Beyond the UNFCCC: Rethinking the Global Politics of Climate Change

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Rethinking the Global Politics of Climate Change: Q&A

Question 1
You talked about the political interests, but what about the commercial interests? There’s a lot of money in the ground belonging to the companies and then to the national governments that have tax stakes in it. The measures you’re talking about sound politically effective but how do you overcome the mobilization of interests to stop it happening if those measures are really effective?

Robin Niblett
I think we have a bit of the stranded asset issue wrapped up in that.

Question 2
What do you think is the role of international and national protest movements in effecting a suitable settlement of the global climate change issues?

Robin Niblett
Two very different topics but two sort of interests, you might argue, here. One on the corporate side with huge investments in the existing system, but at the same time trying to adapt, I would have thought, to the changing environment. Then the issue of the NGOs and so on.

Robert Keohane
Behind both questions there’s first the question of – there’s a normative question and then there’s a positive so-called question. The normative question is, what is the right policy, putting aside what’s politically feasible or effective? The positive question is, what would be a necessary policy to be politically feasible or effective?

I don’t think there’s a great normative argument for the people on the stranded assets. I think stuff happens. You make an investment and you make a mistake. You didn’t anticipate what was going to happen so it’s your loss. I don’t have any sympathy normatively for the oil companies in this connection. It might be necessary to pay them off in some way because they’re so powerful politically. That would vary by country. So I would minimize those payments if possible, but I’d probably make a deal if I thought making a deal would be effective in leading to action on climate change.

The protest movements have a positive and negative role, it seems to me. They play a positive role in raising the salience of the issue. We know that reform only takes place against vested interests if there’s a very salient issue that mobilizes lots of people. Quiet issues aren’t democratically decided usually, they’re decided by the special interests. So raising the salience is a good thing. It’s not salient enough – the American public ranks it at 18th or 19th of 20 issues when you ask in polls. So it’s not salient enough in the US, so to that extent protest movements raise salience and that’s a good thing. There’s a movement in the United States, somewhat small but on some university campuses (for example, Harvard), to get universities to divest themselves of fossil fuel assets. That obviously has zero effect on the fossil fuel companies in itself. The markets will compensate immediately. But it has symbolic value and that raises the salience.

But it also illustrates another issue. Sometimes the protest movements have such poor solutions to the problem that they cause backfire. I think it makes much more sense in the US to say don’t invest in coal
assets than don't invest in fossil fuels, because we still run the economy on fossil fuels. It looks a little hypocritical to say don't invest in fossil fuels when Harvard, Princeton and Stanford all run on fossil fuels. They don't need coal, they can run very nicely if we didn't burn one ounce of coal more in the United States. So I think that political movements are good in raising salience. Sometimes when they propose clearly unrealistic or policies that are viewed by a vast majority of the public as unrealistic, they can backfire in policy terms.

**Question 3**

You've partly answered my question, which is: what is the role in the non-UN process for pressure groups of various kinds, particularly those that work through the stock market in trying to bring investor pressure on companies. But perhaps you could extend that comment to the question of the companies who make machines that use fossil fuels – in other words, the motor car companies, for example. We wouldn't be emitting what we do if we didn't have motor cars, yet they do not seem to be the targets. So is this just a question of manipulating special interests?

**Robert Keohane**

That raises the point that since fossil fuels are so implicated in our economies, most of the firms – car companies prominently, construction companies and the fossil fuel companies – are all involved in the same complex. So you can focus on one element, who produces it and who uses it. It's hard to differentiate.

It's not so hard with coal. The US doesn't need coal. It's by far the dirtiest fuel and it's also by far the worst fuel from a climate change point of view. The United States fortunately, with the natural gas boom, doesn't need it. The Obama administration has seized on the opportunity for the coal power plant emissions legislation's regulation, which if instituted and then not reversed by future administrations, probably ensures that no new coal-fired power plants will ever be built in the United States. So that's a targeted measure and I think it's more effective than a general measure, because everyone will say, look, we use fossil fuels. We drive these cars. So in those cases it's much more effective to think about some sort of regulation. The only effective US regulation really has been the CAFE standards that have increased the mileage of cars. Everybody has to follow them. They don't really hurt the car industry because everybody has to raise their standards. They encourage more fuel-efficient vehicles.

