



Statement before the House Committee on Foreign Affairs, Subcommittee on Oversight and Investigations On UN Climate Talks and Power Politics: It's Not about the Temperature

Time for Climate Pragmatism

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The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.

Chairman Rohrabacher, Ranking member Carnahan, and members of the committee:

I will begin with my contentious conclusion, which is that the international diplomacy of climate change is the most implausible and unpromising initiative since the disarmament talks of the 1930s, and for many of the same reasons; that the Kyoto Protocol and its progeny are the climate diplomacy equivalent of the Kellogg-Briand Pact of 1928 that promised to end war (a treaty that is still on the books, by the way), and finally, that future historians are going to look back on this whole period as the climate policy equivalent of wage and price controls to fight inflation in the 1970s.

The diplomatic approach—the United Nations Framework Convention on Climate Change (UNFCCC)—first set in motion formally at the Rio Earth Summit in 1992 has reached a dead end. I think the dead end of what might be called “first generation climate diplomacy” was tacitly on view at the last major climate summit in Cancun a few months ago. It is important to understand the deeper reasons why if we are going to chart a new course on climate that has a better chance of making real progress.

When the issue of climate change came to the fore in the late 1980s, the diplomatic community approached it in a way that seemed eminently sensible on the surface: what diplomatic frameworks have worked before for similar kinds of global problems? In other words, diplomats reached for what was on the shelf. There were basically three models for problems of global reach that had shown varying degrees of success: the arms control and anti-proliferation regimes; the long-running and painstaking trade liberalization process; and third and perhaps most applicable, the Montreal Protocol that facilitated the organized phase out of chloroflourocarbons. The last two, especially the Montreal Protocol, are the precedents that former Vice President Gore liked to cite as reasons for his support and enthusiasm for the Kyoto Protocol. And on the surface the comparative logic seems plausible: if we can reach a binding and enforceable agreement to phase out chloroflourocarbons, why not a similarly-structured agreement to phase out hydrocarbons?

But once you poke beneath the surface, a number of fundamental asymmetries between these precedents and the problem of climate change become apparent, but whose implications were resisted for the understandable reasons of diplomatic and institutional inertia. I'll confine myself to just a few of the many that came into play.

First, the problem of climate change is orders of magnitude more complex and difficult than the problem of ozone depletion. It is not necessary to embrace the skeptical position about “uncertainty” in climate science to suggest that the same kind of policy dynamic found in the problem of the ozone layer would work equally well for a warming planet. In the case of chloroflourocarbons and the ozone layer, the scientific evidence was straightforward, the time scale was relatively short, and, most importantly, there were scalable substitutes for CFCs available at a reasonable cost. By contrast, the climate science is much more complex, and even if the complexities wash out, the focus on near-term reductions in greenhouse gas emissions is unlike the near-term reduction in CFCs under the Montreal

Protocol for a blindingly simple reason: *There are no economically-scalable substitutes to fossil fuels available on the global level and in the relatively short time frame contemplated by climate orthodoxy.*

The second asymmetry concerns the divide in interests between wealthy nations and poorer developing nations. Poor nations have an overriding interest in affordable energy, which means cheap energy, which means fossil fuel energy. The architects of the Kyoto Protocol recognized this, just as we have recognized this in the trade liberalization process and in the phase out schedules of the Montreal Protocol. But the two-tiered structure of emission limit commitments contemplated in Kyoto came at the very moment that the mid-20th century's conceptual dichotomy between "developed" and "developing" nations was breaking down very rapidly. The hazard of potentially costly emissions limits for wealthy nations was that it would accelerate the globalizing trend of driving manufacturing activity to the developing nations. In fact, the two-tiered architecture of the climate emissions restrictions actually *increased* the near-term incentives for developing nations to resist emission limits. We should not have been surprised that many developing nations, especially China and India, made it clear that they will not go along with binding emission limits for future iterations of the Kyoto Protocol. In this respect climate diplomacy foundered on the same kind of problems that have made the trade liberalization process so slow and excruciating, even though it is a process that promises to make everyone richer. A process that entails slowing down economic growth, even marginally, is going to be much more difficult to achieve.

The more recent answer to this problem was climate assistance to developing nations. On the merits this policy is incommensurate with the nature and scale of the problem, and appears more as an attempt simply to bribe developing nations into going along with the preferred agenda of wealthy nations. Many developing nations are happy to go along with the charade if we'll actually send the cash.

One of the problems of the sheer sprawling nature of climate change science and policy is that it became something of an all-purpose issue on which advocates could attach their pet ideas and concerns. The idea of climate adjustment assistance has revived at the UN an old idea from the 1970s—what was called then the "New International Economic Order." The premise of the New International Economic Order, as explained at the time by West Germany's Chancellor Willy Brandt, was that there needed to be "a large scale transfer of resources to developing countries." This was back in the hey-day of post-colonial Western guilt, and it came to an abrupt end in the 1980s when President Reagan forcefully repudiated it at a UN summit in, coincidentally, Cancun.

But climate assistance has revived the old idea of requiring wealthy nations to indemnify poor nations. The German newspaper *Neue Zürcher Zeitung* observed shortly before the Cancun summit last year: "The next world climate summit in Cancun is actually an economy summit during which the distribution of the world's resources will be negotiated." What prompted this conclusion was a candid admission from a UN official closely involved with the climate negotiations, German economist Ottmar Edenhoffer: "But one must say clearly that we redistribute de facto the world's wealth by climate policy. Obviously, the owners of

coal and oil will not be enthusiastic about this. One has to free oneself from the illusion that international climate policy is environmental policy. This has almost nothing to do with environmental policy anymore.”

This is the kind of loose and unserious talk that brings discredit to the UN and to international climate diplomacy. But it is very popular with much of the UN’s constituency, and America’s diplomatic corps indulges this mentality with polite indifference. With only a few exceptions, such as under Pat Moynihan in the 1970s and Jeane Kirkpatrick in the 1980s, American diplomats do not call out this kind of redistributionist enthusiasm, or if they have, that fact goes un-advertised to the American public, which quite sensibly hears these kinds of sentiments and forms a low opinion of the UN.

I conclude briefly with two observations. First, the nation that made the largest climate assistance commitment at Cancun—to the tune of \$15 billion—was Japan. I don’t think there is anyone who thinks Japan should make good on that commitment right now. This suggests how events may rapidly change our perceptions and priorities of risk.

Second, what approach can replace the UN diplomatic track? This is a long subject, but a more likely path to more significant climate outcomes would focus not on emissions limits but an emphasis on cheap decarbonization of energy through innovation, the approach we at AEI have recommended in collaboration with the Brookings Institution and the Progressive-leaning Breakthrough Institute in California in a report called “Post-Partisan Power.” And the diplomatic framework for this would ignore the UN and start with the leading economies of the OECD nations, a process begun tentatively by the Bush Administration, but which now appears to have been embraced by the Obama Administration in the aftermath of the failures of Copenhagen and Cancun.

For a more detailed explanation of this strategy, I recommend “The Hartwell Paper,” a very thoughtful analysis of the issue produced by the Institute for Science, Innovation, and Society at Oxford University in 2009 (<http://www2.lse.ac.uk/researchAndExpertise/units/mackinder/theHartwellPaper/Home.aspx>). A follow-up paper from the Hartwell group, which I have joined, is being finished this afternoon, in fact. I’d also recommend the recent book from Roger Pielke Jr. of the University of Colorado entitled *The Climate Fix: What Scientists and Politicians Won’t Tell You About Global Warming*.

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