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00:00:03.780 --> 00:00:06.029

Robert Stavins: Well, good morning to everyone.

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00:00:07.440 --> 00:00:19.680

Robert Stavins: I'm delighted to welcome you to this session of conversations on climate change and energy policy, a virtual forum from the Harvard project on climate agreements and I'm going to illuminate my room.

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00:00:20.760 --> 00:00:31.710

Robert Stavins: Like that I'm your host Rob Stephens and Professor here at the Harvard Kennedy School and director of the Harvard Environmental Economics Program and our project on climate agreements.

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00:00:32.220 --> 00:00:40.200

Robert Stavins: As many of you know, in this series of webinars what we're doing is featuring leading authorities on climate change policy.

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00:00:40.560 --> 00:00:55.920

Robert Stavins: Whether they're from academia from the private sector from NGOs or from government, and today we are truly fortunate to have with us someone with solid experience, at least in three of those four realms maybe all for for all I know.

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00:00:56.970 --> 00:01:01.170

Robert Stavins: Namely, in academia NGO and government.

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00:01:02.430 --> 00:01:10.530

Robert Stavins: But before I introduce today's speaker, I want to just say a few things about logistics For those of you who are new to this series.

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00:01:11.190 --> 00:01:24.600

Robert Stavins: As you just heard, we record the webinar and a link to the video is going to be posted on the website of the Harvard project on climate agreements, I think that that's available within 24 hours or so.

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00:01:25.560 --> 00:01:33.120

Robert Stavins: If you wish to pose a question which we certainly want you to do and about halfway into this after our conversation i'm going to have with our guest.

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00:01:33.450 --> 00:01:40.830

Robert Stavins: i'm going to begin to take questions if you want to pose a question you don't have to wait until the Q amp a period, you can post them at any time.

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00:01:41.160 --> 00:01:50.970

Robert Stavins: Using the Q amp a function that's at the bottom of your zoom screen and then, when it comes time for questions i'll begin to draw on those I may merge some of the.

12

00:01:51.390 --> 00:02:02.100

Robert Stavins: Questions in order to save time because they're typically are so many and speaking of time, we are going to adjourn promptly at 10am.

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00:02:02.700 --> 00:02:11.700

Robert Stavins: Eastern time in the United States, so, in other words, almost wherever you are at the top of the hour, unless you're in India it's going to be 30 minutes after.

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00:02:12.180 --> 00:02:27.030

Robert Stavins: The hour so with that i'm really pleased to turn to today's guest my co author, my friend and my former student and someone who might I really deeply respect and that's nathaniel or nat.

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00:02:27.600 --> 00:02:33.840

Robert Stavins: Cole Hain nat is senior Vice President for climate at the environmental Defense fund.

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00:02:34.380 --> 00:02:43.290

Robert Stavins: In the Obama Administration to from 2011 to 2012 he served a special assistant to the President for energy and environment.

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00:02:43.860 --> 00:02:53.190

Robert Stavins: And before that he was chief economist at EDF and going back even further, he was an associate professor at the Yale school of management.

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00:02:53.550 --> 00:03:13.410

Robert Stavins: And before that he earned his PhD in political economy and government at Harvard and his BA degree in history and environmental studies at Yale university so it's a great pleasure for me to welcome you and add to this conversation on climate change and energy policy.

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00:03:14.760 --> 00:03:19.770

Nat Keohane: Thanks Robin it's really a pleasure that's very kind introduction and it's really a pleasure for me to be on you.

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00:03:20.850 --> 00:03:26.610

Robert Stavins: So before we get into the current state of climate change, which is what policy, which is what we're going to talk about.

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00:03:27.570 --> 00:03:37.860

Robert Stavins: I was reflecting this morning on your time as a graduate student at Harvard where I had the privilege, the joy of serving on your dissertation committee.

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00:03:38.430 --> 00:03:55.470

Robert Stavins: Together with the late, great Professor Marty weitzman Marty was obviously a great scholar, and in many ways a remarkable person I felt we start out by my asking you, if you have any personal recollection you'd like to share with us.

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00:03:56.460 --> 00:04:00.840

Nat Keohane: Thanks rob yes, I I think that's that that's appropriate to start with, and.

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00:04:01.440 --> 00:04:09.480

Nat Keohane: As you know, Marty was on my dissertation committee, as you mentioned, but I also got the chance to be a research assistant for him and a teaching assistant and.

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00:04:09.960 --> 00:04:16.710

Nat Keohane: Of course, first took his class and the thing I always remember pat Marty and folks who spend time with him will recognize this phrase.

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00:04:17.160 --> 00:04:22.500

Nat Keohane: He always described the importance when you face a problem and you're not quite sure about how to think it through.

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00:04:22.920 --> 00:04:29.610

Nat Keohane: You just need you need like a metal chair and a bear table and alone light bulb and a pencil and a piece of paper and.

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00:04:29.970 --> 00:04:37.920

Nat Keohane: that's that was always his metaphor, and his image he'd say, well, you just got to get a pencil and a piece of paper and alone light bulb and work it out and.

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00:04:38.310 --> 00:04:46.740

Nat Keohane: I constantly come back to that image when i'm thinking through you know what do I need to how am I going to tackle this issue or a policy issue and I mentioned it all the time to.

