

An International Policy Architecture for the Post-Kyoto Era

Robert N. Stavins

Albert Pratt Professor of Business and Government

John F. Kennedy School of Government, Harvard University

Director, Environmental Economics Program at Harvard University

Cambridge, Massachusetts 02138

Global Warming: Looking Beyond Kyoto

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The Global Climate Policy Challenge

- Kyoto Protocol (1997) has come into force (Feb 16, 2005), without U.S. participation
- But direct effects on climate change will be very small to non-existent
- Science and economics point to need for a credible international approach.

Can the Kyoto Protocol Provide the Way Forward?

- **KP has been criticized:**
 - The costs are much greater than need be, due to exclusion of developing countries (conservative estimate: costs are four times cost-effective level)
 - Will generate *trivial* short-term climate benefits (2008-2012), and *fails* to provide any long-term solution (for this long-term, stock problem)
 - Short-term targets are excessively ambitious (would foster premature capital obsolescence); particularly ambitious for United States
 - So, the Kyoto Protocol is “too little, too fast”
- **Is there a better way forward?**

A Three-Part Global Climate Policy Architecture

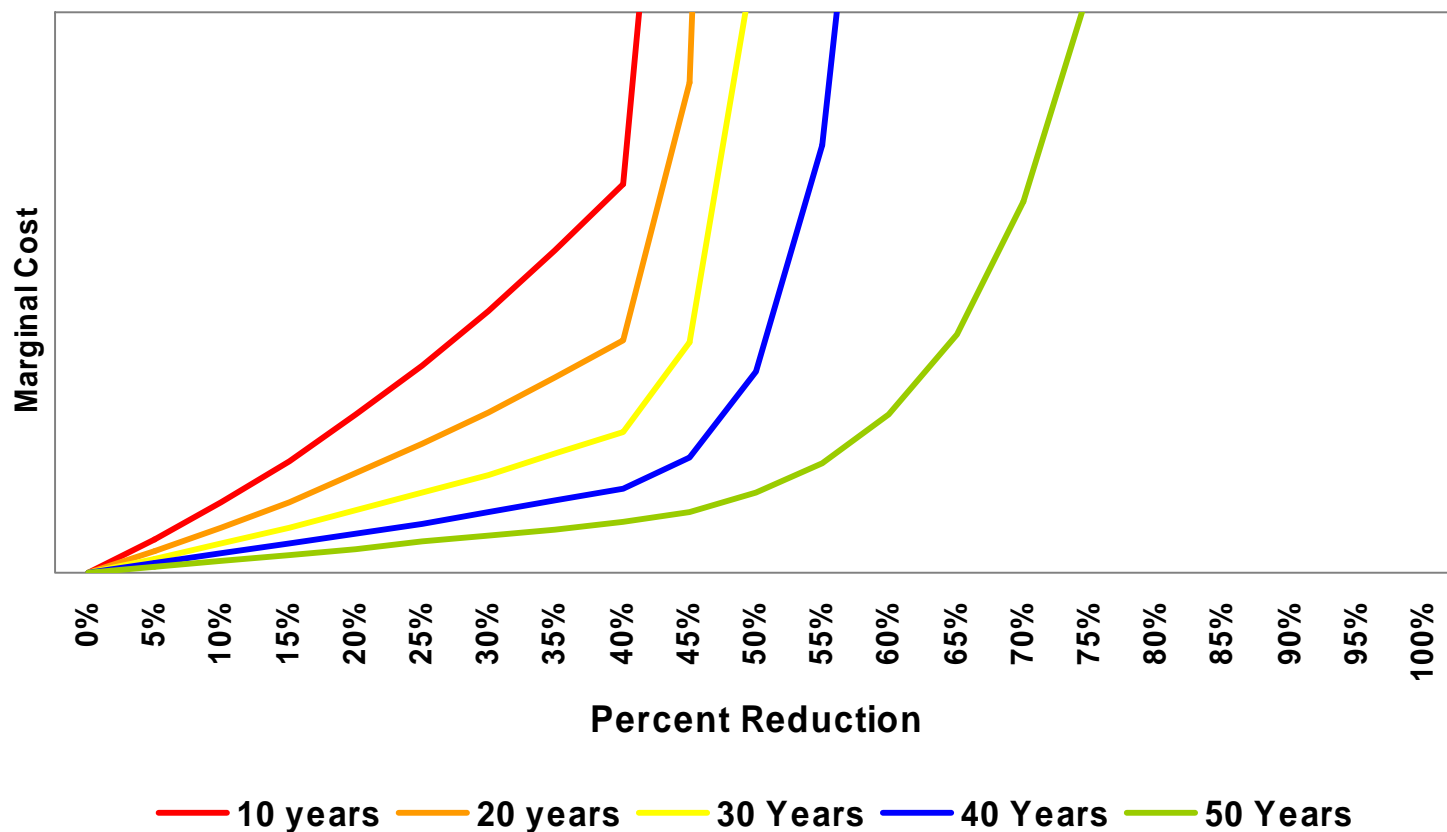
1. *All nations involved*: developing countries must be fully involved, because of
 - a. rapid growth
 - b. low-cost options
 - c. emissions leakage

But developing countries can't be expected to pay in short term.

