, but only if it is 'comparatively permanent and stable.'<sup>25</sup>

Out of all of the elements, the continental shelf is of tremendous interest to the circumpolar nations, since it is rich in oil, gas and minerals. The continental shelf is a legal term based on the idea of territorial sovereignty that denotes a prolongation of the continents that slides down to link with the deep sea bed (i.e. the continental margin). Article 76 of UNCLOS provides that all coastal states are entitled to an extension of up to 350 nm, beyond the 200 nm of complete sovereignty. Evidence submitted to the Commission on the Limits of the Continental Shelf (CLCS) is needed in order to satisfy this complex formula. The final delimitation is subject to approval by this organ.<sup>26</sup> There is a time limit to these submissions – within 10 years of UNCLOS coming into force in that particular state (Article 4 of annex II to UNCLOS).

A. Cavnar suggests that UNCLOS creates a 'monstrously difficult' formula that surpasses all of the other UNCLOS delimitation procedures. It has been also pointed out that the language used is not scientific in nature, but purely legal. Thus, a brand new legal process for treating and appraising evidence is introduced - not necessarily one that accurately reflects the physical realities. As a result, when gathering sub-marine data, states must bear in mind the potential interpretation of their findings, not their objective geological worth. Hence, they plunge into a costly battle with an unforeseeable outcome.<sup>27</sup> The uncertainty in interpretation is supposed to be remedied by the Commission on the Limits of the Continental Shelf (CLCS). It is the only organ mandated to oversee the procedure under Article 76 of UNCLOS. Its conclusions are uniform and possess great influence. However, in the absence of scholarly or governmental agreement on the ambiguous wording of the provision, the role of CLCS is also highly controversial and stretches beyond the technical verification of the submissions. Luckily for the states, they are not left completely in the dark, since the CLCS Scientific and Technical Guidelines are available to the public.<sup>28</sup>

It is now high time for the profiles of the adversaries to be examined. The most significant event relating to the territorial claims occurred on 2nd August, 2007, when a Russian flag was planted on the underwater Lomonosov ridge, which is directly linked to the Arctic coast, with the intent of legitimising Russian claims to the Arctic. This can be seen as a symbolic move highlighting Russia's increased determination to secure their claims to the Arctic. Moscow's National Security Council officially vocalised its intention to make the Arctic its 'main resource base'<sup>29</sup> by 2020, and introduced plans for troops 'capable of ensuring military security in the region'.<sup>30</sup> In addition, a Russian admiral mentioned equipment being prepared especially for the Russian Arctic fleet. Controversially however, Foreign Minister Sergei Lavrov insisted Russia was not planning any increase of forces in the Arctic. The Managing Director of the Johns Hopkins Centre for Transatlantic Relations argued that 'the Russians know what they want. They've got an Arctic fleet, and incentives to bring people to settle in the region. They want to develop gas fields. It's not military aggression, but an attempt to build a comprehensive presence.'<sup>31</sup> Russia's overall conduct can be classified as purposefully daring. It started off as the villain with its pretences and marked dominance. However, recent developments surrounding Russia's new political course will be considered below.

The main rival, Canada, was enraged by Russia's behaviour. 'You can't go around the world and just plant flags and say: 'We're claiming this territory'', protested the Canadian Foreign Minister, Peter MacKay.<sup>32</sup> Canada's abso-

lute resolution was summarised by Stephen Harper, the Canadian Prime Minister: 'Canada has a choice when it comes to defending our sovereignty over the Arctic. We either use it or lose it. And make no mistake, this government intends to use it.'<sup>33</sup> In this case, Canada's response to Russia's conduct was completely adequate. However, Canada itself has a similar attitude. Indeed, it has been a long-standing policy of the country to treat the North Pole territory as an extension of its own lands. In 2000, Canada managed to assert sovereignty over part of the Arctic Ocean. Luckily for Canada, this decision did not meet any resistance. In 2007, Canada invested 3.3 billion pounds in up to eight military patrol ships that would be converted for use in ice up to a metre thick, and a new deep-water port that would service them.<sup>34</sup> In 2009, Canada released a public relations plan called Canada's Northern Strategy: *Our North, Our Heritage, Our Future*.<sup>35</sup> It is aimed at helping the Canadian North's economy by launching new geo-mapping initiatives, improving regulatory processes and giving priority to the North when it comes to economic development.<sup>36</sup> Similarly, the US has no intention of giving up the fight. It has always been one of the most powerful contestants in this race, maintaining its interest throughout the years and spinning a web of small, yet substantial political and legal moves. In 1969, the oil tanker, *Manhattan*, trespassed upon the waters of the NWP, making environmentalists hold their breath, because a potential oil spillage in the icy waters would be a disaster without any chance of rectification. As a result, the Arctic Waters Pollution Prevention Act was enforced, in which Canada asserted the right to control navigation in waters extending 161 kilometres offshore. The US considered no change of political course and sent an icebreaker through the NWP without coordinating it with Canada first. This led to the Arctic Cooperation Agreement, which postulates that US vessels shall not enter the NWP without Canada's approval, and Canada will always give its permission.<sup>37</sup>

Denmark also sharpens its claws for the fight over the multi-billion prize. In 2007, Denmark sent an expedition to the Pole, but the reasoning behind it remained obscure: 'While the Prime Minister says the North Pole is shared property, the science Minister has hinted that the North Pole - or parts thereof - is Danish property. We need the government to make a clear stand,' said Rasmus Prehn, Social Democratic shadow spokesman on science.<sup>38</sup> Flemming Christiansen, another scientist at Denmark's Geological Survey of Denmark and Greenland (GEUS), says Denmark's ultimate goal is not the natural resources the North Pole has to offer, but its strategic whereabouts as an international route.<sup>39</sup> According to scientists of the Canadian Polar Commission 'preliminary work has shown — and this is, again, very prelimi-

nary — that Denmark would actually have the strongest claim to encompass the North Pole within its region.'<sup>40</sup> This is not to say, though, that Denmark will receive anything without solid proof to back up its case.

Meanwhile, Norway has already gathered and submitted evidence to the relevant authorities to make its claims. However, Norwegian scientists appear to think that, while part of the region is Norwegian territory, the pole itself is not Norwegian.<sup>41</sup> It can safely be said that Norway has remained calm and preserved its diplomatic sanity in the face of the storm. Willy Østreng voiced his concern about the misconception of the Arctic race and his vision for international co-operation on the subject: 'To sort all these interests out requires fine-tuned politics, subtle diplomacy, and a willingness of all parties to find pragmatic solutions'<sup>42</sup>

Norway was not the only one to abide by the way of Aesop's Tortoise. The latest major breakthrough in the territorial claims on the North Pole is the official bilateral agreement of 2010 between Russia and Norway, where they settled on splitting the overlapping frontier territory in the Barents Sea and the Arctic Ocean roughly in two.<sup>43</sup> This event means that the disputes can be resolved through multilateral agreements in line with the UN Convention on the Law of the Sea, not a common treaty. What is more, it shows that Russia has finally adopted a 'mellow tone' in its foreign affairs and is searching for a lawful compromise, rather than dominance by all means.<sup>45</sup> Thus, one of the most fervent contestants has gained wisdom and maturity in its policy and was rewarded with a palpable positive development.

In conclusion, it is evident that there is a myriad of unregulated, faulty or inconsistent questions surrounding the Arctic. The current regime is struggling to keep up and the circumpolar nations act on their own with only minimal guidelines, causing unseen tension in the international relations. One thing is certain – a radical change in the behaviour of the adversaries must occur or the matter will be forever stuck in a limbo of uncertainty. Following the example of the Tortoise, the forces must customise their methods to the true nature of the problem that goes beyond the obvious banging on the negotiations table with an iron fist. In the end, 'Plodding wins the race',<sup>46</sup> but only if it is done in the right direction.

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- <sup>8</sup> Ilulissat Declaration, ARCTIC OCEAN CONFERENCE ILULISSAT, GREENLAND, 27 – 29 MAY 2008, p. 1.
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- <sup>12</sup> Holmes, S., *Breaking the Ice: Emerging Legal Issues in Arctic Sovereignty*, 9 Chi. J. Int'l L. 323 2008-2009, p. 325.
- <sup>13</sup> Holmes, S., *Breaking the Ice: Emerging Legal Issues in Arctic Sovereignty*, 9 Chi. J. Int'l L. 323 2008-2009, p. 339-340.
- <sup>14</sup> Holmes, S., *Breaking the Ice: Emerging Legal Issues in Arctic Sovereignty*, 9 Chi. J. Int'l L. 323 2008-2009, p. 339-341.
- <sup>15</sup> Malloy, B. A., *On Thin Ice: How a Binding Treaty Regime Can Save the Arctic*, 16 Hastings W.-Nw. J. Env't'l L. & Pol'y 471 2010, p. 291-294.
- <sup>17</sup> Rothwell, D., *The Arctic in International Affairs: Time for a New Regime?*, 15 Brown J. World Aff. 241 2008-2009, p. 250-251.
- <sup>18</sup> M. Krafft, 'The Northwest Passage: Analysis of the Legal Status and Implications of its Potential Use', 40 J. Mar. L. & Com. 537 2009, pp. 537-578 (p. 560).
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- <sup>20</sup> See Krafft, p. 561-562.
- <sup>21</sup> See Krafft, p. 562-563.
- <sup>22</sup> See Krafft, p. 544-545.
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# GOING SOFT? ENVIRONMENTAL POLICY OF THE EUROPEAN UNION

Robert May

“The foreign policy of the Obama administration was going to be one of smart power: ‘Using all the tools in our foreign policy toolbox’ ”

*Joseph Nye Jr.*

## INTRODUCTION

The European Union (EU) is rarely seen as a powerful actor on the international relations stage. A state-centric, ‘high politics’ view of global politics tends to overlook the involvement of the EU and its effectiveness,<sup>2</sup> and the dominance of Realist conceptions of power ensures that the role of non-state actors is consistently undervalued.<sup>3</sup> However in the realm of international environmental negotiations, the EU has taken up a strong leadership role – and this article seeks to explain how the EU was able to do so despite not having the same coercive power resources as traditional states. The explanation is set out in three sections: first, the European Community/Union environmental policy’s inextricable link to its foreign policy is outlined; second, a brief overview of Joseph Nye’s conception of ‘soft power’ is wedded to the idea of soft power being the dominant power paradigm in international negotiations of environmental policy; third, this wedding of soft power and environmental negotiations is shown to be true by observing empirical reality through the lens of the EC/EU’s participation in international climate change negotiations, and it is argued that the successful attainment of the EU’s objectives is directly attributable to its use of soft power.

