## 12.5 International Environmental Issues

### Learning Objectives

By the end of this section, you will be able to:

* Explain biodiversity
* Analyze the partnership of high-income and low-income countries in efforts to address international externalities

Many countries around the world have become more aware of the benefits of environmental protection. Yet even if most nations individually took steps to address their environmental issues, no nation acting alone can solve certain environmental problems which spill over national borders. No nation by itself can reduce emissions of carbon dioxide and other gases by enough to solve the problem of global warming—not without the cooperation of other nations. Another issue is the challenge of preserving biodiversity, which includes the full spectrum of animal and plant genetic material. Although a nation can protect biodiversity within its own borders, no nation acting alone can protect biodiversity around the world. Global warming and biodiversity are examples of international externalities.

Bringing the nations of the world together to address environmental issues requires a difficult set of negotiations between countries with different income levels and different sets of priorities. If nations such as China, India, Brazil, Mexico, and others are developing their economies by burning vast amounts of fossil fuels or by stripping their forest and wildlife habitats, then the world’s high-income countries acting alone will not be able to reduce greenhouse gases. However, low-income countries, with some understandable exasperation, point out that high-income countries do not have much moral standing to lecture them on the necessities of putting environmental protection ahead of economic growth. After all, high-income countries have historically been the primary contributors to greenhouse warming by burning fossil fuels—and still are today. It is hard to tell people who are living in a low-income country, where adequate diet, health care, and education are lacking, that they should sacrifice an improved quality of life for a cleaner environment.

Can rich and poor countries come together to address global environmental spillovers? At the initiative of the European Union and the most vulnerable developing nations, the Durban climate conference in December 2011 launched negotiations to develop a new international climate change agreement that covers all countries. The outcome of these negotiations was the Paris Climate Agreement, passed in 2015. The Paris Agreement committed participating countries to significant limits on CO2 emissions. To date, 196 entities have signed on, including the two biggest emitters of greenhouse gases—China and the United States. The U.S. contribution to the agreement was the Clean Power Plan, which planned to reduce power plant CO2 emissions across the U.S. by 17% to pre-2005 levels by 2020, and to further reduce emissions by a cumulative 32% by 2030. In early 2017, the Trump Administration announced plans to back out of the Paris Climate Agreement. Trump opposed the Clean Power plan, opting instead to shift focus to the use of natural gas. This represented a significant blow to the success of the Paris Agreement. However, on his first day in office, President Biden, on behalf of the United States, rejoined the Paris Climate Agreement.

Link It Up

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If high-income countries want low-income countries to reduce their emission of greenhouse gases, then the high-income countries may need to pay some of the costs. Perhaps some of these payments will happen through private markets. For example, some tourists from rich countries will pay handsomely to vacation near the natural treasures of low-income countries. Perhaps some of the transfer of resources can happen through making modern pollution-control technology available to poorer countries.

The practical details of what such an international system might look like and how it would operate across international borders are forbiddingly complex. However, it seems highly unlikely that some form of world government will impose a detailed system of environmental command-and-control regulation around the world. As a result, a decentralized and market-oriented approach may be the only practical way to address international issues such as global warming and biodiversity.