**Question 4**

With regards to geo-engineering and the uncertainties in terms of regional effects that that could bring about: in the absence of a political regime to manage that, do you think there's a risk maybe of international disputes or even conflict?

**Robert Keohane**

I think yes. Some people think this is going to happen because a lot of countries could do it. They could, but they might face deterrence for doing it. They might face a response for doing it. So there's a clear potential for discord if one or two countries think they are seriously threatened by climate change and they decide they need to do this – if they try, this could be countered, after all. Rockets can be shot down and other action can be taken. So there is a potential for discord and conflict, which means that having some sort of pattern of rules about it *ex ante*, before anybody is committed to doing it, seems to me to be a good idea.
Question 5

An extremely successful example of international cooperation in a related field was surely the Montreal protocol which banned the use of fluorocarbons in refrigerators, which were destroying the ozone layer. That seems to have worked very well. Do you think this is an encouraging precedent in the area we’re talking about? Of course, it rather begs the question, cooperation for what? At the moment, there seems to be an almost exclusive obsession, if I can put it that way, with trying to control emissions. The other end of the line, which is trying to control production, is hardly discussed. George Marshall, in his brilliant recent book *Don’t Even Think About It*, devotes an entire chapter to this. He’s astonished that in none of the UN meetings has this topic ever been discussed, and it isn’t very much discussed elsewhere or in the press. Naomi Klein has exactly the same point. Your comment, sir?

Robert Keohane

Two questions: one is about Montreal and one is about focusing on emissions. Montreal was a great success. The production of hydrofluorocarbons was cut by 50 per cent fairly quickly and cut even more later. So you had an initial agreement which was stepped up, first 50 per cent cuts, then 80 per cent cuts.

Montreal had two features that were particularly important and different from Kyoto. The less important one is that it was a better designed agreement. It provided for a temporary situation where the developing countries didn’t have to conform to it, so the limitations were imposed on rich countries now and developing countries weren’t invoked until this year. There was a 25-year grace period. But it wasn’t an infinite grace period, unlike the Berlin mandate. It was going to come to an end and therefore they could anticipate it was coming to an end, and they had an incentive to adjust even though they had more time to adjust.

The second thing about Montreal that was very different was that the costs were enormously less, and that’s the most important difference. It turned out that reducing CFC emissions was virtually costless. My wife was on the board of IBM and I was at an IBM plant in 1987 – they were washing semiconductors with CFCs. Montreal came along and they discovered that washing them with water was very fine, thank you very much. It was cheaper than CFCs. That’s why Montreal was so easy. It turned out, despite some apprehension, that with some technological ingenuity, all the supposedly essential uses of CFCs could be done in other ways and in many cases were cheaper.

I think the emissions is a better focus than production because it’s easier to monitor. So monitoring production would be very hard, I think. All around the world, oil and gas production, coal. You’d have to have somebody at the mine head and at the wellhead. Emissions, it’s going to become easier and easier to monitor emissions with satellites. It’s becoming much easier to monitor emissions and to monitor the location of emissions.

So I think the ideal situation is some sort of agreement on emissions that taxes them or has a cap and trade, that prices carbon. I think it’s going to be easier to price carbon at the emissions point than at the production point. Now, if somebody discovered that it was actually easier to levy a tax on production, at all the various production points, that would be fine. But I think that probably won’t be the case.
Question 6

Do you think that having a deal in Paris at the end of this year, if everything is based on a lot of hypocrisy, as you say, could having these INDCs on the table and adopted, could that dampen enthusiasm for experimentation after Paris and in the future?

Question 7

I was a former negotiator in the UN [indiscernible] and I entirely agree with you about top-down failure of the Kyoto type. The present review is the only alternative we have at this moment. But the argument is for the time being we can live with pledge and review, but after establishing pledge and review then our work can gradually make the system more stringent, after establishing mutual confidence in something. That kind of narrative is going on. Do you think that eventually in the future the pledge and review system will become more stringent, legally binding, a treaty or something?