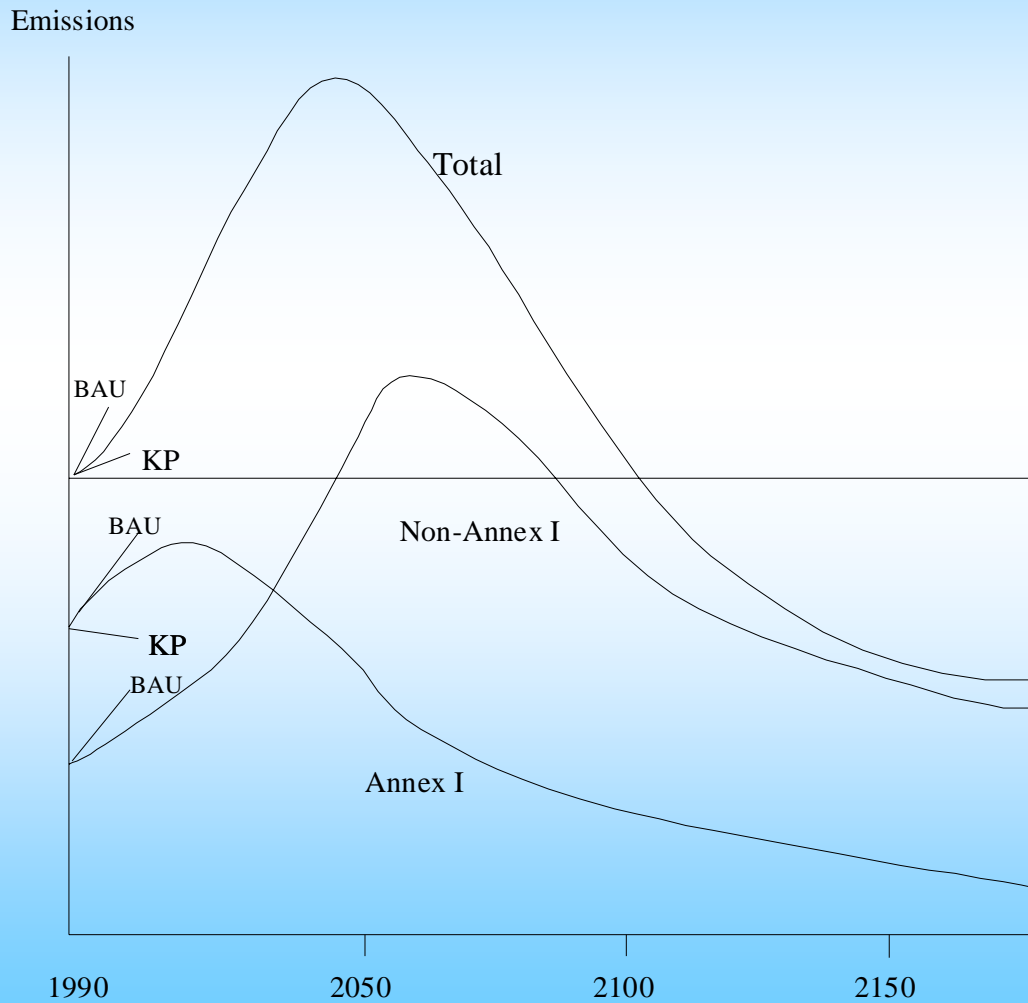
Solution: “growth targets” that become more stringent as countries become more wealthy (combined with int'l tradeable permits)

2. *Long-term time-path of targets*: short-term *moderate* but firm, long-term *stringent* but flexible
 - Why this time-path of targets?

- Technological change *can* bring down costs in the long run
- So, large reductions *can* be achieved at lower costs in long run
- Policies are needed *now* to motivate long-term tech change



Least-Cost CO₂ Emissions Paths to Stabilize Atmospheric Concentrations at 550 PPM



Three-Part Global Climate Policy Architecture (continued)

2. ***Long-term time-path of targets:*** short-term *moderate* but firm, long-term *stringent* but flexible
 - So, consistent with the science: stock is what matters
 - Consistent with the economics: cost-effective time path
 - Consistent with pragmatic politics
 3. ***Market-based policy instruments:*** emissions trading, carbon taxes, and hybrids – “safety valve” (both domestic & international)
- *Three-part architecture is based on sound science, rational economics, and pragmatic politics*

What Will the Future Hold for U.S. Participation in an International Agreement?

- **Bush Administration**

- Plan of “slow, stop, & reverse” emissions makes sense, *but* need dates & targets *now* for “stop & reverse”
- Plan’s embrace (in principle) of MBIs is good, but need real cap-and-trade, not just voluntary programs
- What’s really missing: Bush (appropriately) criticized KP as a highly flawed international approach, but what’s the Administration’s proposed alternative?

- **A Future Democratic Administration?**

- Keep in Mind: Senate vote on Byrd-Hagel Res. against KP approach was 95-0
- President Clinton did not submit KP to Senate, nor would Vice President Gore had he been elected President, nor would Senator Kerry had he been elected President

- **Prediction:** No matter who occupies the White House, a KP-type treaty will *not* be submitted to the U.S. Senate for ratification.

- State-level and regional initiatives *will* advance in the U.S., possibly even a unilateral national program at some point, but
- *The Key Question* is whether the U.S. will begin to *work with* Europeans and others on a *better international approach*.

For More Information

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