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00:04:47.370 --> 00:04:59.970

Nat Keohane: Students and colleagues and so on, so that's that's always my image of Marty is working through a really tough problem and coming up with an incredibly elegant solution with that bear light bulb and metal chair and pencil and paper.

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00:05:00.390 --> 00:05:08.760

Robert Stavins: yeah I need a pencil and legal pad where is exactly so for the for those of us who do and have done empirical research.

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00:05:10.020 --> 00:05:19.740

Robert Stavins: We were always puzzled by the fact that he never needed to apply for grants, because he didn't need any funding for what he was doing he can buy his own paper and pencil.

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00:05:20.340 --> 00:05:26.190

Robert Stavins: I don't know if it was at your dissertation Defense or your comprehensive oral exams.

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00:05:26.640 --> 00:05:34.980

Robert Stavins: But I have a recollection that after we asked you a series of questions which, of course, are supposed to challenge the student.

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00:05:35.460 --> 00:05:49.860

Robert Stavins: That, then, we ask you to leave the room, the Faculty group I think there were three of us going into executive session, and when you left the room, the very first thing that was said was by Professor bill hogan.

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00:05:51.150 --> 00:06:00.690

Robert Stavins: When he then turned to the others of us in the room and said so did we pass saying something about.

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00:06:01.260 --> 00:06:10.110

Robert Stavins: How well, you had done so, enough of the flattery all of it deserved i'm going to turn now to to climate policy we're just one week past.

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00:06:10.770 --> 00:06:23.610

Robert Stavins: The Earth Day Climate Summit that was President Biden hosted based in Washington, but of course taking place virtually around the world, we have the announcement of the new nationally determined contribution.

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00:06:24.540 --> 00:06:36.420

Robert Stavins: Not only from the United States but leading up to it, new targets from some other important countries, the EU, the United Kingdom in particular.

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00:06:37.680 --> 00:06:49.470

Robert Stavins: But also there weren't new, more ambitious targets announced by some of the large emerging economies, China, India, Brazil, Korea may be forthcoming South Korea.

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00:06:50.220 --> 00:07:03.000

Robert Stavins: Indonesia Mexico so what's your overall assessment not specifically of us and DC we'll get into that but of of the climate summit as an event in terms of achieving something.

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00:07:04.500 --> 00:07:13.410

Nat Keohane: Well, I, I think, and I know we'll get into the US and DC, which was the headline with respect to the rest of the commitments that countries make, and then I should also flag.

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00:07:13.800 --> 00:07:22.980

Nat Keohane: They were a number of commitments that companies or public private sector initiatives were made some which we were involved in an ETF I think in terms of the other country commitments.

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00:07:23.400 --> 00:07:32.310

Nat Keohane: You did see some you know Canada came forward with a pretty ambitious not quite as ambitious as the US, but of course they have to make it legally binding so 40 to 45% from Canada.

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00:07:32.940 --> 00:07:43.470

Nat Keohane: 46% roughly applies that you know, on the sort of 2005 faces from Japan, so there were some progress, I think, largely, though, what we saw was in part of.

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00:07:44.520 --> 00:07:53.280

Nat Keohane: A product of the fact this was only 100 days or fewer than 100 days into binds Presidency so part of the dynamic, I think we saw was.

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00:07:53.580 --> 00:07:58.290

Nat Keohane: President Biden hit the and his team hit the ground running immediately, one of the things i've been saying is you know.

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00:07:59.010 --> 00:08:05.070

Nat Keohane: They reenter Paris on literally on the first day Everybody talks about well there's a first day action, it was literally the first day.

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00:08:05.640 --> 00:08:11.640

Nat Keohane: or five and comes back from the capital, giving a speech he's in a White House for half a day and they re enter the Paris Agreement.

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00:08:11.940 --> 00:08:21.810

Nat Keohane: But you know, a 96 days or whatever it was is not a long time to get the rest of the world up and running, and I think it was a full Court press from Kerry john Kerry and his team.

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00:08:22.890 --> 00:08:29.610

Nat Keohane: To see how far they could get with a whole range of countries, I know that john Kerry was talking bilaterally with all the countries you mentioned.

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00:08:30.450 --> 00:08:36.000

Nat Keohane: And I think they got they were able to press some countries pretty far they were able to take the United States very far.

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00:08:36.840 --> 00:08:41.880

Nat Keohane: But there's still a fair amount of skepticism and the rest of the world, you heard this in President XI speech.

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00:08:42.150 --> 00:08:49.410

Nat Keohane: About a reference to countries wavering back and forth and flip flopping back and forth, so I think there's still some skepticism and the need for the US to.

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00:08:50.010 --> 00:08:54.600

Nat Keohane: demonstrate that it's serious, I think I think the most important thing coming out of last week is.

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00:08:55.110 --> 00:09:09.450

Nat Keohane: Everybody watching so Okay, the US is really serious about this Biden is really serious about this and, and I think that will help get some of his other commitments in place over the coming months in the lead up to the COP in November to come 26.

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00:09:10.080 --> 00:09:20.400

Robert Stavins: Well you're certainly right to say the countries are watching to see if the US is serious about the target, particularly because there's been this whiplash effect that countries around the world.

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00:09:20.730 --> 00:09:21.840

Robert Stavins: And suffered through with.