Robert Keohane

On the first point, I don't think Paris will dampen expectations because I don't think it will achieve very much and I think it will be perceived as not achieving very much. One of the strengths of the system is there are lots of NGOs out there who are critical, maybe hypercritical sometimes. So I don't think we'll have the wool pulled over people's eyes and think okay, we solved the problem in Paris. I'm not worried about that.

The confidence issue – I mentioned the issue of momentum, and that's the hope, that there will be an increasing momentum with the system. It certainly is the case that it's more likely for countries to participate when others are doing so, and if others start defecting the desire and inclination to commit in a costly way declines. But I still think those barriers are awfully great, the incentive barriers, that we're providing benefits for future generations. So I don't expect nearly enough. I would be very surprised if pledge and review was strengthened enough to make the 80 per cent reduction by 2050 goal to stabilize climate. I don't think it will get anywhere close to that. I think we need to fundamentally change the incentive structure before that happens.

Question 8

I'd just like to ask two quick questions. First of all, what's the place of nuclear energy in this scheme that you're proposing? The second question is perhaps the elephant in the room, which is the climate change deniers. What would happen if a doctrinaire climate change denier was to get into the White House at some point in the foreseeable future?

Question 9

You talked about the UNFCCC pledge and review being an example of leaders pretending to take action while actually carrying on business as usual, and that having monitoring be included in Paris would be a signal for positive change. But how likely do you see this happening without alienating growing economies like China? Do you see that as an issue for future countries joining and is there a way to overcome that?
Question 10

This is related to the nuclear question actually. My understanding is that Lockheed Martin are developing cold fusion and they're nearly there, maybe ten years off. Skunkworks is their division. To bring it back to your bonds, Professor, is it not possible to invest in more of that, and then also LNG for the likes of Vietnam?

Question 11

How do you get countries like India to accept that this policy can be adopted, without them feeling that Europe is 'kicking away the ladder'?

Robert Keohane

Four sets of questions here, all good ones. I'll be brief.

On nuclear energy, clearly from a climate point of view, nuclear energy is good. It's zero-emissions technology. The reasons for concern about nuclear energy are different and they are partly rational, sensible reasons about the long life of highly toxic ingredients used in it, and they are partly emotional reactions to power plant catastrophes. It doesn't look as if the major democracies are likely to enter into a large nuclear energy programme. So I think on the political feasibility score, at least in the major democracies, it doesn't rank high, when you find Germany decommissioning nuclear plants and very few being commissioned elsewhere.

If a climate change denier gets into the White House in the United States, it will be terrible. It partly depends on – a sincere denier would be worse than a hypocritical denier. A sincere denier would try to reverse the power plant emissions directives of Obama, try to reverse the regulatory measures of the last eight years. A hypocritical denier would probably say we can't reverse everything, it's impossible to do that, and just wouldn't do anything new. I think it would be awful either way, better if it's a hypocritical denier. In that case then also, it might be easier for that person if there are – what you would have to hope for then, sorry, is some huge negative events that can be plausibly tied to climate, so you start potentially blaming the climate denier for actions that are hurting his constituency. So if a climate denier happens to be from Florida and Florida suffers some large storms that are – it's hard to pin a given storm on climate change, but it starts suffering much more in the way of hurricane damage, in a way that is believed (rightly or wrongly) to be linked to climate change, then it becomes a political liability, especially if Florida, as it often is, is a crucial state. If a climate denier wins the White House in 2016, he'll probably win because he carries Florida, so there will be a big cost in not caring about it. So there will be somewhat different incentives.

When you're out of power, there's a lot of incentives to do things. When the Republicans were out of power in the 1990s, they were totally against any peacekeeping forces around the world. Bosnia was one, for example. The policy changed very fast when they were in power. So there's some scope there. But if there is a climate denier, I would hope it's a hypocritical climate denier.

