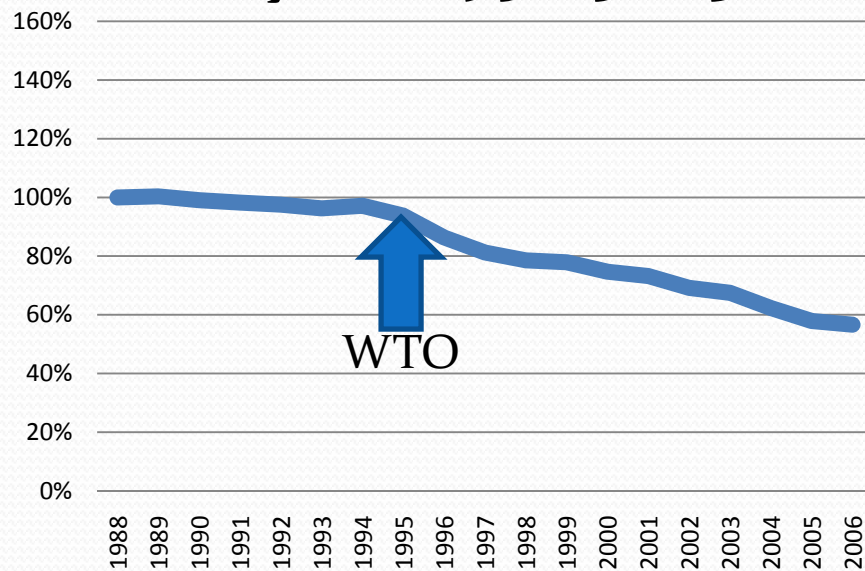


Why Averting Climate Change is harder than Promoting Free Trade

Ronald B. Mitchell
Political Science and Environmental Studies
University of Oregon
IPES Conference, 12-13 November 2010

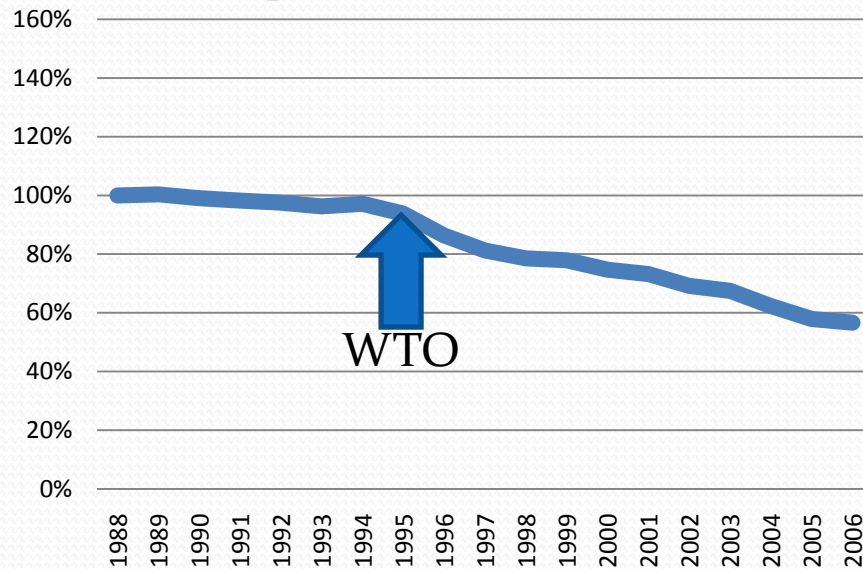
First, establish it IS harder...