## I - “SETTING THE GLOBAL STAGE”: THE EU’S ENVIRONMENTAL POLICY

Environmental policy is a relatively new construct on the global stage. While negotiations of state borders have occurred throughout known history – preceding even the Peace of Westphalia in 1648 – the effects of environmental change, despite transcending traditional state boundaries, has been formally noted in international relations only in the latter quarter of the 20<sup>th</sup> century. This is certainly reflected in the evolution of environmental policy within the European Communities. The first impetus for discussions about environmental issues occurred only after the 1972 United Nations Confer-

ence on the Human Environment in Stockholm<sup>4</sup> in direct response to ecological crises which affected the entire European continent – in fact, over one third of EC/EU measures to combat environmental issues can be traced back to international agreements.<sup>5</sup> An explosion (and associated dioxin pollution) at a chemicals factory near Seveso, Italy in 1972; a growing concern over acid rain-induced forest die-back (‘Waldsterben’) in 1970s Germany; recognition of ozone depletion and the resulting climate change; these issues and more triggered the development of a European Communities-level environmental policy. The transnational effects of the crises and the need for border-transcending collective action encouraged the creation of such poli-

cies.<sup>6</sup> The early environmental policies of the European Communities helped push the burgeoning EU into 'something more than a market',<sup>7</sup> and they show that the EC member states (and their national governments) were increasingly willing to act collectively and co-ordinate environmental policy under the ECs umbrella.<sup>8</sup>

Discussion of the creation of policy at the EC/EU level must also touch upon the legal basis for such policy – an area which can confuse, and often undermines the credibility of the EU to act as an actor in international relations. If the EC/EU cannot act in negotiations at an international level, how can it participate in environmental negotiations such as the Copenhagen Climate Conference 2009? Academics such as O'Riordan and Jäger,<sup>9</sup> Bretherton and Vogler,<sup>10</sup> Giddens,<sup>11</sup> Howorth<sup>12</sup> and Karlsson and Parker<sup>13</sup> have debated considerably over the extent to which the EC/EU can be considered an international actor; but when it comes to environmental politics the EC/EU has a clear role. While it serves as a regional, intergovernmental arena, the EC has a foundation in law (the various treaties of European integration)<sup>14</sup> but before the entry into force of the Lisbon Treaty in 2009 the EU itself did not have a legal personality so as to ratify international agreements. The EU instead acted as an interlocutor on behalf of the EC while participating in and ratifying international conventions.<sup>15</sup> After 2009, the Lisbon amendments allowed for the EU to be granted the EC's legal basis for negotiating in international conventions. That responsibility, coupled with the fulfilment of criteria of authority, autonomy, cohesion, volition and recognition<sup>16</sup> qualifies the EC/EU as an international actor.

While transnational ecological crises and the legal responses to them helped "internationalise" the EC/EU's environmental policy, growing trade interdependence (perhaps synonymous with the term "globalisation") also added pressure to internationalise EC/EU environmental policy.<sup>17</sup> The European Communities' commitment under the Treaties of Rome (1957) to create and maintain a common European market meant that the institutions of the European Community were also committed to maintaining a level playing field both within that common market and within the global stage upon which the market was set. In the early 1980s, new environmental

awareness and legislation directly linked economic policy and environmental concerns.<sup>18</sup> For example, in the United States, new legislation was created to allow only cars fitted with three-way catalytic converters to be sold in their automotive markets. This instantly created a problem – EC member states could take unilateral action outside of the EU institutions to ensure continued participation in the US car market, and risk destabilising the common market, or take action at an EC level and limit (if not eliminate) competitive distortion both in the global car market and in the regional European car market. As it stands, legislation was passed at the EC level – overriding opposing member states via the use of Qualified Majority Voting – and ensuring that all participants in the automotive common market submitted to environmental concerns. Environmental policies and multi-national economic policies were directly linked through actions such as these at the European level; a further example within the one given is that Greece made its support for Directive 88/76 contingent upon 'greater EC support for environmental protection projects in Athens'.<sup>19</sup>

As well as the marriage of environmental policy with multi-national economic policy, and the impact of ecological crises upon EC member states, it is enough to observe some simple facts to realise that the EU has a commitment to developing international environmental policy through its "foreign policy toolbox". The EC/EU has a total material requirement (the amount of resources consumed by an economy, excluding air and water) that amounted to 50 tonnes per capita (19 billion tonnes total; compared to the USA's 84 tonnes per capita) by the end of the 20<sup>th</sup> century. Eighty per cent of one year's total material requirement returns to the environment within the space of another year; but most importantly – forty per cent of this material requirement is sourced from outside the EU.<sup>20</sup>

The EU can therefore be seen as having a global responsibility for environmental policy negotiation<sup>21</sup> -- transnational ecological crises, transnational economic interdependence and the EU's use of international economic resources protest to this responsibility.

## II - "SOFTENING THE BLOW": SOFT POWER AS AN ENVIRONMENTAL POWER PARADIGM

To rehash an old cliché – 'With great power comes great responsibility'. The same phrase in reverse is true of the European Union's position in international relations Environmental Negotiations – great responsibility requires great power. However, traditional conceptions of power are far too insufficient to describe the power that the European Union wields in the sphere of international relations. Power is often defined as the ability to change the preferences of others,<sup>22</sup> with two Realist concepts of power conversion being the principal methods for changing those preferences. These are the archetypes of *command power*: inducements ("carrots") and threats ("sticks").<sup>23</sup> However, it is hard to say that either concept can be relevant in the theatre of international environmental negotiations – the aforementioned linkage of economic and ecological issues making it remarkably difficult to manipulate economic interdependence to achieve environmental goals; and the use of military power either being "too much" or posing a direct ecological threat in and of itself. Also, in the contemporary world, both the context of the use of power and the sources of that power have changed significantly.

Command power is defined as the action of coercing states into changing their preferences.<sup>24</sup> Successful levels of command power rely on tangible sources of power – that is, the size of a nation-states' population (and the percentage of that population able to participate in military service), the geographical location of a nation-state, the raw materials in its possession and the capital surplus a nation-state may enjoy.<sup>25</sup> As stated above, command power is conceptualised as being the use of threats and inducements.

Inducements involve the manipulation of asymmetric, independent relationships in the economic sphere of international relations: "*the less vulnerable of two states may use subtle threats to their relationship as a source of power*".<sup>26</sup> However, ecological issues in the contemporary world "*involve large elements of mutual advantage that can be achieved only through co-operation*".<sup>27</sup>

Threats involve the use of military power to under-

mine another nation-state's security. However, new dimensions of security undermine this simplistic, strategic-military view of security. 'The forms of vulnerability have increased, and trade-offs amongst policies are designed to deal with different vulnerabilities':<sup>28</sup> ecological security is now equally as – if not more important than – traditional military security.

The context of the use of power has also changed. The spheres of international relations could be viewed as a kind of '3-D chess board',<sup>29</sup> and observations of the levels of power attained by actors in each sphere can help reveal the limitations of command power. The military sphere is largely unipolar, with the US being the most prominent strategic actor in that sphere. The economic sphere is multipolar (if the EC/EU is taken as an actor in this area), with many actors competing for the "top spot". However, in the transnational sphere, where solutions must be found for issues such as cross-boundary pollution and climate change, traditional power structures can break down. The stage is crowded owing to a process of power diffusion, and traditional theories of power transition and hegemonic decline are no longer applicable.<sup>30</sup> Power diffusion reduces the ability for 'any great power to control its environment and achieve what it wants'.<sup>31</sup> Nye argues that a cooptive power structure is the only method for dealing with an international relations stage crowded with transnational actors. The objective of changing another actor's transnational objectives through coercion or inducement is undermined, and instead the best method for changing such objectives is through the attraction of one's own culture, values and institutions.<sup>32</sup>

However, simply stating that power diffusion occurs and that the EU requires a co-optive power approach to achieve its objectives in international environmental negotiations is far too simplistic an argument. Instead, one must contextualise the EU's approach to environmental negotiations with the increased power diffusion away from non-state actors. Nye identifies 5 trends that highlight increased power diffusion away from state actors:<sup>33</sup> (1) Increasing economic interdependence; (2) Growth in prominence of Trans-National Actors; (3) Modernisation and urbanisation of weaker countries increasing motivation to use their power resources

on the global stage (e.g. through growth in nationalism and/or social awareness); (4) Spread of modern technology increasing the ability to wield power on the global stage; (5) The changing nature of global issues e.g. changing nature of threats to national security.

The result of a world affected so strongly by power diffusion away from state actors is the emergence of two parallel systems of multi-level governance.<sup>34</sup> One is characterised by a formal, state-centric, governance-orientated system – the international state system. The other is characterised by informal, multi-actor networks of organisation – such as the world economy. The EU is an example of both systems of organisation, and in terms of forging links of complex interdependence within these networks it is ‘unprecedented’.<sup>35</sup> While nation-states are important within the EC/EU (and the international networks that it is a subset of), trans-national, non-state actors share importance<sup>36</sup> forming a patchwork of partly overlapping assemblies responding to various kinds of demos.<sup>37</sup> Indeed, climate change science itself is a product of a period of intense interdisciplinary networking.<sup>38</sup>

Power can be wielded within these multi-level networks using both hard and soft power concepts. Karlsson and Parker<sup>39</sup> argue that the EC/EU wields its (limited) hard power and soft power resources in environmental negotiations by ensuring its leadership in three fundamental fashions. First, it tries to attain *structural* leadership – through the manipulation of hard power coercive and inductive instruments so as to create direct incentives, costs and benefits amongst its targets. Second, it tries to attain *directional* leadership – “leading by example” by demonstrating the feasibility, value and superiority of an idea with the aim of attracting emulation of that model. Third, the EC/EU tries to attain *ideal-based* leadership – the identifying of problems and the promotion of particular ideas towards solutions. The soft power versions of leadership (*directional* and *ideal*) can be linked by creating an idea and demonstrating the efficacy of that idea.<sup>40</sup> Such efforts would have the effect of producing a discourse through the conditioning of rules and historical transformations.<sup>41</sup> The manipulation of that discourse and interaction of that discourse with others in the spheres of international relations influence

the internal standards that actors use to regulate their own behaviour<sup>42</sup> – in other words, the creator of the discourse *attracts* others to the standards they both create and demonstrate in the world and can successfully ‘get others to do what [they] want’.<sup>43</sup>

### III - “FOLLOW THE LEADER” – THE EU’S USE OF SOFT POWER IN A GLOBALISED WORLD

Assessment of the EC/EU’s ability to achieve the objective of power – the change of another’s preferences to match one’s own – viewed through a lens of co-optive power thus means assessing how far the EC/EU attained leadership in a world characterised by globalisation. How did the EC/EU react to the increase in power diffusion? Was it able to achieve leadership and use its discourse to influence others in the realm of climate change negotiations?

