

# **An International Policy Architecture for the Post-Kyoto Era**

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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

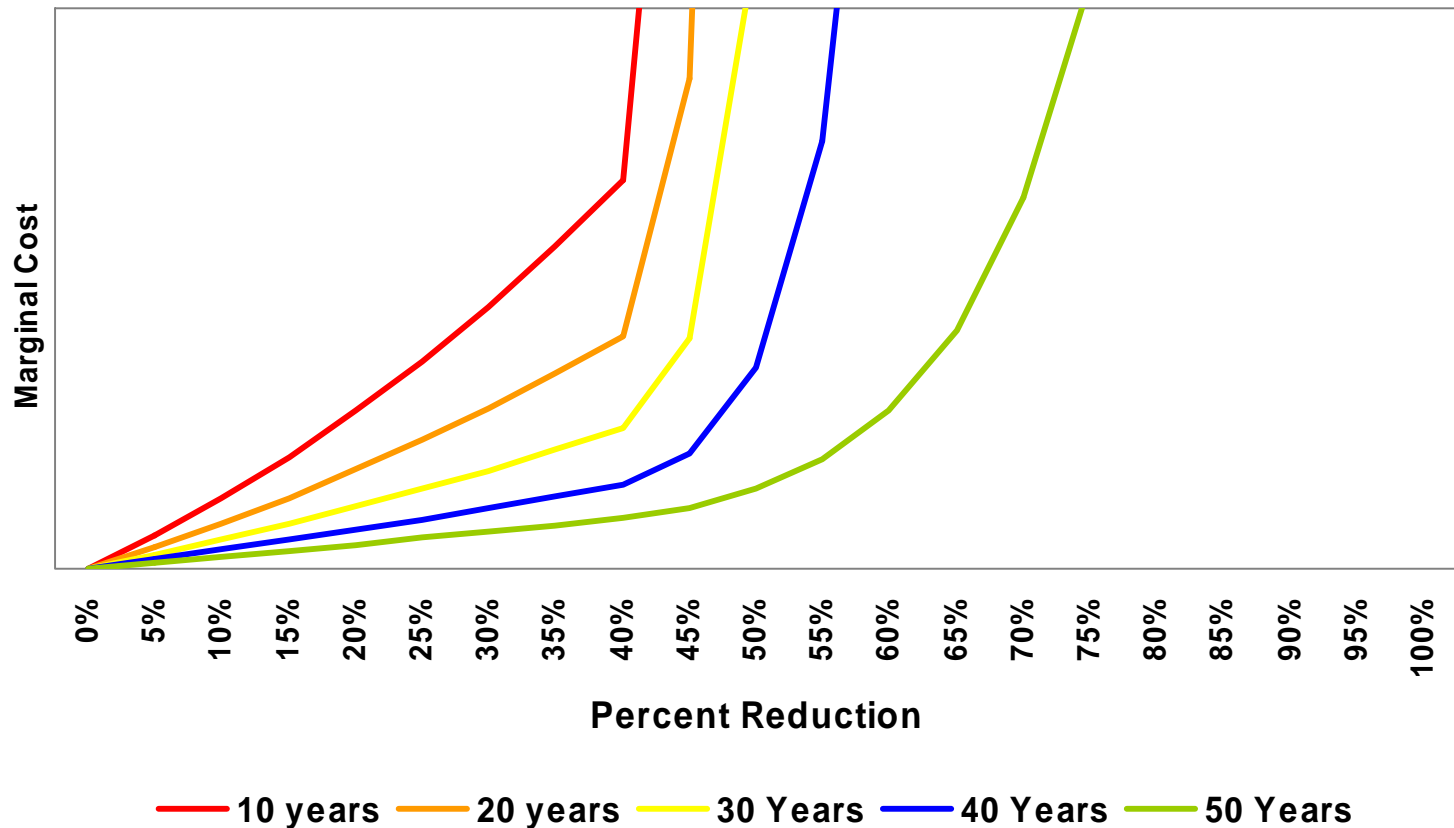
1. *All nations involved*: developing countries must be fully involved, because of
  - a. rapid growth
  - b. low-cost options
  - c. emissions leakage

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

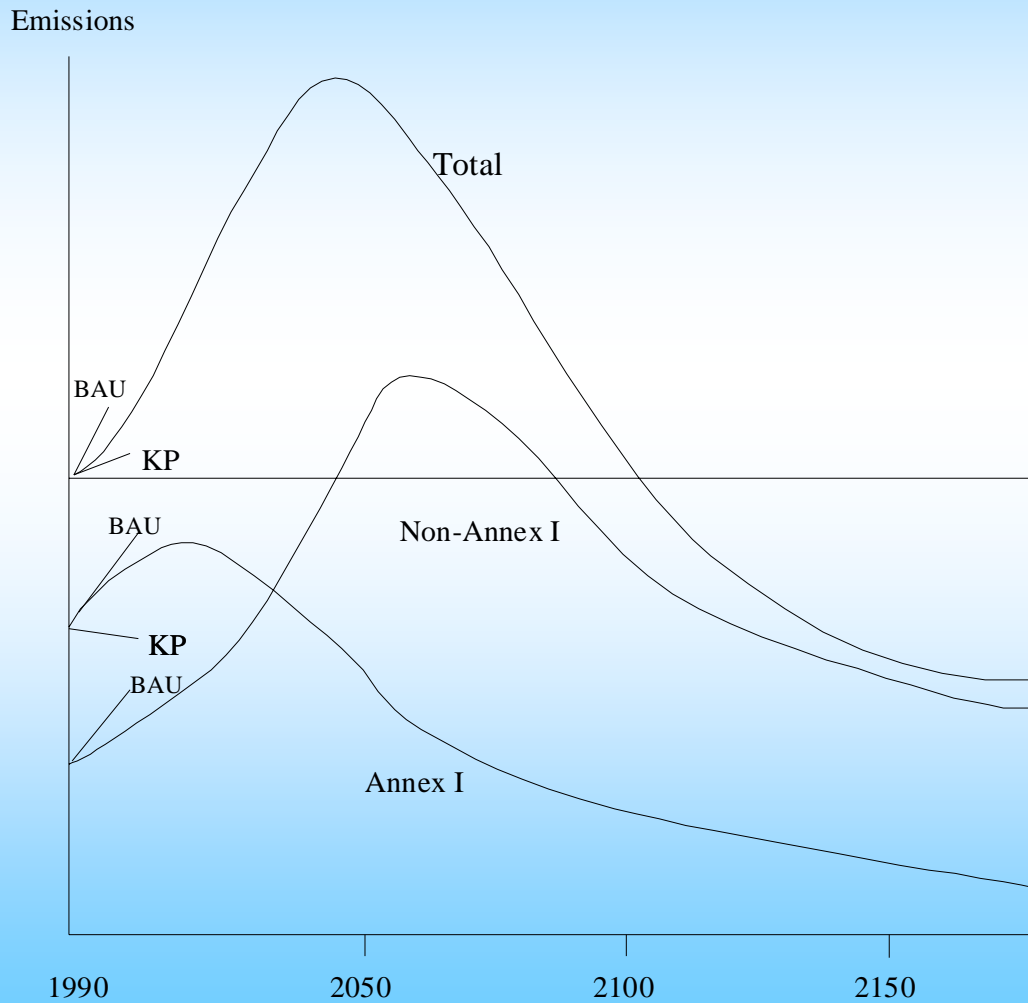
*Solution*: “growth targets” that become more stringent as countries become more wealthy (combined with int'l tradeable permits)

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 CO<sub>2</sub> 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*.



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