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00:09:21.840 --> 00:09:31.590

Robert Stavins: regards to the United States from democratic republican democratic republican democratic administrations in and out of the UN after will see the Kyoto Protocol and the Paris Agreement.

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00:09:31.890 --> 00:09:39.000

Robert Stavins: aggressive domestic policy retrenchment on domestic policy, and so forth, I want to come back to talking about.

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00:09:39.420 --> 00:09:47.370

Robert Stavins: US specifics of us in DC because EDF has actually done some valuable work on that in terms of how it might be achieved.

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00:09:47.700 --> 00:10:03.330

Robert Stavins: But I thought it'd be interesting to turn for a second to another greenhouse gas, other than carbon dioxide and to talk for a moment about methane, which is you know, obviously a powerful greenhouse gas, particularly over short time periods compared to CO2.

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00:10:04.350 --> 00:10:09.210

Robert Stavins: it's the main constituent, not the sole, but the main constituent of natural gas.

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00:10:10.500 --> 00:10:19.380

Robert Stavins: And for many years, a lot of people certainly academics like myself view have use natural gas as a reasonable bridge fuel.

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00:10:20.790 --> 00:10:27.210

Robert Stavins: To renewables and possibly to nuclear power, perhaps carbon removal, who knows, but.

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00:10:28.200 --> 00:10:41.340

Robert Stavins: Methane has effects, not just when it's burned in terms of CO2, but methane itself, as I said, is a greenhouse gas and my recollection is the EDF was among the first at least the first that I saw.

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00:10:41.880 --> 00:10:49.260

Robert Stavins: To do a very significant study on the life cycle of methane, taking into account it's leaking from pipelines and.

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00:10:49.590 --> 00:10:56.160

Robert Stavins: wells now the there was a rule on that and you'll Bob administration, perhaps you worked on it when you were at the White House I don't know.

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00:10:56.580 --> 00:11:12.990

Robert Stavins: And then that was that was reversed by the trump administration and now just in the last couple of days we're hearing about the by demonstration going forward, and it can you comment on the importance of methane and what this rule of actually will do.

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00:11:13.560 --> 00:11:22.980

Nat Keohane: yeah So let me ask there's a lot to unpack, and so let me start by saying last week, you know, one of the things I think we saw from a lot of the speeches.

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00:11:23.910 --> 00:11:28.080

Nat Keohane: Methane came up again and again, in fact, in one of the most interesting parts of.

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00:11:28.410 --> 00:11:38.130

Nat Keohane: One of the most interesting sort of speeches from one of the world leaders was Vladimir Putin, who I think in what you might describe as a case of vice paying tribute are paying homage divert you.

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00:11:38.370 --> 00:11:42.060

Nat Keohane: talked about how Russia with really going to address its methane emissions now.

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00:11:42.510 --> 00:11:50.310

Nat Keohane: I don't think anybody is holding our breath for Russia to be a leader on climate change, under this government, but it was quite interesting to see how far methane has come.

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00:11:50.490 --> 00:11:55.620

Nat Keohane: When that was the example that Putin tried to you know wanted to use to show that they were serious about it.

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00:11:56.130 --> 00:12:01.710

Nat Keohane: I will say briefly Europe, since you mentioned it, I think it was colleagues and I would say it's colleagues in EDF I.

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00:12:02.100 --> 00:12:08.010

Nat Keohane: am proud to be with them, but I can't claim any credit, I actually remember being in the room in 2010.

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00:12:08.640 --> 00:12:17.160

Nat Keohane: In a it was a post mortem on the failure to pass cap and trade legislation in the Senate and we were talking at EDF, and we were going through what it happened and what's next.

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00:12:17.520 --> 00:12:25.620

Nat Keohane: Back in the summer of 2010 and it was my colleague chief scientist Steve Hamburg EDF, who literally on like a white pad, you know as sort of.

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00:12:26.190 --> 00:12:34.530

Nat Keohane: A pad that was on an easel said well i've been doing some thinking about you know this myth about methane and it turns out that we have to think about timeframes and.

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00:12:34.890 --> 00:12:39.900

Nat Keohane: I think that was one of the first time anyone really started thinking about the different timeframes.

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00:12:40.260 --> 00:12:45.750

Nat Keohane: We need to think about in addressing climate which is really what methane gets that so you said, as you said, methane.

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00:12:46.080 --> 00:12:56.100

Nat Keohane: Much more potent on a pound for pound basis about 120 times more potent when it is emitted then carbon dioxide, but It degrades within a decade or two, whereas carbon dioxide.

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00:12:56.610 --> 00:13:09.030

Nat Keohane: stays in the atmosphere for centuries, and so to oversimplify a bit right and folks may know this, but it's important to get that clear methane, if you think about, we have two problems in climate that we need to address one is long term.

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00:13:09.390 --> 00:13:15.630

Nat Keohane: temperature stabilizing the climate at long term temperatures, that will be as safe as as minimize the risk and to the extent we can.

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00:13:16.200 --> 00:13:24.930

Nat Keohane: that's what carbon dioxide controls carbon dioxide stays for centuries that's the sort of long term thermostat but how fast the temperature rises how.

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00:13:25.500 --> 00:13:31.350

Nat Keohane: The rate of warming is really determined in the near term by methane, and so the lever that we have.

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00:13:32.010 --> 00:13:42.450

Nat Keohane: As a world to reduce how fast the world warms over the next few decades that's really all methane and so that that's why it's so important because it gives you it gives us.