- Free trade
- WTO, 1995
- Goal: reduce tariffs
- 1st 10 years (95-05): -38%

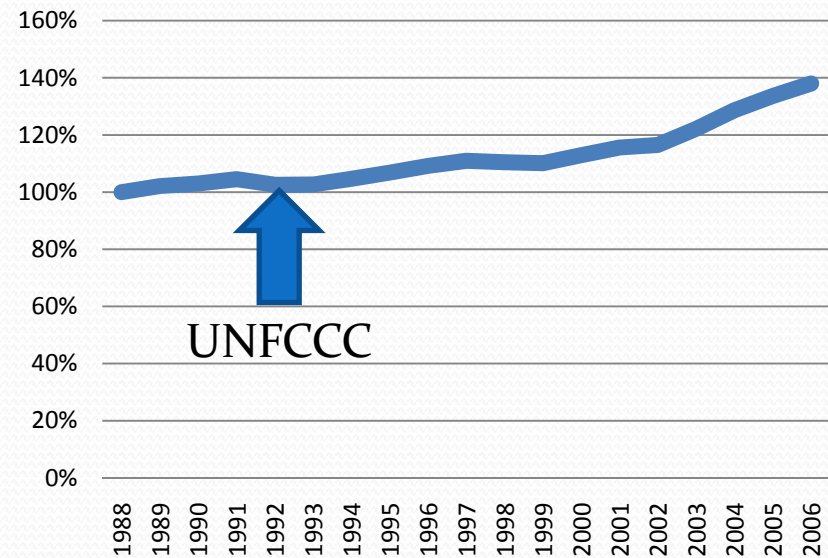


First, establish it IS harder...

- Free trade
- WTO, 1995
- Goal: reduce tariffs
- 1st 10 years (95-05): -38%



- Climate change
- UNFCCC, 1992
- Goal: reduce emissions
- 1st 10 years (92-02): +14%





6 Reasons It's Harder

- Normative context
- Epistemic context
- Material incentives
- Strategic incentives
- Policy obstacles
- Implementation issues
- So what? Ways that climate change differs from trade make it harder to resolve. Non-traditional solutions may be required.



Normative Context

- Free trade
 - *Consensus* that economic growth is good and promoting it should be a high priority

Normative Context

- Free trade
 - *Consensus* that economic growth is good and promoting it should be a high priority
- Climate change
 - *Contested* whether averting climate change is good or should be a high priority
- Normative “valence:”
 - Review actual discourse of the \$700B economic stimulus package
 - Imagine likely discourse of \$700B climate change package



Epistemic Context

- Free trade
 - *Consensus* that free trade promotes growth and that its benefits exceed its costs

Epistemic Context

- Free trade
 - *Consensus* that free trade promotes growth and that its benefits exceed its costs
- Climate change
 - *Contested* whether climate change is likely and whether benefits of action exceed its costs



Material Incentives

- Free trade
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 - Benefits of action: relatively certain, near-term
 - Beneficiaries: countries incurring costs

Material Incentives

- Free trade
 - Costs of action: relatively small
 - Benefits of action: relatively certain, near-term
 - Beneficiaries: countries incurring costs
- Climate change
 - Costs of action: relatively large (↓ econ growth)
 - Benefits of action: uncertain, “distant” future
 - Beneficiaries: range of countries (and generations) other than those incurring costs; public good



Strategic Incentives

- Free trade
 - Collaboration game with free-rider problems

Strategic Incentives

- Free trade
 - Collaboration game with free-rider problems
- Climate change
 - Collaboration game among concerned states
 - BUT with some “upstream” unconcerned states
and coupled to
 - Game against nature: outcomes/payoffs depend on nature’s response to strategic interaction



Policy Obstacles

- Reducing tariffs
 - Requires little revenue expenditure
 - Evaluated solely in economic terms

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- Reducing tariffs
 - Requires little revenue expenditure
 - Evaluated solely in economic terms
- Reducing carbon emissions
 - Requires large government and business expenditures
 - Evaluated in climate AND economic terms



Implementation Issues

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Implementation Issues

- Free trade
 - “Fire alarms” will work
 - Tit-for-Tat IS incentive-compatible and effective
- Climate change policies
 - “Police patrols” needed
 - Tit-for-Tat NOT incentive-compatible, nor effective
 - Diffuse reciprocity (economic linkage) seems unlikely
 - 2 of 3 major drivers (population, affluence) “off the table”



So What?

- Differences make climate change much harder
- Climate challenges overdetermined by multiple obstacles
- Two questions/conjectures:
 - Are strategies that rely on a logic of consequences (vs. a logic of appropriateness), if adopted, likely to work?
 - Are traditional political institutions “up to the task” of overcoming these obstacles?