US Climate Change Policy

Pending Legislation
and
What the US Might Learn from the European Experience

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Sources for Presentation

Climate Strategies/German Marshall Fund Report: *Climate Policy and Industrial Competitiveness*, by Michael Grubb and others

Climate Strategies study: article by van Asselt and Brewer in *Energy Policy* (2010)

Book in progress: the political economy of US government, business and public responses to climate change

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I. Context

II. Current Agenda

III. Lessons from Europe
I. Context

**Conceptual framework:** patterns in the distributions of benefits and costs over time and among groups

**Public opinion data:** the recent shift
Patterns of Political Economy: Mitigation through Emission Limits

**Distribution**
- Dispersed
- Concentrated

**Time**
- Costs Present Future

**Benefits**
Patterns of Political Economy: Mitigation through Technology Subsidies

Costs

Benefits

Dispersed

Distribution

Concentrated

Benefits

Present

Future

Time

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Recent Shifts in Public Opinion©
When do effects of climate change happen?
(Source: Compiled by the author from Gallup Surveys)
Partisan Differences©
When do effects of climate change happen?
(Source: Compiled by the author from Gallup Survey, March 2009)
II. Current Agenda
Venn Diagram of Issue Clusters

- International
- Regulation
- Technology
<table>
<thead>
<tr>
<th><strong>Issue Clusters</strong></th>
<th><strong>Examples</strong></th>
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<tbody>
<tr>
<td>Regulation</td>
<td>Establishment of cap-and-trade system</td>
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<tr>
<td>Technology</td>
<td>Funding of climate-friendly R&amp;D programs</td>
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<tr>
<td>Regulation/Technology</td>
<td>Use of cap-and-trade revenues for R&amp;D funding</td>
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<td>International Regulation</td>
<td>Leakage/competition effects of differences in cap-and-trade systems</td>
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<td>International Technology</td>
<td>Policy barriers to international transfers of clean energy/climate friendly technologies</td>
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<tr>
<td>International Regulation/Technology</td>
<td>Joint venture policy effects on international technology transfers</td>
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<tr>
<td>International Institutional Issues</td>
<td>Roles in international negotiations of UNFCCC COP, Kyoto Protocol MAP, MEF, and other venues</td>
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<tr>
<td>Issue Cluster</td>
<td>Waxman Markey</td>
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<td>International Regulation/Technology</td>
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<td>International Institutions</td>
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III. Lessons from Europe

German Marshall Fund of the U.S.
Report prepared by Climate Strategies, Michael Grubb and others
Climate Policy and Industrial Competitiveness: Ten Insights from Europe
1. Emissions trading works

2. Everyone will learn

3. Prices can be volatile

4. Impacts on GDP are small

5. Industry can profit
6. International competitiveness impacts are limited to a small number of industry sectors

7. Free allocation introduces risks of windfall profits

8. Free allocation can also degrade program efficiency

9. There is a compelling economic rationale to maximize auctioning
10. Unilateral border adjustments may be a politically appealing way to respond to domestic pressures from special economic interests, but they risk causing serious problems in the international trading system.
For further information

climatestrategies.org

gmfus.org

usclimatechange.com