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00:13:42.900 --> 00:13:50.820

Nat Keohane: The chance to slow down the rate of warming just in the next couple of decades, which has impacts on you know lives of hundreds of millions of billions of people okay so then.

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00:13:51.330 --> 00:14:00.000

Nat Keohane: Your question about how do we address it you're right so methane major component of natural gas and, therefore, one of the best ways to reduce methane, in the short term.

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00:14:00.510 --> 00:14:08.610

Nat Keohane: is to reduce methane emissions from oil and gas leakage when it's when it's drilled and produced and extracted but also stored and transport, it all along.

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00:14:09.300 --> 00:14:15.120

Nat Keohane: All along the supply chain and so that's something EDF has been very focused on and many others now are focused on.

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00:14:15.870 --> 00:14:23.220

Nat Keohane: So in the Obama administration, the Obama Administration put in place, this was actually after I had been there, although we had put in place kind of the.

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00:14:23.580 --> 00:14:38.220

Nat Keohane: predecessor of these rules, but the Obama Administration put in place rules to restrict to reduce or limit methane emissions from new oil and gas facilities including you know new new oil wells and gas wells.

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00:14:39.420 --> 00:14:47.280

Nat Keohane: And those were then the the trump administration pull those back last summer, but it, but it pulled those back late enough.

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00:14:48.090 --> 00:14:57.930

Nat Keohane: That Congress, using the Congressional review act is actually able to reverse the trump reversal of the Obama rules, and so what you have is essentially this.

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00:14:58.410 --> 00:15:04.530

Nat Keohane: What what Congress did or what the Senate, did we get the House vote, but with the Senate that was to pass.

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00:15:05.130 --> 00:15:14.550

Nat Keohane: Make sure that we restore those rules that were in place for new sources, which allows kind of the above, it allows the by diminished ration to save time.

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00:15:14.940 --> 00:15:21.540

Nat Keohane: because now it can go directly to regulate existing sources as well as strengthening those limits on new sources, so the bottom.

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00:15:21.900 --> 00:15:28.020

Nat Keohane: The last thing I mentioned, is this was a bipartisan vote we had three republican senators voting.

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00:15:28.770 --> 00:15:39.270

Nat Keohane: For that, for the restoration essentially of those rules, and I think that's a sign that in some areas there are folks on on the Republican side of the aisle we see the importance of addressing climate.

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00:15:39.930 --> 00:15:46.230

Robert Stavins: I mean it's interesting that, nowadays, you quite correctly address three republican votes as a.

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00:15:46.590 --> 00:15:52.620

Robert Stavins: With the word bipartisan there's a time when I was involved with a lot of policy 1990 cleaner act amendments.

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00:15:52.950 --> 00:16:04.320

Robert Stavins: When if there were three votes from one party that would be called a highly partisan vote outcome but, but you know you're right and it's interesting it was helpful that you addressed.

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00:16:05.010 --> 00:16:16.770

Robert Stavins: CO2 versus methane in terms of the time profile, so the two of greenhouse gases in the atmosphere and there, and therefore why there's a different time path in terms of policy action, so let me turn to CO2.

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00:16:17.460 --> 00:16:27.660

Robert Stavins: You know most economists, we both fall into that category of economist which saying that carbon pricing carbon taxes or carbon trading of some kind.

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00:16:28.110 --> 00:16:40.710

Robert Stavins: is a necessary but not sufficient element of a meaningful government policy to seriously reduce CO2 emissions in a large complex economy such as we have in the United States.

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00:16:41.130 --> 00:16:47.460

Robert Stavins: The biting climate plan, as I understand it, i'm looking at the infrastructure bill and then.

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00:16:48.420 --> 00:16:54.270

Robert Stavins: With the, with the exception of the clean electricity standard which depending on how it's designed could be a.

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00:16:54.600 --> 00:17:13.620

Robert Stavins: Carbon pricing mechanism, in effect, but for the most part, this is really focused on government financing of action, not completely, unlike the Green New Deal was that that that's that's the focus so tell us what's your assessment of this and about this lack of attention to carbon pricing.

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00:17:15.360 --> 00:17:25.230

Nat Keohane: Sure, well, let me start by saying Bob i'll start by saying that I agree with the premise I think if we are going to really address.

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00:17:25.680 --> 00:17:33.360

Nat Keohane: Climate change and reduce CO2 emissions at this scale and scope and paste, we need to do.

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00:17:33.960 --> 00:17:41.880

Nat Keohane: Both at solve the climate problem and now to meet the president's target which we'll get to i'm sure a minute, the new president started laid out last week.

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00:17:42.840 --> 00:17:45.480

Nat Keohane: The best way to do it would be would include.

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00:17:46.260 --> 00:17:53.160

Nat Keohane: Some form of limit and price on carbon pollution across the economy, I say include and you said necessary but not sufficient, because.

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00:17:53.370 --> 00:18:01.080

Nat Keohane: I think we're well past the time where economists would say, all you need to do is set a price and and that's that's that's all you need there's many more things we need.

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00:18:01.740 --> 00:18:09.900

Nat Keohane: including investment in innovation and a whole range of other things, to make sure that we get the reductions, we needed to unlock other you know address other market barriers.