The second point on pledge and review, I think that the effects – even the positive side of the Kyoto process is marginal. I don't think it matters very much, that's why I didn't talk about it. A little better monitoring, a little better development of momentum, you get a little more progress, but it's not going to come anywhere near to solving the problem.
The question about cold fusion raises the general question of technology. I didn’t talk about that because I was out of time. I think we’re not going to solve this problem without major technological change. We don’t know where it’s going to come from but it’s pretty clear that it can’t be solved with current technology, also have poor people have better lives, and people in the rich countries accept the change. That doesn’t add up. So we’re going to have to have different technology.

So if I were running the world, one thing I would do is put a climate tax on, and I would rechannel a lot of that money into subsidizing various possible approaches to low-carbon or zero-carbon energy. What we know about technological change is that it requires scale to get cost declines. That’s the story of semiconductors – Moore’s law. Solar power apparently is following Moore’s law now, half as expensive every 18 months. Someone told me that, I haven’t verified it. But certainly solar power is something like 20 per cent as expensive as it was five years ago. That’s China and Germany, folks. That’s Germany wanting to buy the stuff and China producing it.

So I think we need to have four or five fronts on that. Whether cold fusion is plausible, I don’t know. If it’s plausible, I would pour money into it, expecting that some of these things won’t work but some will hit pay dirt. I’d pour money into carbon capture and storage, which is letting coal be burned but taking out the carbon before it gets in the atmosphere. It’s not commercially viable yet, we don’t know if it will be commercially viable. I’d pour a lot of money into solar and wind.

So if your general question is fostering technology, yes, I think that’s a major task, to find some way to tax people or tax the future about climate and pour some of that money into driving the cost down for various things. The problem is, of course, in our democracies, capture is always a danger. Some firm or set of firms that’s producing some technology, suppose it’s a terrible technology but they persuade the government to keep pouring money into it. That’s always a danger. You’re going to have some spectacular failures and it’s going to look, even if ex ante it wasn’t crony capitalism, it will look later like it is because you poured all this money into something that didn’t work. So it’s not cost-free politically but I think it’s important.

The last question was about poor countries. I think there’s no way either ethically or pragmatically you can put this problem on the backs of poor people and poor countries. Whatever the solution is, it has to allow them to thrive, in a low-carbon situation – they’re not going to all drive big GM cars from the 1950s, that can’t happen. But they have to be allowed to thrive in a real human sense. And of course, they are now autonomous enough that they’re going to demand this anyway, so it’s not in our gift anyway. India is not going to follow policies that condemn hundreds of millions of people to a life of poverty, and they shouldn’t. So this has to be dealt with and therefore having the combination of financing from the rich countries and technological change has to be part of the story.

Robin Niblett

We’ve gone over time – I said we’d go over time, because it’s such a fascinating topic. We’ve got drinks upstairs. I was going to do a final question but I won’t, I’ll leave it as something we can talk about upstairs, which is about the UN. I’ll make my point and then we can talk about it upstairs. Ban Ki-moon, as one of my colleagues noted earlier, invested a lot of effort in the New York climate summit in 2014. It was quite interesting to see the extent to which financial institutions talked about mobilizing $200 billion through the end of 2015 for new initiatives, 70 countries, a thousand companies asked for carbon pricing. Insurance industry is starting to get involved heavily with the climate risk investment framework. Mayors of cities used it as well to step up and say, we’ll reduce our outputs by 450 megatons by 2020. In any case, I’m trying a little bit of optimism, maybe just as a meeting venue around which people can get energized.
There may be some value in this UN process still. But we can discuss this upstairs. You gave the UN a hard time, I thought I'd just make that countervailing point. We'll see what they deliver in December this year. We don’t have time to give you a comeback on that one right now. I think you made a lot of excellent points there. This one about taxing the future to drive down the cost in the present was one of the little thoughts I'll take away from here. Bob, thank you so much for giving us the benefit of your thought, of your experience and of your intellectual lucidity, if I may say. A real pleasure to hear the subject discussed this way. Thank you for great questions as well. Drinks upstairs.