It has been demonstrated earlier in this article that the EC/EU responded to the growth in economic interdependence, and its impact on environmental regulation, through the internal development of policy (the catalytic convertors example). On the international stage, it has also seen some success – for example, affecting a bargain with Russia to ensure its adherence to the Kyoto Protocol by linking that adherence with EU support for Russia’s bid to join the WTO.<sup>44</sup> It was also the pioneer of a carbon-trading system which it continues to vigorously advocate<sup>45</sup> – even though its effectiveness is questionable.<sup>46</sup> But the EU was not the first to pioneer a carbon-trading system – BP holds that trophy<sup>47</sup> – and trans-national corporations (TNCs) have often erected a hurdle for the EC/EU to jump over. TNCs became worried by EC/EU efforts to combat climate change because they feared a reduction in economic competitiveness on the world market; however, the EC/EU simply shifted its preference from sub-national and regional climate change policies to a preference for international climate change agreements.<sup>48</sup> Other approaches to the growth in trans-national actors have been equally exemplary: environmental NGOs are included within the EC/EU’s internal decision-making and policy implementation process<sup>49</sup> – as pressure groups and think-tanks, which seek to mobilise support and provide the European institutions with much-needed expertise (and even staff); and as enforcers and overseers of implementation

through the use of the complaints procedure and litigative powers provided by the European Courts of Justice. In its responses to the increase in power diffusion, the EC/EU shows its clear grasp of the change in global issues – and often takes the lead in suggesting solutions, such as by proposing (and working towards) higher targets for emissions reduction under the Kyoto Protocol.<sup>50</sup>

It is this proposal of higher targets, taken in conjunction with the unilateral work embarked upon through the European Emissions Trading Scheme (ETS) that the EC/EU can be shown to have increased its effective directional leadership.<sup>51</sup> The EC/EU has further demonstrated directional leadership through the experience it gained in dealing with a Europe-wide reduction of sulphur dioxide pollution that resulted in acid rain, and also through its involvement in the Vienna Convention on the Protection of the Ozone Layer.<sup>52</sup> Giddens criticises the model of the EC/EU as a trading bloc for dealing with economic interdependence<sup>53</sup> by raising the example of heavy-handed coercion of EU neighbourhood states (e.g. Ukraine) by Russia; in terms of structural leadership, the EC/EU is certainly lacking. The securitization of climate change (and environmental policy) is perhaps on the increase,<sup>54</sup> and the EU is constrained by its unusual agent/structure dynamic<sup>55</sup> – but Howorth reminds us that military power has little utility for solving complex socio-economic problems<sup>56</sup> such as climate change. Giddens certainly agrees – he believes that the EU must act to *attract* pivotal states which have considerable regional influence.<sup>57</sup> The EU, as part of its ideal-based leadership, attempts to do so by being a remarkably active policy entrepreneur.<sup>58</sup>

The EU's ability to construct a discourse and influence others must come from the expansion of (and inclusion into traditional structures of governance of) scientific knowledge<sup>59</sup> surrounding climate change. The EC/EU, as mentioned repeatedly, has made significant headway towards combining scientific knowledge and international governance through the inclusion – and ironically, the much lauded democratic deficit in European politics may benefit the EU's creation and promotion of a discourse by allowing for, in Lidskog and Elander's words, a technocratic 'ecologically enlightened elite'

to take on popular decisions.<sup>60</sup>

Nevertheless, the EC/EU has not been entirely successful at wielding its power on the global stage of climate change negotiations. John Vogler argues that the incoherency of the EC/EU stance prevents perception of the EU as a true global leader<sup>61</sup> – a fact compounded by the explicit link between EU environmental policy and economic policy. An actor that ignores the interdependent nature of the world economy while pursuing a policy which could harm economic performance will suffer a massive loss of economic capacity and of perceived power.<sup>62</sup> Vogler illustrates this through the infamous Tuna-Dolphin case of 1994 in which the EC sought to protect the European fishing market at the expense of environmental concern. Another factor compounding this is the aforementioned agency-structure dynamic of the EU: there are significant amounts of shared competence surrounding European environmental policy between the EC/EU institutions and the member states; limitations set up by the six-month term of the European Council presidency can impede performance in long, drawn-out international negotiations; and substantial differences in capacity and attitude toward dealing with environmental issues at the supranational level;<sup>63</sup> all of which seriously impact upon the ability for the EC/EU to deal coherently with environmental policy. Indeed, during the Copenhagen Conference on Climate Change 2009, inconsistencies between EC/EU attitudes and member state attitudes frustrated the ability for the EU to act coherently – and undoubtedly contributed towards the failure of the talks. Further structural incoherency is apparent when looking at the implementation of Kyoto Protocol targets: not all member states were subject to the same, strict targets<sup>64</sup> (a fact much lauded as strengthening the EU's international negotiation position<sup>65</sup>), yet the EU was unable to coherently implement policies and action toward these targets. This was blamed on 'too much talk': the limitations of regular reports and conferences as a monitoring tool.<sup>66</sup>

#### IV - CONCLUSION

Despite the limitations and structural issues the EU

may face, it is hard to imagine that it does not wield some influence on the global stage of environmental negotiations. While it may not be a comprehensive leader in the field of environmental policy, this piece has shown that it can and has wielded power successfully enough to be considered the only leader. The EU has demonstrated the effect a comprehensive regional policy can have upon environmental issues within its own territory, and how this – by extending that regional environmental policy into the international realm of foreign policy negotiations – can affect the projection of its power on the international stage. While Giddens<sup>67</sup>, Parker and Karlsson<sup>68</sup> may argue that the securitisation of climate change issues places pressure on the EC/EU to strengthen its security capability, the use of soft power in a globalised world (where power is diffused away from states who alone hold the responsibility for the use of military power) is far more apt in the realm of environmental policy. It has helped the EC/EU secure leadership in the debate, allowing it to set the agenda and produce a discourse that influences other actors in the realm of international relations.

<sup>1</sup> Joseph Nye on *Global Power Shifts*. Produced by TED Conferences, LLC. Performed by Joseph S. Nye Jr. TED, 2010.

<sup>2</sup> Bretherton, Charlotte, and John Vogler. *The European Union as a Global Actor*. Second Edition. Abingdon, Oxon: Routledge, 2006: page 12

<sup>3</sup> Nye, *Global Power Shifts*

<sup>4</sup> Benson, David, and Andrew Jordan. "Environmental Policy." Chap. 22 in *European Union Politics*, edited by Michelle Cini and Nieves Pérez-Solórzano Borragán, 358 - 374. Oxford: Oxford University Press, 2010: page 367

<sup>5</sup> Lenschow, Andrea. "Environmental Policy: Contending Dynamics of Policy Change." Chap. 12 in *Policy-Making in the European Union*, edited by Helen Wallace, William Wallace and Mark A. Pollack, 305 - 325. Oxford: Oxford University Press, 2005: page 323

<sup>6</sup> Lenschow, Andrea, and Carina Sprungk. "The Myth of a Green Europe." *Journal of Common Market Studies* (Blackwell Publishing) 48, no. 1 (2010): 133 - 154: page 137

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<sup>15</sup> Haigh, Nigel. "Climate Change Policies and Politics in the European Community." Chap. 6 in *Politics of Climate Change: A European Perspective*, edited by Tim O'Riordan and Jill Jäger, 155 - 185. London: Routledge, 1996: page 156

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<sup>17</sup> Bretherton and Vogler, *EU as a Global Actor*, p. 91

<sup>18</sup> Lenschow, *Environmental Policy*, p. 314, Box 12.2

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<sup>20</sup> Bretherton and Vogler, *EU as a Global Actor*, p. 89; Bringezu, S., and H. Schuetz. *Total Material Requirement of the European Union*. Copenhagen: European Environment Agency, 2001.

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<sup>23</sup> Nye, *Power in the Global Information Age*, p. 56

<sup>24</sup> *Ibid.*

<sup>25</sup> Nye, *Power in the Global Information Age*, p. 53

<sup>26</sup> *Ibid.*

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<sup>28</sup> Nye, *Power in the Global Information Age*, p. 71

<sup>29</sup> Nye, *Global Power Shifts*

<sup>30</sup> Nye, *Power in the Global Information Age*, p. 65

<sup>31</sup> *Ibid.*, p. 75

<sup>32</sup> Nye, *Global Power Shifts*

<sup>33</sup> Nye, *Power in the Global Information Age*, pp. 72-76

<sup>34</sup> Lidskog, Rolf, and Ingemar Elander. "Addressing Climate

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<sup>35</sup> Howorth, *EU as a Global Actor*, page. 459

<sup>36</sup> Lidskog and Elander, *Addressing Climate Change*, page 39

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<sup>38</sup> O’Riordan and Jäger, *The History of Climate Change Science and Politics*, page 2

<sup>39</sup> Karlsson and Parker, *Climate Change and EU Leadership*, pp. 926-927

<sup>40</sup> Lidskog and Elander, *Addressing Climate Change*, page 926

<sup>41</sup> Death, Dr Carl. “One World Comes to One Country?: Governing Sustainable Development From the Johannesburg Summit.”, Unpublished PhD Thesis, Aberystwyth University <http://cadair.aber.ac.uk/dspace/handle/2160/1878>, 2008: page 27

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<sup>43</sup> Nye, *Global Power Shifts*

<sup>44</sup> Giddens, *Politics of Climate Change*, page 188

<sup>45</sup> Haigh, *Climate Change and The EU*

<sup>46</sup> Karlsson and Parker, *Climate Change and EU Leadership*; Lenschow and Sprungk, *Myth of a Green Europe*; Giddens, *Politics of Climate Change*

<sup>47</sup> Giddens, *Politics of Climate Change*, p. 198

<sup>48</sup> Giddens, *Politics of Climate Change*, p. 195

<sup>49</sup> Lenschow, *Environmental Policy*, pp. 318-319

<sup>50</sup> Giddens, *Politics of Climate Change*, pp. 193-194

<sup>51</sup> Karlsson and Parker, *Climate Change and EU Leadership*, p. 930

<sup>52</sup> Haigh, *Climate Change and The EU*, p. 160

<sup>53</sup> Giddens, *Politics of Climate Change*, p. 219

<sup>54</sup> *Ibid.*, p. 205

<sup>55</sup> Karlsson and Parker, *Climate Change and EU Leadership*, p. 929

<sup>56</sup> Howorth, *EU as a Global Actor*, page. 460

<sup>57</sup> Giddens, *Politics of Climate Change*, p. 205

<sup>58</sup> Karlsson and Parker, *Climate Change and EU Leadership*, p. 931

<sup>59</sup> *Ibid.*; Lidskog and Elander, *Addressing Climate Change*, pp. 34-38

<sup>60</sup> *Ibid.*, p. 35

<sup>61</sup> Bretherton and Vogler, *EU as a Global Actor*, p. 93

<sup>62</sup> Giddens, *Politics of Climate Change*, p. 212

<sup>63</sup> Cameron, Fraser. *An Introduction to European Foreign Policy*. Abingdon, Oxon: Routledge, 2007: page 14

<sup>64</sup> Giddens, *Politics of Climate Change*, p. 193

<sup>65</sup> Lenschow, *Environmental Policy*, p. 323

<sup>66</sup> Giddens, *Politics of Climate Change*, p. 197

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# SOCIAL CHANGE IN VENEZUELA

Alex Serafimov

## INTRODUCTION

Amidst highly politicised coverage of Venezuela and the media's obsession with its controversial leader, Hugo Chávez, it is clear that the current government is the most proactive of the progressive forces on the South American continent. To get a fuller image of the continent's new direction, it is important to examine the economic and democratic experiments within Venezuela in more detail. Are real changes occurring in who holds democratic and economic power in Venezuela?

This study will show that, at a national level, there is a process of innovative democratic structures being set up. For example, 30,000 Communal Councils and over 60,000 workers' cooperatives have been established and tentative steps towards workers' self-management have been made. On a regional level, Venezuela has been central in implementing and hosting new international institutions. One example is the Bolivarian Alliance for the Peoples of Our America (ALBA),<sup>1</sup> a heterodox political, economic and social cooperative organisation innovatively including social movements in its decision-making processes. Another is the Bank of the South (BancoSur),<sup>2</sup> a rival to the hegemony of International Monetary Fund (IMF) and the World Bank on the continent. These national and regional programmes are setting new precedents for community participation and the funding of social projects all the way up to the international stage. As the philosopher Slavoj Žižek noted, Venezuela goes beyond liberal norms of inclusion by 'not including the excluded in a pre-existing liberal-democratic framework', instead, it reorganises 'political space and political forms of organization so that the latter will "fit" the excluded.'<sup>3</sup>

This study will be split into two parts. The first section will briefly examine the historical background to these reforms through the lens of popular dissatisfaction with neoliberalism, the crisis of legitimacy of the Venezuelan two-party system and the emergence of Chávez as the "candidate of the poor". The second section will outline, in more detail, the programmes mentioned above through sections on 'Communal Councils and Communes', 'Cooperatives' and finally 'Regional Cooperation'.