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00:18:10.620 --> 00:18:24.000

Nat Keohane: But I do agree with you that a carbon price will be critical and that's the conclusion, you know economists have come through again and again, I will say one thing which is it's not all gloom and doom in the US from a carbon pricing point of view, Washington state.

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00:18:24.480 --> 00:18:25.860

Nat Keohane: yeah last weekend.

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00:18:26.070 --> 00:18:26.430

Robert Stavins: Yes.

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00:18:26.580 --> 00:18:32.910

Nat Keohane: The Washington state legislature passed a cap and invest bill and so it's always worth reminded when we hear.

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00:18:33.240 --> 00:18:42.780

Nat Keohane: That emissions that some form of carbon pricing or Cap and Invest is dead in the US, we just need to remember it keeps moving forward in the States and Washington state is the most.

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00:18:43.110 --> 00:18:49.530

Nat Keohane: Recent example, but you know if you look at the a certain group of northeastern states, the regional greenhouse gas initiative.

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00:18:49.860 --> 00:19:00.060

Nat Keohane: That group is growing that's a cap and trade program cabinet best program for electricity that group is growing Pennsylvania joining New Jersey rejoin Virginia has joined so at this.

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00:19:01.170 --> 00:19:01.470

Robert Stavins: Is.

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00:19:01.590 --> 00:19:03.240

Robert Stavins: Seeking to broaden itself into.

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00:19:03.240 --> 00:19:07.110

Nat Keohane: Energy and it's working and thinking about how you exactly how you brought in the transportation.

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00:19:07.380 --> 00:19:19.620

Nat Keohane: So, having said all of that it remains true that the politics of a carbon price in Capitol Hill are challenging but I do want to say it's like it's Capitol Hill, not the US general certainly not the world.

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00:19:21.360 --> 00:19:25.980

Nat Keohane: And I think we need to recognize that, so I guess how would I characterize that going forward in in the.

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00:19:26.310 --> 00:19:32.070

Nat Keohane: In the US Congress and with the vitamin iteration I think President Biden and his team understand the value of this they did.

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00:19:32.550 --> 00:19:37.680

Nat Keohane: In the end, I mean he did talk about in the campaign he talked about the need for an enforceable limit.

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00:19:38.220 --> 00:19:45.150

Nat Keohane: On pollution and flexible mechanism to get there, which I think is essentially talking about the need for something that combines.

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00:19:45.390 --> 00:19:56.160

Nat Keohane: The assurance of the limit and the flexibility of of a price in some sense, but I think there's no question that, right now, but, and I think it's appropriate that the focus should be on what can you get with 50 votes.

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00:19:57.690 --> 00:20:04.050

Nat Keohane: For starters, if you can only have 50 democratic votes because of the razor edge margins in the Senate, what can you get we know you can get.

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00:20:04.440 --> 00:20:12.030

Nat Keohane: An infrastructure bill passed and so let's use that to make the kind of investments in our sector to transport sector throughout the economy.

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00:20:12.510 --> 00:20:20.070

Nat Keohane: As a down payment on the kind of low carbon transition, we need to make I guess what I would say is that can't be the end point.

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00:20:20.310 --> 00:20:30.210

Nat Keohane: Right, so I think it's appropriate to start with, with a really robust infrastructure pack, so I think what the president's put on the table is very strong but let's not let's not think that we're done.

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00:20:30.570 --> 00:20:32.280

Nat Keohane: When we pass that infrastructure package.

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00:20:32.490 --> 00:20:40.740

Nat Keohane: The last thing i'll say is there is a chance, I think it's it's it's a narrow one, but there is a chance, and there are folks like Senator whitehouse and Senator shots who are working on this.

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00:20:41.100 --> 00:20:46.920

Nat Keohane: And that a carbon tax, one form of a carbon price could be a way of raising the revenue.

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00:20:47.700 --> 00:20:57.090

Nat Keohane: That we will need to pay for the American or to help pay for the American jobs man, the American family spend the President of forces us has proposed other tax rate increases for that.

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00:20:57.990 --> 00:21:07.170

Nat Keohane: And you know we'll see how those how those go, but a \$50 time tax on carbon emissions across the economy which is roughly in line with the current estimate of.

143

00:21:07.590 --> 00:21:19.440

Nat Keohane: A social cost of carbon \$50 a time rising over time would raise you know 250 billion dollars a year or two and a half trillion dollars over a 10 year deficit a 10 year budget window.

144

00:21:19.830 --> 00:21:32.400

Nat Keohane: that's a lot of money, and there are there aren't very many other things that sources of revenue that can that can you can come up with fit provide two and a half trillion dollars, so I think it's still on the table, although it's a long shot for this year.

145

00:21:33.450 --> 00:21:42.510

Robert Stavins: So I want to remind all of the viewers and listeners that in just a few minutes in about five minutes i'm going to turn to your questions, we already had some questions.

146

00:21:42.870 --> 00:21:46.230

Robert Stavins: That are coming in in the Q amp a and I appreciate that but.

147

00:21:46.710 --> 00:21:57.270

Robert Stavins: you're welcome at any time, just to insert a question it's best if you can keep the questions short it's just hard for me to read you know, several paragraphs and then to distill that into a.

148

00:21:58.050 --> 00:22:09.390

Robert Stavins: Question so now, I wanted to go back to the US and DC because EDF endorsed something something in the range of a 50% reduction before the President.

