

# Climate change on world stage: Expert discusses prospects for adopting a plan to confront it

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"My view is that the best thing that Harvard can do [to combat climate change] is to carry out first-rate research, combined with the best possible teaching, and effective outreach to the public sector and the private sector. That's our comparative advantage," said Robert Stavins, Albert Pratt Professor of Business and Government at Harvard Kennedy School. Credit: Stephanie Mitchell/Harvard Staff Photographer



International climate talks wrapped up last week in Qatar. Harvard Professor Robert Stavins attended and characterized the gathering as a qualified success, representing another step in a long process of reaching a workable international agreement.

Gazette staff writer Al Powell talked with Stavins about the work of international delegates and the prospects for a meaningful agreement going forward.

#### **GAZETTE:** Can you explain the purpose of these talks?

STAVINS: In 1992, at a United Nations conference in Rio de Janeiro, a major outcome was the adoption of the United Nations Framework Convention on Climate Change. Among other things, that convention provided for annual conferences at which representatives of countries would get together to discuss and negotiate how to address the threat of climate change. These annual negotiations go by the name of a "Conference of the Parties," commonly abbreviated as a "COP." COP-1 took place in Berlin in 1995, and COP-18 just took place in Doha, Qatar, in December 2012.

#### **GAZETTE:** What is your role at these conferences?

**STAVINS:** My role is typically on behalf of the Harvard Project on Climate Agreements. Our purpose is to help the various national negotiating teams identify modes of international cooperation that will address climate change in ways that are scientifically sound, economically rational, and politically pragmatic.

We hold events to which everyone is invited, two events this time. One of the mandates that came out of the Durban conference in December 2012 was for the delegates to think about new ways they can make use of the market to address the threat of climate change. We put together a



panel of people to talk about potential "new market mechanisms." We had a room with a capacity of several hundred, and every seat was taken. People were standing in the aisles, sitting on the floors, and spilling out into the hallway waiting to get in. In other words, interest in our intellectual contributions was at a high level. Importantly, the session was jointly sponsored with the Enel Foundation and the International Emissions Trading Association, which is a trade association of companies interested in emissions trading and related mechanisms.

The second event was co-sponsored with the government of the state of Qatar, and looked forward, post-Doha, to the potential paths ahead, with particular focus on the problems of arid countries, a chronic issue for the Middle East. The panel included Fahad Bin Mohammed Al-Attiya, chairman of the Qatar National Food Security Programme, who is one of the key thinkers and leaders on these issues.

In addition, we carry out bilateral meetings with negotiating teams and also do press meetings. Typically, we hold a couple dozen such meetings.

#### **GAZETTE:** How do you feel the conference went?

**STAVINS:** My view is that these international negotiations need to be viewed not as a sprint, in which you win or lose, but as a very long distance relay race, and the Qataris succeeded in handing off the baton.

The Qataris invited us to Doha last summer to help them begin to think about what success at the December conference would look like and how they could achieve it. There were three aspects to what we identified in advance as success, and they achieved all three, though maybe not to the degree or in the way that every country in the world would have preferred.

**GAZETTE:** What were those three?



**STAVINS:** First, they successfully brought to a close negotiations on a second commitment of the Kyoto Protocol, that is, extending the protocol beyond its first commitment period, which expires at the end of 2012. The second commitment period is now set. It will run to 2020. Second, they also brought to a successful close negotiations in what was called the Long Term Cooperative Action track, which included a set of issues that were put on the table at COP-13 in Bali in December 2007. Third, they began to make some progress on the one remaining negotiating track, which is the Durban Platform for Enhanced Action. They initiated discussions about establishing, by 2015, a comprehensive new international agreement, for implementation by 2020, that will include all key countries in the world, including the major emerging economies of China, India, Brazil, Korea, South Africa, and Mexico. That itself is a departure from the Kyoto Protocol, which is focused exclusively on a subset of countries of what used to be characterized as the industrialized world.

The negotiators from around the world did not make as much progress on the Durban platform as I would have hoped. But at a very minimum they did no harm, and that's very important. That is, they did not introduce any problematic text into the negotiations that will later cause problems. In general, my view of these annual Conferences of the Parties is similar to the physician's Hippocratic Oath: Do no harm, and keep things moving ahead.

GAZETTE: In looking at news coverage, I read about two emotions, anger and despair, felt by some after the conference. Are those warranted?

**STAVINS:** AOSIS [Alliance of Small Island States] nations are the most extreme in their point of view, for very good reasons, and they were surely disappointed by the outcomes. They've been very vocal, again for good reason. But the major emitters, the only ones that can do anything



about the problem—the United States, China, the other large economies of the world, among them—there was recognition that in the real world, this is what success looks like.

I think of this as if we're back at Bretton Woods in 1944, when Europe was in shambles. An agreement was reached at Bretton Woods, but it took 50 years to establish the World Trade Organization, and to continue the process of putting the global financial house in order. The problem of global climate change is actually more difficult politically than the economic problems that the world faced after World War II. We have this terrible situation where those who can reduce their emissions now are not the ones who will be damaged by climate change. You're asking current voters to foot the bill, while it's the future generation that will benefit from reduced damage. Furthermore, any country taking action will foot the bill for its costs, but the benefits of those actions—reduced climate change—will be spread globally. Hence, for any individual country the direct costs of action will inevitably be less than the direct benefits of action, despite the fact that global benefits may be considerably greater than global costs. That's the global commons problem, and it creates an incentive for each country to free ride on the actions of others. So politically, it's an exceptionally challenging problem.