Overall, an image of a potentially deeper grassroots movement that goes beyond the outspoken and controversial leader emerges. We see a state seeking wider influence in the region and the world, one that is moving away from its traditional northern partner, the United States, and is experimenting with programmes of popular participation in its democratic governance and the economy.

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## I - BACKGROUND

At a time of economic and social stagnation in Venezuela, during the period of 1981-1989, its GDP fell by 3.8 per cent, with a fall of 8 per cent in 1989 alone. Unemployment stood at 50 per cent and inflation reached 81 per cent.<sup>5</sup> It was in

these conditions that Carlos Andrés Pérez, who had previously served as president in the 1970s, launched his campaign to run again. After making 'populist promises to oppose the IMF and implement reforms to protect popular living standards'<sup>6</sup> he was elected into office. However within just two weeks of his inauguration, surrounded by a group

of young neoliberal Chicago School economists, he had already set in motion exactly the type of IMF reform package which he had attacked to gain popular support.<sup>7</sup> Once an economic “statist”, he now believed that ‘the best thing for us is to reduce the intervention of the state to a minimum’. In doing so, his administration joined the unstable fold of the ‘Washington Consensus,’<sup>8</sup> whose doctrine recommends that governments agree on ‘ten areas’ of economic policy; the most telling being financial and trade liberalisation, promotion of foreign investment, privatisation of state enterprises, deregulation of the economy and the defence of private property.<sup>9</sup>

However, these neoliberal initiatives soon caused a popular reaction. On February 27<sup>th</sup>, 1989, an uprising erupted in the city of Guarenas, 30km east of the capital Caracas, due to price hikes and other measures that were part of Pérez’s economic restructuring programme. By mid-morning, five major cities in the country were consumed by mass protests that originated in the shantytowns and suburbs. However, on the President’s orders, the army cracked down on the uprising. Government estimates claimed that at least 276 lives were lost,<sup>10</sup> with other sources claiming as many as 3,000.<sup>11</sup> This event, named the *Caracazo*, caused an almost final break between the poorer populations and the ruling class, and radicalised disaffected army officers – amongst them Hugo Chávez. As a progressively minded officer, Chávez came to prominence when he led a coup against the Pérez government on February 4<sup>th</sup>, 1992. Chávez and his supporters within the army attempted to occupy key parts of Caracas. However, unable to reach the President and accomplish his goals, Chávez called for his allies to lay down their arms.<sup>12</sup> In a famous televised speech that night he stated that only ‘*por ahora*’ (‘for now’) he could not meet his objectives.<sup>13</sup> Though unsuccessful in the coup, Chávez made a mark on the Venezuelan political sphere and became a symbol of resistance for the poor; making it clear that his time would come again.

Imprisoned for his role in the insurrection, Chávez was amnestied two years later, following the collapse of the Pérez government under the weight of corruption scandals. Turning to electoral means, Chávez ran for the 1998 presidential election as the

candidate of the poor. In the face of an opposition still experiencing a crisis of legitimacy Chávez swept to victory.<sup>14</sup> From this position, his administration - whilst always being driven by pressure from ‘below’<sup>15</sup> - began to implement reforms and programs of popular participation that will be discussed in the next section. Chávez even faced a (ostensibly US-backed) pro-business coup in 2002 and was only restored to power by spontaneous protests and calls for his return. The poor descended from the shantytowns into the city as they had during the *Caracazo* and, combined with the actions of the loyal army, ensured that the coup ended after only two days.<sup>17</sup>

To have seen a previously stagnant democracy with a strongly entrenched two-party system rocked by a progressive challenger was a very significant development in Venezuelan politics. This shows that greater proportions of the previously excluded classes had entered the democratic arena and that therefore their interests, demands and cultural sensibilities were now being represented at the highest levels for the first time.

To sum up, the major events which set the stage for the progressive reforms in Venezuela were firstly: (1) the popular revolt against neoliberal policies which showed an opposition to the marketisation of Venezuela; (2) the violent repression of that resistance which discredited mainstream political parties; and (3) opened a space for a third party challenger. Secondly, there was the unsuccessful coup led by Chávez, which nevertheless secured Chávez’s reputation amongst the poor who would later elect him. Finally, there was the mass action by the same communities that had revolted in the *Caracazo*, descending from the shantytowns in defence of their new government - once again showing their willingness and capacity for mass participation. All of this, when taken together, shows the population’s determination to take part in mass participation, which would be legitimated by the creation of Communal Councils and other bodies.

This piece will now move on to discuss in more detail how these shifts in Venezuelan society were translated into the progressive policies of the current government.

## II - COMMUNAL COUNCILS AND COMMUNES

Although several participatory democracy clauses had been included in the new 1999 Venezuelan Constitution, initiatives to involve the populace were originally quite small scale and local.<sup>18</sup> However, the scale of participation increased greatly in the following ten years. By 2010 there were 30,000 Communal Councils, local democratic bodies representing 200 to 400 families each, in operation.<sup>19</sup>

The Communal Councils are horizontally structured<sup>20</sup> ‘instances of participation, articulation, and integration between various community organizations, social groups, and citizens,’ whose goal is to ‘permit the organized people directly to manage public policy and projects oriented toward... the construction of a society of equity and social justice.’ They operate on principles of transparency, accountability and ‘social and gender equality’ amongst others. They work through committees whose spokespeople are elected for revocable two-year terms.<sup>21</sup>

To give an example of their financing, in 2007 Communal Councils were allotted an astonishing ‘5 billion USD as well as 50 percent of all Venezuelan petroleum revenue, with each council allotted between 14,000 - 28,000 USD per project.’<sup>22</sup> This suggests that these participatory initiatives are backed by serious economic commitment.

Furthermore, there are currently 184 Communes in construction around Venezuela, encompassing 5,900 families at this early stage.<sup>23</sup> These Communes are a way of collating Community Councils together into what will be self-governing areas or towns.<sup>24</sup> On December 10<sup>th</sup>, 2010, the Venezuelan National Assembly passed the *Organic Law of Popular and Public Planning*. These laws further expand civilian powers in the country by ‘promot[ing] decentralisation of power, collective property, self government, and the Government Federal Council as the planning organisation’. The Government Federal Council itself was created earlier in the year, bringing Communal Councils, Communes and social movements into the planning of the national budget.<sup>25</sup> On top of that, the national government has promised to ‘submit’ to the desires of the

Communes and will be active in their processes only to the extent required to implement their desires.<sup>26</sup>

Innovative articles of the new law give greater precedence to communally owned enterprises over state-owned industries in providing services<sup>28</sup> and the creation of a Communal Parliament. This concerns opposition parties because they fear it has the potential to displace the National Assembly.<sup>29</sup> The National Assembly report on the new law stated that it institutionalises a ‘methodology that is centred on the coordination among entities so that public planning, as a political instrument, orientates the actions of the state’.<sup>30</sup> This makes it clear that public planning has the potential to not only coexist with the state, but also guide it.

This development in Venezuela is unique because grassroots movements and the state do not stand in opposition, unlike in most other cases. Instead, the Venezuelan government is *willingly* expanding civilian powers and helping to create a challenge to its own power. At the same time, they are openly advocating the transformation of the state, in line with Žižek’s analysis.

However, there are dangers in this model of “dual government”. Will the state maintain its sincerity in expanding civilian powers, or will resistance from bureaucratic elements in the government<sup>31</sup> grow as civilian powers continue to encroach on their own? Only the vigilance of the people engaged in this project, and the dedicated activists of the “Bolivarian movement”, could prevent this. Hopefully, the fact that this is a consensual transfer of power downwards will mean that the project should have less risk of degenerating. Therefore, in a move almost without precedent, the state apparatus in Venezuela is helping to create structures and participatory bodies that will *undermine its own power*. Much of this is driven by the initiatives and demands of civilian groups. As members of one Commune noted: ‘The communes aren’t something you decree, they are born out of the needs of the people and the communal councils’.<sup>32</sup>

Overall, Communal Councils have been successful in completing thousands of community projects throughout Venezuela, in that ‘community council leaders are engaged in a wide variety of activities and

programmes that have no precedent in Venezuela's community movement' and by giving previously marginalised sections of the population experience in collective decision-making.<sup>36</sup> At the same time, they have demonstrated that their members have the competence to oversee considerable budgets. These initiatives, along with others from across the region and the world (like 'Participatory Budgeting' in Brazil,<sup>7</sup>) offer a significant challenge to the hegemony of liberal democratic thought. This adds substance to the idea that a more inclusive democracy, beyond political party competition, is feasible. The only dangers remaining are that as legislative creations, the Communal Councils depend on support from the state, to a certain extent, for their continued existence. Another concern is the possible showdown between state and civilian centres of power, with the latter wishing to supplant the former as the legitimate authority in the country.

### III - COOPERATIVES

According to the International Cooperative Alliance (ICA), cooperatives are an 'autonomous association of persons united voluntarily to meet their common economic, social, and cultural needs and aspirations through a jointly-owned and democratically-controlled enterprise.'<sup>38</sup> It was codified in the 1999 Constitution that the state would 'promote and protect' cooperatives, described by some commentators as being 'at the center of Venezuela's new economic model'.<sup>39</sup> The Constitution sees cooperatives as 'key economic actors within the nation's social economy, portrayed as tools for economic inclusion, participation (article 70), and state decentralization (article 184)'.<sup>40</sup> The state began to encourage cooperativisation through: (1) the help of scholarships to train in cooperativisation, production and accounting through the new Ministry of Popular Economy (MINEP); (2) aid in transforming conventional businesses into cooperatives; and (3) credit for start-ups.<sup>41</sup> To give an example of the increase of the prevalence of cooperatives in Venezuela, when President Chávez took office in 1999 there were just 762 legally registered cooperatives with about 20,000 members in the country.<sup>42</sup> In contrast, by 2008 there were 62,879 cooperatives with 873,000 members making Venezuela the leader in South America in

the prevalence of cooperatives.<sup>43</sup>

However, not all Venezuelan cooperatives are created equal. As Elvy Monzant, from the University Cecilio Acosta de Maracaibo (and cooperative member), noted the majority of people employed<sup>44</sup> are in what he terms 'Classical Cooperatives', that is those with traditional, hierarchical decision-making structures. Alongside these are what he calls 'Innovative Cooperatives' which are more participatory alternatives coming closer to the ICA ideal, as are 'Co-managed and Alliance Cooperatives' which encourage worker management, and 'Spontaneous Cooperatives', formed without any state help by communities perceptive of the "cooperatives boom" in Venezuela. These are also based on 'solidarity and participatory economics'.<sup>45</sup> Furthermore, one large network of cooperatives has shown that hierarchical structures are not fixed and that Venezuelan cooperatives can be subject to transformative change from their members. Starting out with hierarchical management, this network of cooperatives went through a process of "flux" over several decades until almost all administrative and managerial decisions are now made through consensus in meetings attended by all members, and members' job roles are regularly rotated to stave off hierarchy.<sup>46</sup>

However, Rosa Luxemburg explained in her work *Reform or Revolution*, that cooperatives are 'small units of socialised production within capitalist exchange', not a systemic alternative.<sup>47</sup> Cooperatives do not challenge the economic status quo by their economic practice (they still operate on a "market" basis of supply and demand, profit and competition), and over time even have the ability to devolve into conventional enterprises, or collapse, if they begin to hire wage labour. Indeed, at its peak 268,000 cooperatives were set up in Venezuela. However, the majority of these (77 per cent) became inactive. They failed, according to Monzant, because many were conventional, hierarchical businesses set up as cooperatives only to qualify for loans or government contracts. Compounded with this, they were missing what Monzant called the 'cultural transformation' that would drive them; they hired employees and most workers were subcontracted, not qualifying as "real" cooperativists.<sup>48</sup> However,

the over 60,000 functioning cooperatives and their rate of growth still place Venezuela at the forefront of South American cooperativisation.