149

00:22:09.780 --> 00:22:29.760

Robert Stavins: announced it I assume that's not a coincidence and EDF did a study about how something on that range 50% reduction by 2030 below 2005 could actually be achieved by very actually by a number of routes you've published that analysis and I think it makes a compelling case.

150

00:22:30.840 --> 00:22:40.710

Robert Stavins: That it's technologically feasible, but my question is, is it politically feasible, is it really likely to be achieved.

151

00:22:41.130 --> 00:22:52.440

Robert Stavins: Given the challenges that are faced for legislation and the challenges that are faced for regulation if I just take a moment to say that I think legal scholars.

152

00:22:53.070 --> 00:22:59.310

Robert Stavins: would say and i've written that regulatory approaches are much more likely to be successfully challenged.

153

00:22:59.790 --> 00:23:04.620

Robert Stavins: In the current environment than they were during the Obama Administration because we've got 245.

154

00:23:05.010 --> 00:23:08.820

Robert Stavins: trump appointed federal judges more than 25% of the total judiciary.

155

00:23:09.120 --> 00:23:18.750

Robert Stavins: And the Supreme Court has the six three conservative majority and not just any kind of conservatives, but conservatives in the following the justice scalia motive literal meaning of statutes.

156

00:23:18.960 --> 00:23:33.660

Robert Stavins: less flexibility to departments and agencies i've heard people talking about modifying or even overruling the Chevron doctrine and you know how important that is for courts to give deference to the Congress when Congress is not explicit.

157

00:23:34.920 --> 00:23:42.870

Robert Stavins: So, are you worried about that do you, you really picture this all as being feasible in in the real world, which is what you're concerned about I know.

158

00:23:44.250 --> 00:23:47.310

Nat Keohane: Well, thanks I mean there's again there's a lot there and so.

159

00:23:47.310 --> 00:23:47.580

Nat Keohane: Let me.

160

00:23:47.910 --> 00:23:55.200

Nat Keohane: Let me start, no, no it's great, let me start with a brief point on the regulation and then come back to your question about is this feasible, then, and then I want to close with a.

161

00:23:55.470 --> 00:24:03.480

Nat Keohane: With a point about the dynamic we're seeing with the Paris Agreement, I think it's an important point, briefly, and clearly we face a different regulatory different.

162

00:24:04.440 --> 00:24:14.040

Nat Keohane: court, you know different different possibilities in the courts of keeping regulations in place, then we did you continue to go and i've got a lot of colleagues.

163

00:24:14.370 --> 00:24:21.840

Nat Keohane: And you have a number of colleagues at Harvard who are much smarter than than I am on this I, so I think that has to be part of any regulatory.

164

00:24:22.350 --> 00:24:32.010

Nat Keohane: Agenda, I think, and I think the vitamin Australian knows this, that any regulations that let's say the you know administrator Michael regan of the Environmental Protection Agency former EDF or.

165

00:24:33.180 --> 00:24:39.930

Nat Keohane: Any provisions and regulations that administrative Reagan puts in place, need to be designed to be really robust and resilient.

166

00:24:40.440 --> 00:24:43.650

Nat Keohane: I think the way to get there is to really focus on the core.

167

00:24:44.220 --> 00:24:51.030

Nat Keohane: authorities that and then the sort of time tested authorities of the Clean Air act around health based pollutants.

168

00:24:51.330 --> 00:24:58.830

Nat Keohane: that's the way to get deep cuts in tailpipe emissions from cars and it's also the way, I think, to get deep cuts in emissions from.

169

00:24:59.310 --> 00:25:05.850

Nat Keohane: from power plants and other stationary sources there's a whole range of pollutants that are out there that come out of smokestacks and tailpipes.

170

00:25:06.300 --> 00:25:10.200

Nat Keohane: You can address those along with carbon dioxide and also by the way.

171

00:25:10.740 --> 00:25:16.230

Nat Keohane: Then you're also addressing some of the local air quality issues that remain disproportionately.

172

00:25:16.530 --> 00:25:25.290

Nat Keohane: In the disadvantage and low income communities that still suffer from air pollution so that's the first point you regulation you've got to take account of the courts, but I think there are ways to build robust approaches.

173

00:25:25.710 --> 00:25:35.190

Nat Keohane: On the US NBC, as you said, 52 52% below 22,005 levels by 2030 that was wet Biden announced last week and we were.

174

00:25:35.520 --> 00:25:38.700

Nat Keohane: pushing for that there was a broad chorus of votes, pushing for that, I think.

175

00:25:39.000 --> 00:25:47.010

Nat Keohane: We were some of the first folks out of the gate I started talking about 50% back in November, immediately after the election, I think we heard folks from European.

176

00:25:47.340 --> 00:25:56.700

Nat Keohane: Countries say you know almost right away it's got to have a five and then I think you saw the drumbeat build the chorus build over the course of this year we publish that report, you mentioned.

177

00:25:57.720 --> 00:26:06.840

Nat Keohane: What it revealed and other report wri the University of Maryland nrdc there were several reports that follow it, I think what they showed together.

178

00:26:07.290 --> 00:26:15.480

Nat Keohane: Was that, as you said, there were lots of at least technical and modeling pathways to get to 5252 52% they do share some commonalities.

