How some of the pieces of the jigsaw might fit together

China

China's emissions have grown rapidly recently and, at some 6.1 tCO2/adult, are going over the world average. This means that, if global emissions were capped now under C&S, China would have to import emissions permits from the rest of the world. This is as it should be, because it is producing a lot of manufactured goods for the rest of the world, and those goods take energy to make.

China's emissions are high because, at present, 69% of its energy comes from coal. However, in April this year it announced plans to reduce its dependence on both coal and oil by increasing its use of nuclear and renewable energy and natural gas. It has also set itself the target of increasing its energy efficiency per unit of GDP by 20% by 2010.

The unilateral internal introduction of C&S could help China achieve these goals while simultaneously addressing the growing inequalities within its borders. The poor would gain greatly if the permit price was set fairly and local administrations ran the scheme in a non-corrupt fashion. A popular reform movement – preferably sponsored by central government that has stated it wants a "Harmonious Society" – would help ensure that each adult got his or her permit and was paid the correct amount.

India

India's output and emissions have grown strongly in the past five years. In common with many developing countries, it has two energy markets – one for the modern sector, the other for the traditional one. The latter uses a lot of biomass while the modern sector is heavily dependent on coal. As a result, its emissions per kWh electricity are among the highest in the world. Taking the two sectors together, the present average emissions are some 1.9 tCO2/adult, still well below the global average.

Higher fossil energy prices would alter the balance between the two sectors which is, at present, heavily skewed in the modern sector's favour. India's poor would gain heavily from a C&S scheme provided the local administration was fair. However, its tribal and low caste people would need to organise to get their rights as, in practice, they are not often regarded as equals under the law.

Ireland

Ireland's emissions have increased by about 24% since 1990 and, as a result, it will only be able to meet its commitment to its EU partners to prevent its emissions from rising by more than 13% above their 1990 level by buying in emissions permits under the Kyoto Protocol's controversial Clean Development Mechanism. Taxpayers' money is to be used for these purchases, thus in effect subsidising fossil fuel use.

The country's problem is that it has allowed emissions from road transport and aviation to increase by 150% above their 1990 level at the same time as the building boom increased emissions from cement production. However, C&S is currently being studied by Comhar, the Irish Sustainable Development Council, and by Green Party Environment Minister John Gormley as a way to control Ireland's non-EU ETS emissions..

The European Union

While we weren't looking the EU gave away the sky. It's called grandfathering - the European Union Emissions Trading Scheme (EU ETS) gives away permits to large companies to emit CO2 based on how much they emitted in the past. This encourages firms to remain dirty and, because they often charge the public the market value of permits they are given for free, brings them windfall profits. It amounts to the privatisation of 45% of the sky, the proportion of emissions covered by the scheme.

The EU ETS has many faults - see The Great Emissions Rights Give-Away (downloadable from www.capandshare.org). Its one plus is that it is an up-and-running emissions trading system that could be reformed on C&S lines if there was enough popular pressure. Such a change would mean that each EU-resident adult got permits rather than the big firms. The ETS does not currently cover transport emissions which, as in Ireland, are increasing rapidly. The most promising way of introducing C&S in the EU would be to have it adopted for controlling the transport or total non-EU ETS sector. However, a massive lobbying effort is likely to be needed to bring this about.

United States

At first sight, it looks as though the US, as the world's biggest GHG emitter, would lose badly if C&S was adopted internationally. Average use is 26.5 tCO2/adult. However, even it would reap major gains. True, it would have to pay poorer countries a lot of money to buy their people's emissions rights, but it would get that money back in better prices for its farm exports and in bigger orders for its high-tech manufactured goods. Moreover, some of the cost of the permits would be offset because its fossil energy imports would be cheaper thanks to the restrictions C&S would place on world oil, coal and gas use. Nations would compete to buy emissions permits not fuel.

Even the gradual replacement of the dollar as an international currency by a new one which took its value from the right to emit a tonne of CO2 would be in America's interest. This is because its banks would be repaid their doubtful foreign loans, the value of the dollar would be supported in a period in which many people fear its catastrophic collapse, and the world economy would become more stable and predictable for US firms. For details of the monetary reform aspects of C&S see the Feasta paper "Emissions Rationing and the Oil Price Crisis" (downloadable from the Feasta website or from the Resources section of the Cap & Share website).