However, even though most Venezuelan cooperativists work in hierarchical cooperatives, there are still thousands of people taking part in participatory economic experiments in the 'Innovative' and 'Spontaneous' cooperatives. They add weight to the argument that democracy in the workplace, not just in political life, is practicable, while robustly challenging the hierarchy of conventional businesses and ideas about how labour should be carried out. Finally, challenges exist in diversifying cooperatives into the mainstays of industry where they lack influence, and an encouragement and expansion of the 'Innovative' cooperatives, if they are to be a transformative influence in Venezuelan society as a whole. As Rosa Luxemburg continued, as long as cooperatives are 'excluded from the most important branches of capital production', such as petroleum or machine construction, they 'cannot be seriously considered as the instrument of a general social transformation',<sup>51</sup> even if the current government, and many cooperativists, may see them as such. Both of these points hold true for Venezuela where cooperatives do not cover the major industries, such as oil, the country's largest export, with only 8.3 per cent of Venezuelan cooperativists working in industrial manufacture.<sup>52</sup> Yet, the greatest importance of cooperatives in Venezuela, as elsewhere, is to be found not in their economic practice, but in how they demonstrate that democracy in the workplace is practicable.

#### IV - REGIONAL COOPERATION

Venezuela has also been instrumental in formulating and hosting regional organisations which aim towards political and economic self-determination in the region and acting as a bulwark against the influence of the IMF, the World Bank and free trade agreements. The first of these is the Bolivarian Alliance for the Peoples of Our America (ALBA), described by one commentator as 'perhaps the most important initiative' in combating neoliberalism in the region.<sup>53</sup> It currently encompasses eight countries from South and Central America and the Caribbean including Venezuela, Bolivia, Cuba, Ecuador and Nicaragua. ALBA is an international

organisation advocating 'a new model of integration for Latin America' based on socio-political and economic cooperation which attempts to 'offset the power of U.S.-friendly, market orientated regional organizations'.<sup>54</sup> One way it is accomplishing this goal is by adopting its own trading currency (in 2009), the SUCRE (The Unitary System of Regional Compensation),<sup>55</sup> symbolically named after Antonio José de Sucre, a South American independence hero. The SUCRE is an attempt to displace the US dollar in the region and will eventually become a hard currency itself.<sup>56</sup> ALBA also has a principle '[t]o develop basic industries so that ALBA member states can become economically independent'.<sup>57</sup>

Another principle is to promote workers', students' and social movements<sup>58</sup> and one important way it has done this is through the creation of the *ALBA Council of Social Movements* as a part of its organisational structure. This Council coordinates some of the largest social movements in the region including those of indigenous peoples, alongside two other Councils, the presidential and ministerial. Two of the social movements currently involved include Via Campesina,<sup>59</sup> the international peasant movement, and the Landless Workers' Movement (MST),<sup>60</sup> some of the largest on the continent.<sup>61</sup> This allows for 'grassroots participation in decision-making' in the body at the highest levels through direct involvement in planning and administration.<sup>62</sup>

These social movements have had real influence, for example making the issues of land redistribution, free healthcare, free education and food security part of official ALBA policy. There is however, some mistrust between social movements and ALBA, with social movements seeing it as a primarily state-based initiative, despite its efforts to include them in an 'oversight' role.<sup>63</sup> However, one incident showed that social movements seemingly *do* have influence within ALBA. After Venezuela proposed the building of an oil pipeline to Argentina through rainforest, a Venezuelan social movement aligned with the Zapatista movement in Mexico succeeded in pressuring the government into putting the plans on hold.<sup>64</sup> Furthermore, ALBA also 'commits' member states to advance participatory democracy in their own countries.<sup>65</sup>

In economic cooperation, there is The Bank of the

South (BancoSur), which has been conceived of and driven personally by President Chávez since his election.<sup>66</sup> According to previous Venezuelan Finance Minister Rodrigo Cabezas, the Bank of the South's 'lending priorities' will be for regional integration, reducing the asymmetries between and within South American states and providing finance for development.<sup>67</sup> Explicitly in opposition to conventional International Financial Institutions, The Bank of the South will have a "no conditionality" policy in regards to its loans. Also, proponents of the Bank of the South place national and regional development and "South-South" investment ahead of integration into global markets.<sup>68</sup> This is significant because moving away from conditionality-based finance symbolises a break with the policies of neoliberalism in the region. As Nobel Prize winning economist Joseph Stiglitz noted, 'one of the advantages of having a Bank of the South is that it would reflect the perspectives of those in the south'.<sup>69</sup> This indeed appears to be the case. As *The Guardian's* South America correspondent put it, the Bank of the South acts to 'wean the region off Washington-dominated prescriptions and help to deliver economic independence'.<sup>70</sup>

Formally established in 2007, The Bank of the South will likely be operational sometime in 2011.<sup>71</sup> It has been inactive mostly due to political debates over its direction; with Brazil preferring a more market based approach, and Venezuela and Ecuador leaning towards a more progressive structure.<sup>72</sup> Politically, the Bank of the South has strong support from social movements who feel that they will eventually become influential enough to affect its policy in meaningful ways.<sup>73</sup> ALBA, meanwhile, also has its own source of finance in the Bank of ALBA, which has an explicitly equalising mission in 'seeking to eradicate economic asymmetries' across the bloc, and like The Bank of the South, does not impose loan conditions.<sup>74</sup>

What appears, is a country taking a leading role in strengthening ties with its regional partners on a mutually beneficial basis. At the same time, it is taking steps to directly include civilian groups in the decision-making of international bodies, and making moves towards achieving economic sovereignty through development *within* the continent instead of depending on its northern neighbours. Overall,

ALBA is the only regional or international bloc which attempts to include the direct input of its citizens in its processes, and 'the very fact' that the Bank of the South has been set up is a robust challenge to dominant International Financial Institutions.<sup>75</sup>

## V - CONCLUSION: SUCCESSES AND CHALLENGES

Venezuela, if we look deeper than its controversial leader, has seen significant developments in its social, democratic and economic spheres. Through including the population in decision-making from the local to the international level, especially the previously excluded and disenfranchised, it has educated, emboldened and politicised a new generation wanting to participate and hold their government to account. At the same time, although opponents fear a concentration of power in the executive, the state is relinquishing increasing amounts of its own power downwards as a central part of its political and economic project. As the driving force behind the Bolivarian Alliance for the Peoples of Our America and the Bank of the South, Venezuela has created socially conscious alternatives to development and cooperation in the place of the market orientated impositions of the IMF, World Bank, the Free Trade Area of the Americas and others. In using the profits from oil sales to fund wide-ranging social welfare programmes it has cut poverty by half,<sup>76</sup> and extreme poverty by 72 per cent, amongst other social gains.<sup>77</sup> Most importantly, it has demonstrated that development can be made with redistributions of existing wealth in even a generally poor country; and that lifting many out of poverty can allow them a fuller engagement with politics. However, the so-called "Bolivarian movement" cannot relax. It must allay the fears and criticisms of its opponents, and must continue to expand the executive powers of the Communal Councils (and Communes), while at the same time being wary of the dangers of bureaucratic resistance to these processes. It must encourage worker management and expand it to larger industry if the cooperative movement is to be as transformative as some commentators hope. Furthermore, as a movement of the poor, it must improve its relations with the aspirant middle class, who remain sceptical.

To sum up, radical and long-term social change is occurring in Venezuela, illustrated best by the experiments in democratic and economic participation that signify a shift in the locus of power in the country. If its innovative projects prosper and continue to grow, they will further demonstrate that civilian groups *are* indeed able to hold and exercise real power, without being guided or “defended from themselves”, a concept tacitly central to representative democracy.<sup>78</sup> This could have a wide-ranging influence and be encouraging for those who feel excluded from the democratic process in their countries, see representatives as corrupt or unaccountable and feel that their economic system is inequitable.<sup>79</sup> This is where the greatest impact of these changes comes from; their ability to challenge existing, rarely questioned conceptions of the role of the citizenry in the running of a country and its economy, and their input in international affairs.

<sup>1</sup> *Alianza Bolivariana para los Pueblos de Nuestra América* (ALBA)

<sup>2</sup> *Banco del Sur* or *Bancosur*

<sup>3</sup> Žižek, S. *First as Tragedy, then as Farce* (London, Verso, 2009), p. 102.

<sup>4,5,6</sup> Raby, D. L. *Democracy and Revolution: Latin America and Socialism Today* (London, Pluto Press; Toronto, Between the Lines, 2006), p. 141.

<sup>7</sup> Hellinger, D. ‘Political Overview: The Breakdown of *Puntofijismo* and the Rise of *Chavismo*’, in *Venezuelan Politics in the Chávez Era: Class, Polarization and Conflict*, edited by Steve Ellner and Daniel Hellinger (London, Lynne Rienner Publishers, 2003), p. 31.

<sup>8,9</sup> Quoted in Gott, R. *In the Shadow of the Liberator: Hugo Chávez and the Transformation of Venezuela* (London, Verso, 2001), p. 53.

<sup>10</sup> Gott, *In the Shadow of the Liberator*, p.46.

<sup>11</sup> Grant, W. ‘Former Venezuela minister charged’. *BBC News* (online), 18 July 2009. Available at <http://news.bbc.co.uk/2/hi/americas/8157088.stm> (Accessed 17 September 2011).

<sup>12</sup> Hellinger, ‘Political Overview’, pp. 31-2.

<sup>13</sup> *Ibid.*, p. 150.

<sup>14</sup> Raby, *Democracy and Revolution*, pp. 158-9.

<sup>15</sup> Ciccariello-Maher, G. ‘Dual Power in the Venezuelan Revolution’. *Monthly Review* (online), 23 August 2011. Available at <http://monthlyreview.org/2007/09/01/dual-power-in-the-venezuelan-revolution> (Accessed 17 September

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<sup>16,17</sup> Hellinger, ‘Political Overview’, pp. 50-1; Raby, *Democracy and Revolution*, pp. 166-7.

<sup>18</sup> Le Grand, G. ‘Venezuela’s Communes; Not as Radical as You Might Think’. *Council on Hemispheric Affairs* (online), 24 September 2010. Available at <http://www.coha.org/venezuela's-Communes-not-as-radical-as-you-might-think/> (Accessed 24 February 2011).

<sup>19</sup> Ellis, E. ‘Building community power’. *Correo del Orinoco International* (Caracas), 10 September 2010., p. 4. Available at <http://www.correodelorinoco.gob.ve/wp-content/uploads/2010/09/Web-COI28.pdf> (Accessed 24 February 2011).