179

00:26:15.750 --> 00:26:21.840

Nat Keohane: Most of the tons are in the power sector so reducing emissions in the power sector which we can do is that's really important.

180

00:26:22.320 --> 00:26:28.650

Nat Keohane: The other areas that are transport methane I mentioned from oil and gas buildings and so on, but but power is it's 50% or more.

181

00:26:29.010 --> 00:26:34.410

Nat Keohane: of getting those cuts in the next decade, so there are some commonalities but also lots of different assumptions and so on.

182

00:26:34.770 --> 00:26:39.690

Nat Keohane: being made and yet lots of pathways to get there, so from my point of view and from our point of view.

183

00:26:40.110 --> 00:26:47.040

Nat Keohane: The bar I had, and this is something I learned, when I was in the government, the bar for and in DC I think is ambitious and credible.

184

00:26:47.730 --> 00:26:55.140

Nat Keohane: And so the case, we were making his ambition meant it needs to start with a five to be comparable, or at least in the same ballpark as the EU, and others.

185

00:26:55.530 --> 00:26:59.400

Nat Keohane: and credible meant you had to show your math essentially you had to show that you could get them.

186

00:27:00.000 --> 00:27:05.460

Nat Keohane: that's different than having all of the policies already on the table and that's different from having even.

187

00:27:05.880 --> 00:27:15.870

Nat Keohane: Great chances of passing everything you need this Congress, so I would say the credibility depends on sort of doing the math not so much the political path forward and then Let me close with this last point.

188

00:27:16.350 --> 00:27:28.260

Nat Keohane: Which is I think we're seeing a reversal and it's a deliberate one in some ways a reversal of how we've always thought about the relationship between domestic policy and international policy okay up through.

189

00:27:28.650 --> 00:27:36.360

Nat Keohane: The Paris agreement at certainly this was case in 2009 when Obama went to Copenhagen, the view, and this includes me observers, we we all said look.

190

00:27:37.020 --> 00:27:45.780

Nat Keohane: international policy follows domestic policy you got to start with getting domestic policy in place, and that gives you the opportunity to then negotiate international agreements.

191

00:27:46.530 --> 00:27:53.100

Nat Keohane: I think what we're seeing is a different dynamic with the Paris Agreement that I think is really interesting, we have the Paris agreement in place.

192

00:27:53.700 --> 00:28:03.900

Nat Keohane: The need for the Obama Administration to submit a target an NBC under the Paris Agreement is what drove the conversation over the last three months in the White House.

193

00:28:04.530 --> 00:28:12.690

Nat Keohane: What led to an ambitious target because of the need for the US to show ambition and credibility and, in turn, now that that target is out there.

194

00:28:13.500 --> 00:28:29.640

Nat Keohane: I think it will help drive domestic policy meeting because the only way you meet 50 to 250 2% is going all in on domestic policy, not just this year, not just this summer, but over every year from now until 2013, so I think that is an interesting flip of the dynamic.

195

00:28:30.360 --> 00:28:37.860

Robert Stavins: But you know their their potential past ahead as you've said it's not a done deal it's not clear that this is going to work out.

196

00:28:38.460 --> 00:28:49.620

Robert Stavins: Particularly things have to happen, certainly in the Congress within the next 18 months or so, because then we got midterm elections we don't know what's going to happen there and then we've got 2024 and.

197

00:28:50.670 --> 00:28:55.410

Robert Stavins: Not clear President Biden would even run for election, so there are lots of questions there.

198

00:28:56.850 --> 00:29:07.980

Robert Stavins: i'm going to quote from the the the the headline that went with an article by some people, you know well coral davenport Lisa Friedman, and Jim tanksley in the New York Times on April 24.

199

00:29:09.120 --> 00:29:20.430

Robert Stavins: They said biden's bet on a climate transition carries big risks and it does now leaders take risks, and this leader in this administration is taking risks, I just wanted to acknowledge that.

200

00:29:20.820 --> 00:29:28.650

Robert Stavins: You know, it is a risk, and I want to turn now to questions we have quite a few questions already in, but please any of you.

201

00:29:29.100 --> 00:29:39.660

Robert Stavins: feel free to submit more questions now, we have an audience that's really mixed of domestic from the United States and a lot of people internationally my recollection is that typically.

202

00:29:40.560 --> 00:29:47.130

Robert Stavins: we've got some questions that are really in the weeds about the US policies such as i'm budget reconciliation.

203

00:29:47.580 --> 00:29:53.580

Robert Stavins: And i'll get to that, but i'm also going to select and mix questions which are going to be a broad interest.

204

00:29:54.060 --> 00:30:06.030

Robert Stavins: To everyone into our friends and other parts of the world which prompts me to start with this question what leverage did, or does the USA and particular.

205

00:30:06.930 --> 00:30:17.460

Robert Stavins: Set Mr Kerry Secretary Kerry have to induce commitments from the important developing countries, by which I think he means the large emerging economies, I mentioned before.

206

00:30:18.960 --> 00:30:28.860

Nat Keohane: So I think it's a great question, because we will need stepped up action from those countries, and I think it actually difference, I think you know when you're thinking about the big emerging economies, we want to take each of them.

207

00:30:29.340 --> 00:30:39.570

Nat Keohane: In turn, and so let me think briefly about the three biggest or three of the biggest so China first you know I think there's more than meets the eye to the China statement that was released.