## GAZETTE: What about the gap between the emissions cuts that were promised and that have been achieved?

**STAVINS:** What became clear to me at the conference is that there is increasing acceptance of three facts from a broad set of delegations. One was that the frequently discussed target of limiting concentrations to 450 parts per million [of CO2 in the atmosphere], which is equated to approximately 2 degrees centigrade maximum warming, is simply not achievable.



Number two, there's increasing recognition that a bottom-up international policy architecture is probably the future path forward, not a top-down approach. By top down, I mean a highly centralized approach like the Kyoto Protocol, with targets and timetables, as opposed to a bottom-up, pledge-and-review approach in which each country essentially says, "Look, this is what I can do," and they put all of those into the hopper.

The third thing I observed was that there was greatly increased acceptance of the reality that market—based approaches to emissions reduction are absolutely essential. One heard this in the past from economists and from certain countries, but now it is unanimous, except for the small set of Marxist economies that essentially object to the world economic order.

#### **GAZETTE:** Where does the U.S. stand on that issue?

**STAVINS:** The U.S. has been at the forefront of that approach back to the Clinton administration. What's interesting is that the official U.S. commitment under this pledge-and-review approach, a 17 percent reduction below 2005 emissions by the year 2020, is very likely to be achieved.

The reason is the combination of CO2 regulations which are now in place because of the Supreme Court decision [freeing the EPA to treat CO2 like other pollutants under the Clean Air Act], together with five other regulations or rules on SOX [sulfur compounds], NOX [nitrogen compounds], coal fly ash, particulates, and cooling water withdrawals. All of those will have profound effects on retirement of existing coal-fired electrical generation capacity, investment in new coal, and dispatch of such electricity. Combined with that is California, which Jan. 1, 2013, is putting in place a CO2 cap-and-trade system that is more ambitious in percentage terms than Waxman-Markey was in the U.S. Congress. Add



to that the recent economic recession, which reduced emissions. And more important than any of those is what new, unconventional sources of natural gas in the United States have done to the price and price trajectory of natural gas, and the dramatic movement from coal to natural gas for generating electricity.

#### **GAZETTE:** Are there things that places like Harvard can do?

**STAVINS:** My view is that the best thing that Harvard can do is to carry out first-rate research, combined with the best possible teaching, and effective outreach to the public sector and the private sector. That's our comparative advantage. In other words, our greatest impacts on the environment, including with regard to global climate change, will be through our products (research findings, smart and capable alumni, and direct impact on the policy world and private industry), not our processes. The emissions reductions that Harvard will achieve as a result of changing our carbon footprint, for example, whether it's through increased energy efficiency of some buildings or some other means, are absolutely trivial compared with our impacts on the world [through teaching, research, and outreach]. And all of us—students, faculty, and administrators—have only so much time available. A very important concept in economics is "opportunity cost," and there's an important opportunity cost of a faculty member's time, for example. If they're working on one thing, they can't be working on something else.

### GAZETTE: Isn't there kind of a living-laboratory aspect to what we're doing?

**STAVINS:** I agree with that. So the one caveat—which I always mention—to what I said would be if direct actions by the University to limit emissions or energy demand were part and parcel of a research initiative or part and parcel of teaching, then those would be part of our core functions.



#### **GAZETTE:** Does that extend to the conversation on divestment?

**STAVINS**: I guess the way in which it links to that issue is whether or not symbolic actions are of value, but again you have to weigh symbolic actions against truly meaningful actions.

## GAZETTE: What's the most important thing for a member of the public to know about the climate talks and about climate change generally?

STAVINS: I think the most important thing to understand is that this is a long-term problem. Economically, a cost-effective approach is going to be very gradual reductions in emissions, not sudden changes. We're not confiscating everyone's automobiles tomorrow, but putting in place incentives or regulations so that next time they buy an automobile they move in the right direction, one that is less carbon intensive.

A massive amount of technology change is going to be required. That's long term, and the creation of durable international institutions is going to be necessary, and that's long term. That's why that cliché we always hear from ballplayers each spring when they've lost their first 10 games—that it's a marathon, not a sprint—applies even more to global climate change policy.

People should get neither excited nor depressed, in my view, over one single negotiation. It's an ongoing process that's going to be with us for a long time.

## GAZETTE: Are you confident that ultimately what needs to happen will happen?

STAVINS: I'm not sure that it will happen through a centralized, top-



down, international agreement. Nor am I even certain that the core of the action will be through international negotiations. Remember, 20 countries and regions account for about 90 percent of emissions. So there are alternative venues where meaningful action can happen without requiring agreement from 195 countries! One way or another,—through national action, bilateral action, multilateral action—things will be addressed. That doesn't mean they will be addressed without the world first experiencing significant <u>climate change</u> damages.

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