<sup>20</sup> Navarrete, P. and Ellner, S. ‘The community revolution’. *Red Pepper* (online), January 2010. Available at <http://www.redpepper.org.uk/The-community-revolution/> (Accessed 17 September 2011).

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<sup>22</sup> Emphasis added, LeGrand, ‘Venezuela’s Communes’.

<sup>23</sup> Pearson, T. ‘184 Communes Currently in Formation in Venezuela’. *Venezuelanalysis.com* (online), 8 February 2010. Available at <http://venezuelanalysis.com/news/5123> (Accessed 24 February 2011).

<sup>24</sup> Ellis, ‘Building community Power’.

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<sup>27</sup> Quoted in Pearson, ‘Passing “Popular Power” Package’.

<sup>28</sup> *Ibid.*

<sup>29</sup> Reardon, ‘Passes People’s Power “Law of Communes”’; and Peñaloza, P. P. ‘National Assembly to be superseded by “communal parliament”’, translated by Conchita Delgado. *El Universal* (online), 19 March 2010. Available at [http://www.eluniversal.com/2010/03/19/en\\_ing\\_esp\\_national-assembly-to\\_19A3609731.shtml](http://www.eluniversal.com/2010/03/19/en_ing_esp_national-assembly-to_19A3609731.shtml) (Accessed 24 February 2011).

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<sup>32</sup> Quoted in Pearson, ‘Passing “Popular Power” Package’.

<sup>33</sup> *Partido dos Trabalhadores*

- <sup>34</sup> LeGrand, 'Venezuela's Communes'.
- <sup>35</sup> Pearson, 'Passing "Popular Power" Package'.
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- <sup>45</sup> Maheshvarananda, "'Diagnosis and Perspectives'".
- <sup>46</sup> Jensen and Isaacs, 'CECOSESOLA Cooperative'.
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- <sup>51</sup> Luxembourg, *Reform or Revolution*.
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- <sup>60</sup> *Movimento dos Trabalhadores Rurais Sem Terra*
- <sup>61</sup> Hattingh, 'ALBA'.
- <sup>62</sup> Carlson, 'ALBA Summit Creates New Model'.
- <sup>63</sup> Hart-Landsberg, M. 'Learning from ALBA and the Bank of the South: Challenges and Possibilities'. *Monthly Review* (online), 22 August 2011. Available at <http://monthlyreview.org/2009/09/01/learning-from-alba-and-the-bank-of-the-south-challenges-and-possibilities> (Accessed 17 September 2011).
- <sup>64</sup> Hattingh, 'ALBA'.
- <sup>65</sup> Hattingh, 'ALBA'.
- <sup>66</sup> MercoPress, 'American leaders sign agreement creating South Bank'. MercoPress (online), 27 September 2011. Available at <http://en.mercopress.com/2009/09/27/south-american-leaders-sign-agreement-creating-south-bank> (Accessed 24 February 2011).
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- <sup>68</sup> Bank Information Center, 'Bank of the South', pp. 4, 8.
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<sup>72</sup> Hart-Landsberg, 'Learning from ALBA'.

<sup>73</sup> Hart-Landsberg, 'Learning from ALBA'.

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<sup>75</sup> Romero, M. J. and Bedoya, C. A. 'The Bank of the South: the search for an alternative to IFIs'. *Bretton Wood Project* (online), 26 September 2008. Available at <http://www.brettonwoodsproject.org/art-562433> (Accessed 17 September 2011).

<sup>76</sup> The Bolivarian Republic of Venezuela Permanent Mission to the United Nations [Bolivarian Republic], 'Statement by Ambassador Jorge Valero, Vice-Minister for North America and Permanent Representative of the Bolivarian Republic of Venezuela to the United Nations, High-Level Plenary Meeting On the Millennium Development Goals' (New York: Bolivarian Republic, 2010). Available at [http://www.un.org/en/mdg/summit2010/debate/VE\\_en.pdf](http://www.un.org/en/mdg/summit2010/debate/VE_en.pdf) (Accessed 24 February 2011); and Weisbrot, M., Ray, R. and Sandoval, L. 'The Chávez Administration at 10 Years: The Economy and Social Indicators' (Washington, D.C.: Center for Economic and Policy Research, 2009), p. 3. Available at <http://www.cepr.net/documents/publications/venezuela-2009-02.pdf> (Accessed 24 February 2011).

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<sup>78</sup> 'Now there are two "functions" in a democracy: The specialized class, the responsible men, carry out the executive function, which means they do the thinking and planning and understand the common interests. Then, there is the bewildered herd [the majority of citizens], and they have a function in democracy too. Their function in a democracy, [Walter Lippmann] said, is to be "spectators," not participants in action. But they have more of a function than that, because it's a democracy... once they've lent their weight to one or another member of the specialized class [in an election] they're supposed to sink back and become spectators of action, but not participants. That's in a properly functioning democracy.' Chomsky, N. *Media Control: The Spectacular Achievements of Propaganda*, 2nd edn. (New York, Seven

Stories Press, 2002), pp. 16-17.

<sup>79</sup> The global Occupy Movement and the *indignados* of Spain are very good examples of such feeling.



# TRANSNATIONAL WATERSTREAMS IN THE MIDDLE EAST

Onur Kara

## INTRODUCTION

Access to water has been a major factor in international relations for many centuries, particularly in the Middle East and North Africa<sup>1</sup>, a region that can regularly run out of adequate water resources.<sup>2</sup> After the emergence of nation-states in the region, many states created their own differing hydro-policies, creating an uneasy situation characterised by a lack of cooperation and a struggle for freshwater resources. Consequently, the conflict over water has become one of the distinguishing features of the contemporary Middle East.

This essay examines transnational water streams as a point where security studies and environmental politics overlap. Political conflicts in the Middle East drive states into this particular issue, concerning every other aspect of the question posed here. In the course of this essay, we will first consider the links between hydro-power and security. Secondly, environmental factors will be considered, and finally, efforts to create a programme of sustainable development in the Middle East will be touched upon.

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## I - HYDROELECTRIC POWER AND SURROUNDING ISSUES: RIVERS AND ENERGY

Due to its direct connection with economic power, control of water resources has been a crucial issue for Middle Eastern states throughout their history. Human alteration of water streams can be traced back to around 3000 BC, when the Jawa Dam was constructed in what is now Jordan. However, those constructions were mainly used to control water levels and aid irrigation.<sup>3</sup> The recognition of petroleum as a strategic raw material and the beginning of the “mega-dam” age in the early twentieth century has highlighted new aspects of this issue. As its importance has grown, examination of hydro-energy production in the Middle East has commenced in a variety of fields, from engineering to economics. Research from various academic disciplines tends to approach its examination from different positions, leading to a great diversity of conclusions. The technical aspects of the subject can offer theoretical solutions; however, many of them are rendered impossible by the impasses generated

by ongoing conflicts in the region.<sup>4</sup> Hydro-power in the Middle East is a suitable focus for study as it covers and illustrates many parts of international relations in this region.

The first problem encountered in energy production originates from the unbalanced relationship between geographic attributes and financial development in the region. Several figures show an uneven distribution of electricity production between neighbouring states. For example, the Tigris River is situated in Turkey (21 per cent) and Iraq (31 per cent) - however, Turkey's share in hydro-power is far higher<sup>5</sup> since some states produce energy at a rate which is disproportionate to the length of river in their national territory. This gap in figures originates in the serious differences in economic development between riparian states of the Middle East. Initial investment required for a large-scale hydro-electric power station are particularly high when compared to traditional coal burning power plants and even after construction, dams need continuous expenditure. Relatively economically developed states use a disproportionate amount of water resources in the region. A good example

of varying levels of development in the region is that of Israel and Iraq. Israel (the water policies of which 'contrast with those of its neighbours and of Middle East economies generally'<sup>7</sup>) uses a slightly smaller proportion of its water for agriculture while using more for industrial and commercial use. In contrast, Iraq's water facilities have been in a 'condition of despair' since the First Gulf War.<sup>8</sup> Iraq's development has come to a standstill as a result of military conflicts, preventing further improvement in its water policies. In another example, Turkey's south-eastern region has a higher "power potential" (e.g. maximum amount of possible electricity production) compared to its neighbouring states, and this was extensively exploited in socio-economic development projects.<sup>9</sup> In order to prevent further inequality between Turkey and its southern neighbours diplomatic steps are taken to balance the use of this resource, as Turkey now promises a minimum amount of water flow every year. Yet differences generated by geographical factors are still contributing to the political instability as a final consensus is not achieved.

Upon recognising that political contention around transnational streams has been constant for decades, some nations in the Middle East have considered alternatives. This is not easy however: first, other renewable energy sources are too expensive to be used by many states in the region, with the exception of Israel; second, nuclear power is generally considered dangerous because of its ability to cause serious shifts in the balance of power, as seen in the example of Iran and the political controversy surrounding it. The only alternative is burning fossil fuels, which is very harmful to the environment and will become increasingly dangerous as the population of the Middle East continues to rise. Furthermore, since the Middle East lacks the high quality coal reserves required for the long term, hydro-electric power is likely to remain important in the short term.

## II - SECURITY PROBLEMS GENERATED BY WATER CONTROL

An examination of the increasing importance of dams can be made with reference to disciplines other than economics. Dams by their very nature

are large scale, multi-purpose construction projects. They supply energy, and create reservoirs which may be used in agriculture, and to provide drinking water.

Consequently, every dam is of strategic importance and has to be protected. The Second World War showed that dams are especially vulnerable to air attacks. 'Operation Chastise', a bombing raid conducted by Royal Air force in 1943 successfully breached two German dams; not only causing disruption in production but also killing more than a thousand people.<sup>1</sup>

Additionally a "dam failure" might have serious consequences, without any aggression being present. A breach in one of the bigger dams located on the Tigris-Euphrates basin might cause floods in several major cities of Turkey, Syria or Iraq depending on the location of breach.<sup>11</sup> Thus, dams today are considered as a part of both civil and military defence doctrines. The protection of dams is a challenge for many states especially in the Middle East due to the relatively small size of the region. Owing to the close proximity of national borders and dams, many of them are within the range of modern jet aircraft that could attack from a neighbouring state.

A recent example of security crisis has occurred in South-Eastern Turkey, when the Turkish government ordered the construction of Atatürk Dam. As a response to Syrian and Iraqi air threats, heavy anti-aircraft installations were deployed to dams and construction sites in south-east Turkey, which are amongst the most heavily protected in the world.<sup>12</sup> Water streams in Israel and Egypt are also protected due to the instability of the surrounding region. This insecurity also attracts international attention; for example the World Bank stopped supporting water engineering projects in the region after the territorial disputes between Egypt and Sudan.<sup>13</sup> Furthermore, the ability to control water streams enables a country to limit water access of the countries downstream from it, thus rendering water a type of "weapon". On the other hand, at least superficially, the problem can be resolved by international agreements guaranteeing the flow of water in a certain amount of cubic meters.<sup>14</sup>

## IV - ENVIRONMENTAL IMPACT OF WATER CONTROL

Despite the concern shown about the economic and security aspects of the subject, the environmental politics of controlling transnational water streams is not usually given much attention by policy makers. After the first wave of dam construction in the twentieth century, it has become evident that hydro-power is not as “green” as was first thought. ‘Hydro-electric dams produce significant amounts of carbon dioxide and methane, and in some cases produce more of these greenhouse gases than power plants running on fossil fuels.’<sup>15</sup> Environmentalist claims are usually countered by the need of developing countries for more energy. Hydro-electric power is considered “renewable”, hence making it a more suitable choice according to public opinion. Two major factors exist on the specific subject of water control and the environment. Firstly, it usually concerns dams, which necessitate the flooding of a huge area in order to create an artificial reservoir. It brings fundamental changes to the local ecosystem most often in negative terms, such as destroying flora and fauna in the area - although the impact of reservoirs on nature is still being researched in various fields. Secondly, alteration of a river might require the relocation of rural population and/or flooding of cultural heritage sites. Sixty thousand people needed to be relocated because of the creation of Lake Nasser in Egypt, causing a serious population shift.<sup>17</sup> As a region that contains some of the oldest civilizations, many reservoirs have flooded historical sites. In Turkey, construction of the Ilisu Dam has been met with critical reception by the media, due to possible destruction of the Hasankeyf Ruins.<sup>18</sup>

## V - SUSTAINABLE DEVELOPMENT

Current figures showing the amount of water per person already identify the Middle East as an “arid” region. Due to the use of “low-technology” agriculture, the amount of agricultural output changes every year; because the level of available water changes from year to year and season to season. Estimates for future figures show that the amount of water per person will show a dramatic decrease in the next 20 years. For example, from

470 cubic meters in 1990 to a projected amount of 310 in Israel.<sup>19</sup> The insecure future of water access presents the question of whether a form of sustainable development in the Middle East is possible or not, as “[t]he Middle East’s hydrological system is definitely less and less able to meet the rising demands being placed upon it.”<sup>20</sup>

The population of the Middle East is increasing faster than the growth and development of infrastructure. Many states are not ready for an urbanization process brought on by development, in turn causing a limited access to water especially in poor regions. In addition, an increasing number of industrial establishments will require more water and energy in the future. Without proper energy alternatives, water politics in the region might become more unstable in the near future. It should be noted that factories and excessive farming in one country directly affects others, since the depletion of minerals in a flowing stream can damage farming downstream. Thus, riparian countries are interdependent in terms of development.

Such differences in policy making between states evolves from a clash of paradigms. While water is generally considered as a natural/strategic resource by states, the debate over it has been perceived differently at the international system level. States are not the only actors in water disputes since international organizations have started to play a more active role after the Cold War. World Bank reports have argued that it is possible to overcome water problems via international cooperation.<sup>21</sup> Nevertheless, there is no widely recognized law on transnational water control and it is mostly policed by bilateral agreements. On the other hand, the United Nations has recognized access to fresh water as a human right, referring it as a “prerequisite” for many other rights.<sup>22</sup> However, construction of new dams gives rise to a more complex problem, since they are not built for purely humanitarian purposes. A potential solution can be found in academic work on a “water ethic”, but it is still in its infancy.<sup>23</sup> This thesis argues that “[w]ater is not a commercial product like any other but, rather, a heritage that must be protected”.<sup>24</sup> Nevertheless, the application of such ideals to the Middle East is problematic because there is no consensus on water issues, particularly when compared to their counterparts in

the European Union. A clash of paradigms endures, but there are exceptions such as the preservation of natural reservoirs in Northern Iraq as an unexpected result of Iraq War in 2003.<sup>2</sup>

## VI - CONCLUSION

In this essay, the interconnectedness of security and environmental questions in the Middle East has been discussed in two ways. Environmental politics is a discipline that is becoming more and more important in the twenty first century, as awareness of environmental issues grows and the need for better organizations in order to deal with depleting resources. Arguments regarding hydro-power and its relation to transnational streams inhabit a crucial role in this matter, since understanding the problematic nature of water resources constitutes an important part of understanding international relations in the Middle East as a whole.

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<sup>1</sup> World Bank. *Middle East and North Africa – Countries*. (Online) 11 November 2011 Available at <http://web.worldbank.org/WBSITE/EXTERNAL/COUNTRIES/MENAEXT/0,,menuPK:247619~pagePK:146748~piPK:146812~theSitePK:256299,00.html> (Accessed 11 November 2011)

<sup>2</sup> Allan, T. *The Middle East Water Question* (New York, IB Tauris, 2001), p. 11.

<sup>3</sup> Bazza, M. *Overview of the History of Water Resources and Irrigation Management in the Near East Region* (Food and Agriculture Organization of the United Nations, Regional Office for the Near East, 2006)

<sup>4</sup> Selby, J. *Water, Power and Politics in the Middle East: The Other Israeli-Palestinian Conflict* (New York, IB Tauris, 2003), p. 39.

<sup>5</sup> Allan, T. *The Middle East Water Question* (New York, IB Tauris, 2001), p. 71.

<sup>6</sup> Allan, T. (2001) *The Middle East Water Question*. New York: IB Tauris p.81

<sup>7</sup> *Ibid.* p. 81.

<sup>8</sup> Selby, J. *Water, Power and Politics in the Middle East: The Other Israeli-Palestinian Conflict* (New York, IB Tauris, 2003), p. 19

<sup>9</sup> Allan, T. *The Middle East Water Question* (New York, IB Tauris, 2001), p. 73.

<sup>10</sup> Speer, A. *Inside the Third Reich: Memoirs* (London, Cassell, 1999), p. 384.

<sup>11</sup> Kiran, A. *Ortadoğu'da Su: Bir Çatışma veya Uzlaşma Alanı* (Istanbul, Kitap Yayınevi, 2005)

<sup>12</sup> *Ibid.*

<sup>13</sup> World Bank *Procedure Op 7.50: Policy on Projects on International Waterways*, (1992)

<sup>14</sup> Cooley, J. 'Flowing Streams and Arid Politics Review Article', *Middle East Journal*, Volume 49, No 2, Spring (1995), pp. 337-339.

<sup>15</sup> Rowe, D. (2005) 'Hydroelectric power's dirty secret revealed'. *New Scientist* (online), 24 February 2005. Available at <http://www.newscientist.com/article/dn7046> (Accessed 10 December 2010).

<sup>16</sup> Allan, T. *The Middle East Water Question* (New York, IB Tauris, 2001), pp. 73-4.

<sup>17</sup> Scudder, T. *The Future of Large Dams* (London: Cromwell, 2005).

<sup>18</sup> BBC News *Turkey begins Controversial Dam*. August 2006. Available at <http://news.bbc.co.uk/1/hi/world/europe/5249086.stm> (Accessed 10 December 2010).

<sup>19</sup> Gleick, P. *Water in Crisis: A Guide to the World's Fresh Water Resources* (New York: Oxford University Press, 1993), p. 106.

<sup>20</sup> Allan, T. *The Middle East Water Question* (New York: IB Tauris, 2001), p. 10.

<sup>21</sup> World Bank *Procedure Op 7.50: Policy on Projects on International Waterways*, (1992).

<sup>22</sup> United Nations 'The Right to Water United Nations Department of Public Information'. (2003) Available at <http://www.un.org/events/water/TheRighttoWater.pdf> (Accessed 10 December 2010).

<sup>23</sup> Armstrong, A. "Towards a Water Ethic" In *Managing Water Resources in a Changing Physical and Social Environment*, edited by Peter J. Robinson, Tony Jones and Ming-jo Woo. (Rome, Societa Geografica Italiana, 2007), pp. 7-19. Available at [http://www.ph.unito.it/dfg/ricerca/geofit/igu/documents/2007\\_managing\\_contents.pdf](http://www.ph.unito.it/dfg/ricerca/geofit/igu/documents/2007_managing_contents.pdf) (Accessed 10 December 2010).

<sup>24</sup> European Commission 'Directive 2000/60/EC of the European Parliament and of the Council establishing a framework for the Community action in the field of water policy', (Strasbourg: Official Journal of the European Communities, 2000), p. 1. Available at <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=OJ:L:2000:327:0001:0072:EN:PDF> (Accessed 10 December 2010).

<sup>25</sup> Pearce, F. *When the Rivers Run Dry* (London, Eden Project, 2006), pp. 333-339.



In December 2009 the Danish capital, Copenhagen, hosted a convention of approximately 45,000 participants including 120 Heads of State and Heads of Government, for the purpose of formulating an international response to the issue of climate change.<sup>1</sup> The negotiations took place during the 15th Conference of the Parties (COP) to the United Nations Framework Convention on Climate Change (UNFCCC).

One year later - in Cancun, Mexico - 22,000 participants were expected to take part in COP 16. The conference was opened by Mexico's President, Felipe Calderón, and 13 heads of state and heads of government were present in Cancun.<sup>2</sup> The motto of the conference seemed to be 'little steps at a time', as if to contrast the failed strategy adopted by the Copenhagen assembly - which attempted to achieve too much at once.<sup>3</sup> The central "little step" was presented by, among others, the Prime Minister of Norway, Jens Stoltenberg - the only western head of government present at the Cancun negotiations. Together with Ethiopian Prime Minister, Meles Zenawi, Mr. Stoltenberg served as Co-Chair on the High-Level Advisory Group of the UN Secretary-General on Climate Change Financing (AGF). On November 5th 2010 a comprehensive report on how to mobilise the financial resources necessary to mitigate and adapt to climate change was presented by the AGF. Members of the AGF expressed confidence that the report and subsequent agreements on the nature of the Green Climate Fund proposed in the Copenhagen Accord<sup>44</sup> could break the inertia in the negotiations on climate change.<sup>5</sup> This article will argue that despite the benefits of an agreement on climate finance, mobilising the required financial resources strongly depends on working out a binding agreement on emission cuts in developed countries due to the nature of the proposed sources.

## I - THE PRIMARY OBJECTIVE

Financing is only one aspect in the global effort to prevent climate change. As defined in Article 2 of the UNFCCC, the primary objective of the negotiations taking place under the UNFCCC framework is the 'stabilization of greenhouse gas concentrations in the atmosphere at a level that would prevent dangerous anthropogenic interference with the climate system'.<sup>6</sup> There is virtually universal consensus, as exemplified by the latest review of the Intergovernmental Panel on Climate Change (IPCC) that human-generated emissions are responsible for an increase in average global temperatures.<sup>7</sup> This variation is estimated to amount to 4.0°C by 2099 but could be limited to 1.8°C, if sufficient action is taken immediately.<sup>8</sup> A recent report by Sir Nicholas Stern,<sup>9</sup> Head of the United Kingdom's Government Economic Service, 'estimates that if we don't act, the overall costs and risks of climate change will be equivalent to losing at least 5% of global GDP each year, now and forever. If a wider range of risks and impacts is taken into account, the estimates of damage could rise to 20% of GDP or more'.<sup>10</sup> This calamitous prognosis of the problem is widely shared among the international community. Proposals for solutions and the division of responsibilities, however, continue to be heavily contested. The leading legally binding instrument that regulates emission cuts for individual countries is the Kyoto Protocol, which expires in 2012, and seems to have little prospect of being continued for the time being. Therefore, the contribution of agreements of climate finance to the negotiations on climate change needs to be assessed in terms of their role in the advance of international emission reductions.

## II - A STEP IN THE RIGHT DIRECTION

There are four major arguments supporting the idea of climate finance as an important step towards a comprehensive agreement on climate change. Firstly, climate finance plays a key role in propelling forward the domestic industry and technology in developing countries. Fundamentally, albeit not regulated by binding international agreements, climate finance fulfils vital social and economic functions. Secondly, in a similar vein, climate finance as proposed by the AGF, aims for large scale involvement of the private sector not only through carbon market schemes, but also through boosting the economies of developing countries with an injection of direct investment in innovation.<sup>1</sup> Thirdly, climate finance provides incentives for developed countries to increase their emission reduction pledges by financing emissions reductions in developing countries in a form of benevolent competition. Many developed countries, along with the European Union, have repeatedly reiterated their intention of increasing their emission reduction targets 'if other major emitting countries in the developed and developing worlds commit to do their fair share under a future global climate agreement'.<sup>1</sup> Thus, an agreement on climate finance schemes, allowing the developing countries to reduce emissions, is likely to result in a palpable increase in the willingness of developed countries to further reduce emissions and thus facilitate the creation of an international incentive mechanism.

Finally, the progress made on climate finance in Copenhagen was characterised as 'one of the few areas, where despite all procedural and political misgivings, real progress was made'.<sup>1</sup> While the international media response to the Copenhagen Summit was generally negative, the agreements on climate finance can be seen as a symbol of partial success that has kept the negotiators in Cancun "in motion". There is reason to believe that this glimmer of hope, combined with the further agreements reached in Cancun, may be a factor in preserving a moderate sense of optimism for COP17 in Durban, South Africa.

## III - A LONG WAY LEFT TO GO...

Whilst these are important contributions, there is still room for a more critical assessment of how

recent climate finance agreements will impact emission negotiations. This can be grouped into two sets of arguments; criticism of the current finance agreements and more importantly, the dependence of climate finance on binding emission cuts.

The Copenhagen Accord spells out the commitment of developed countries to mobilise \$100bn per year by 2020 to support mitigation and adaptation action in developing countries through the Green Climate Fund as well as to provide \$30bn of 'Fast Start Finance' through International Financial Institutions (IFIs) between 2010 and 2012.<sup>1</sup> As established in the Accord, the above numbers became the reference point for the work of the AGF as well as the Cancun negotiations. However, a comparison to the estimated needs of developing countries quickly shows that the amounts promised are insufficient, even if they could be achieved within the timeframes set in Copenhagen. The Stern Report estimates the costs of combating climate change at 1% of global GDP per year.<sup>15</sup> Taking the 2008 data<sup>1</sup> into consideration, this means \$605bn. The World Development Report estimates the annual financing requirements for developing countries at \$264bn to \$563bn by 2030 for mitigation alone.<sup>17</sup> There is also the question of whether the amounts promised in Copenhagen are provided *additionally* to current aid flows or are partially the result of finance redirections.<sup>1</sup> In this context, the second point of criticism levelled against the current state of agreements scrutinises the flows channelled through IFIs and multilateral development banks. The governments of developing countries express grave concern as to the proposals put forward by the AGF in relation to the large proportions of climate finance resources channelled through institutions such as the International Monetary Fund (IMF) and World Bank. Apparently, they dread a potential decrease in the level of control to be exercised in the distribution of such funds.<sup>1</sup> Finally, the focus on private sources of climate finance in the AGF report is seen by organisations such as the World Wide Fund (WWF) as a potential opportunity for governments of developed countries to reduce the amounts of public finance required from them to meet the Green Climate Fund's goals.<sup>2</sup>

Apart from criticism of the finance agreements, the main factor limiting the potential of developed coun-

tries to cause a breakthrough in the negotiation process is the inherent dependence of climate finance flows on an international agreement on binding emission cuts. The AGF estimates that international auctioning of emissions allowances and domestic or regional emissions trading schemes could mobilise between \$2bn and \$70bn by 2020, depending on the volume of the carbon market, the carbon price and the percentage of emission allowances auctioned.<sup>2</sup> Additionally, carbon market offsets implemented through structures similar to the Kyoto Protocol's Clean Development Mechanism could provide \$8bn to \$150bn, depending on the carbon price as well as on 'the demand for and supply of emissions reductions commitments, and on carbon market mechanisms.'<sup>2</sup>

While these two methods are by far not the only sources considered in the AGF report, they have the greatest potential to raise the financial resources required to meet the commitments made in the Copenhagen Accord. However, they are also most heavily dependent on binding emissions reductions. Carbon markets operate on the principle that if the amount of emissions is limited in any given country, emissions become an asset that can be traded in a national or international market and taxed by government agencies. This is also recognized by Workstream 8 of the AGF, a subgroup analysing the options for carbon markets: 'The most important determinant of carbon market flows is the global level of mitigation ambition: higher levels of mitigation ambition are likely to drive higher carbon market flows.'<sup>2</sup> Some of the other proposed sources in the AGF report (i.e. private finance leveraged through carbon market offsets and development bank instruments which could deliver between \$30bn and \$40bn for every \$10bn in additional resources) depend on finance raised through the two mechanisms outlined above and thus, by extension, on the levels of emission cuts in developed countries.<sup>24</sup> In conclusion, the finance agreements made so far can be seen as a step in the right direction and as a force propelling the negotiations forward. However, especially in light of the criticism of the current state of agreements on climate finance, it is unlikely that the negotiations in Durban as well as during the intercessional conferences in Bonn over the course of the next year will be able

to circumvent the need for a comprehensive, binding agreement on emission cuts. This conclusion is mainly dictated by the belief that such an agreement is a prerequisite to financing an adequate response to climate change.

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<sup>1</sup> United Nations Framework Convention on Climate Change (2009), Meetings Archive, The United Nations Climate Change Conference in Copenhagen, 7-19 December 2009, [http://unfccc.int/meetings/cop\\_15/items/5257.php](http://unfccc.int/meetings/cop_15/items/5257.php) (accessed 24.11.2010)

<sup>2</sup> The presidents of Bolivia, Ecuador, Georgia, Guyana, Kiribati, Nauru, Palau and South Africa and prime ministers of CAR, Grenada, Norway, Samoa and Vanuatu attended COP16 in Cancun. Source: United Nations Framework Convention on Climate Change, Meetings Archive, <http://unfc-cc.int/resource/docs/2010/cop16/eng/inf01p01.pdf> and <http://unfccc.int/resource/docs/2010/cop16/eng/inf01p02.pdf> (accessed 05.12.2010)

<sup>3</sup> Eckert, W. (2010), 'Klein-Klein in Cancun', Tagesschau.de, <http://www.tagesschau.de/ausland/klimakonferenzcancun100.html> (accessed 07.12.2010)

<sup>4</sup> United Nations Framework Convention on Climate Change (2009), Draft Decision -/CP.15 'Copenhagen Accord', <http://unfccc.int/resource/docs/2009/cop15/eng/107.pdf> (accessed 05.12.2010)

<sup>5</sup> Manuel, T. and Stern, A. (2010) 'Climate finance plan could break talks inertia', Guardian.co.uk <http://www.guardian.co.uk/environment/cif-green/2010/nov/08/climate-finance-deal-cancun> (accessed 24.11.2010)

<sup>6</sup> United Nations Framework Convention on Climate Change (1992) 'United Nations Framework Convention on Climate Change' <http://unfccc.int/resource/docs/convkp/conveng.pdf> (accessed 07.12.2010)

<sup>7</sup> Intergovernmental Panel on Climate Change, Fourth Assessment Report: Climate Change 2007, Synthesis Report, [http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4\\_syr.pdf](http://www.ipcc.ch/pdf/assessment-report/ar4/syr/ar4_syr.pdf) (accessed 24.11.2010), pp. 36-41

<sup>8</sup> Intergovernmental Panel on Climate Change, Fourth Assessment Report, p. 45

<sup>9</sup> Sir Nicholas Stern was also one of the members of the AGF

<sup>10</sup> Stern, N., Review on the Economics of Climate Change, H.M. Treasury, UK, October 2006, [http://www.hm-treasury.gov.uk/stern\\_review\\_report.htm](http://www.hm-treasury.gov.uk/stern_review_report.htm) (accessed 24.11.2010), Summary of Conclusions, p. vi

<sup>11</sup> United Nations (2010), Report of the Secretary-General's High Level Advisory Group on Climate Change Financing [http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF\\_reports/AGF%20Report.pdf](http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF_reports/AGF%20Report.pdf) (accessed 24.11.2010) p. 8

<sup>12</sup> European Commission (2010) 'What is the EU doing on Climate Change?' [http://ec.europa.eu/clima/policies/brief/eu/index\\_en.htm](http://ec.europa.eu/clima/policies/brief/eu/index_en.htm) (accessed 07.12.2010)

<sup>13</sup> Schalatek, L., Bird, N. and Brown, J. (2010) 'Where's the Money? The Status of Climate Finance Post-Copenhagen', Climate Finance Policy Briefs [http://www.boell.org/downloads/HBF-ODI\\_ClimateFinace\\_Post-Copenhagen\\_WhereIsTheMoney.pdf](http://www.boell.org/downloads/HBF-ODI_ClimateFinace_Post-Copenhagen_WhereIsTheMoney.pdf) (accessed 24.11.2010)

<sup>14</sup> United Nations Framework Convention on Climate Change (2009), Draft Decision -/CP.15

<sup>15</sup> Stern, N., Review on the Economics of Climate Change, Summary of Conclusions, p. vi

<sup>16</sup> World Bank, Gross Domestic Product 2008, World Development Indicators Database, 19 April 2010, <http://sitere-sources.worldbank.org/DATASTATISTICS/Resources/GDP.pdf> (accessed 24.11.2010) p. 4

<sup>17</sup> World Bank, World Development Report 2010: Development and Climate Change, <http://siter-esources.worldbank.org/INTWDR2010/Resources/5287678-1226014527953/WDR10-Full-Text.pdf> (accessed 21.11.2010), p. 260

<sup>18</sup> Schalatek, Bird and Brown (2010) 'Where's the Money?' and Maxwell, S. (2010) 'Climate Change: Going beyond the Politics in Climate Finance', eGovmonitor, <http://www.egov-monitor.com/node/39653> (accessed 06.12.2010)

<sup>19</sup> Marston, A. (2010) 'World Bank drawing in Climate Funds?', Bretton Woods Project <http://www.brettonwoodsproject.org/art-567228> (accessed 06.12.2010) and Schalatek, Bird and Brown (2010) 'Where's the Money?' p. 3

<sup>20</sup> World Wide Fund for Nature (2010) 'Don't pass climate finance to private sector' [http://wwf.panda.org/wwf\\_news/?194735/Dont-pass-climate-finance-back-to-private-sector](http://wwf.panda.org/wwf_news/?194735/Dont-pass-climate-finance-back-to-private-sector) (accessed 07.12.2010)

<sup>21</sup> United Nations (2010), Report of the Secretary-General's High Level Advisory Group, p. 22

<sup>22</sup> United Nations (2010), Report of the Secretary-General's High Level Advisory Group, p. 27

<sup>23</sup> United Nations (2010), Report of the Secretary-General's High Level Advisory Group on Climate Change Financing, Work Stream 8, [http://www.un.org/wcm/webdav/site/climate-change/shared/Documents/AGF\\_reports/Work\\_Stream\\_8\\_%20Carbon%20markets.pdf](http://www.un.org/wcm/webdav/site/climate-change/shared/Documents/AGF_reports/Work_Stream_8_%20Carbon%20markets.pdf) (accessed 25.11.2010) p. 1

<sup>24</sup> United Nations (2010), Report of the Secretary-General's High Level Advisory Group on Climate Change Financing [http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF\\_reports/AGF%20Report.pdf](http://www.un.org/wcm/webdav/site/climatechange/shared/Documents/AGF_reports/AGF%20Report.pdf) (accessed 24.11.2010) p. 6.