208

00:30:40.470 --> 00:30:49.530

Nat Keohane: A nearly two weeks ago when John Kerry went to Shanghai, so the statement on its surface was pretty broad pretty high level talked about.

209

00:30:50.010 --> 00:30:56.670

Nat Keohane: You know the welcoming the need for cooperation, and I think it was received well, but there was also a sort of a sense of Okay, but let's you know.

210

00:30:57.120 --> 00:31:05.490

Nat Keohane: let's let's let's see the let's let's see the details and I think the notable thing is this was the first statement I think in five years about us trying to cooperation.

211

00:31:05.700 --> 00:31:14.220

Nat Keohane: And the previous meeting that the two sides had in anchorage you know basically left, I mean ended kind of cratered and ended an acronym so it was actually a big step forward.

212

00:31:14.580 --> 00:31:20.430

Nat Keohane: To get those two countries issuing a statement, there are two Bigs mentors in the world together about 40% of emissions.

213

00:31:20.910 --> 00:31:27.720

Nat Keohane: And there was, but if you look into you sort of read between the lines of the statement I think there's a lot of promise for near term action on things like methane.

214

00:31:28.110 --> 00:31:34.740

Nat Keohane: Potentially like coal finance more needs to be done, but President she did say he he stopped short of what some people were hoping.

215

00:31:35.310 --> 00:31:39.660

Nat Keohane: Last week in his speech, which is a commitment to end cold finance in the belt and road initiative.

216

00:31:40.320 --> 00:31:45.570

Nat Keohane: But there, but he he did talk about greening the belt and road he talked about limiting.

217

00:31:45.990 --> 00:31:55.140

Nat Keohane: Emissions from coal in China and the next five year plan Look, we need more urgent action from everybody, the US, starting with us, and then, including China, so we need.

218

00:31:55.530 --> 00:32:05.670

Nat Keohane: We need stuff sooner, we need more ambition, but I think if you read between the lines, there are signs that China is ready to move to move further, but I think it's going to take more time or talk more trust.

219

00:32:06.270 --> 00:32:12.120

Nat Keohane: that's something I think we'll need to watch over the coming months, India, another big one, obviously.

220

00:32:12.480 --> 00:32:29.220

Nat Keohane: Another another country that has not yet moved off of its previous commitment it has confirmed it's massively ambitious commitment of 450 gigawatts of solar and wind power by 2030, which is the commitment that modi I think a prime minister made last year and we sort of reaffirmed.

221

00:32:29.670 --> 00:32:33.540

Nat Keohane: There, the key issue is not, I mean if you think about the key issue with China as.

222

00:32:34.140 --> 00:32:45.990

Nat Keohane: Finding a route for cooperation between those two global powers and showing China that hey This is something a way for it to be a global leader on India it's you know the big ask is finance India needs.

223

00:32:46.980 --> 00:32:57.510

Nat Keohane: Any would like to see support in terms of technology transfer, in some ways, but also in terms of financial capital flows into India to help finance that massive renewable build out.

224

00:32:58.560 --> 00:33:14.100

Nat Keohane: There are, we have done some work there are our leaders are India CEOs who see the need for a low carbon transition they see where the world is headed, so I think there's potential there again under the surface, to move, but in India to unlock that you're needing to finance third Brazil.

225

00:33:15.120 --> 00:33:26.760

Nat Keohane: Another top 10 emitter and you know, one that we've seen going backwards recently under both NRO because of the increased deforestation in the Amazon Brazil showed.

226

00:33:27.000 --> 00:33:35.460

Nat Keohane: Between 2005 and 2012 it showed that it could cut deforestation, the Amazon 80% while increasing soy and cattle production, so we know it can be done.

227

00:33:36.060 --> 00:33:43.680

Nat Keohane: There it's going to require more political pressure, I think, on both scenarios and empowering folks like the state governors who want to do the right thing.

228

00:33:44.070 --> 00:33:51.090

Nat Keohane: and indigenous leaders and civil society, who all see the need for and the opportunity for Brazil to be a green superpower.

229

00:33:51.570 --> 00:33:58.080

Nat Keohane: that's going to be the key there, I think the most in our government right now is an obstacle in progress in Brazil and and that's the challenge.

230

00:33:58.680 --> 00:34:08.160

Nat Keohane: So each of those there's a different story, you could say that same with other emerging economies, I think it'll be bilateral diplomacy with each one that's going to be needed to unlock greater ambition.

231

00:34:08.880 --> 00:34:17.940

Robert Stavins: So it was surely appropriately you started with China, and I think you're you're right that if US and China could get out in front.

232

00:34:18.450 --> 00:34:27.720

Robert Stavins: Certainly if they could get out in front in terms of the degree of cooperation and early announcements as you'll recall in DC is that the US and Beijing announcements.

233

00:34:28.440 --> 00:34:34.980

Robert Stavins: As they did during the Obama years, then that would have could have a very significant effect on other large emerging economies and.

234

00:34:35.370 --> 00:34:41.790

Robert Stavins: Back in a whole number of developing countries, if you gave in terms of China and you're very hopeful description.

235

00:34:42.570 --> 00:34:50.880

Robert Stavins: The half full or maybe the one 10th full glass of water, let me give the half empty glass of water view just briefly, and that is that is that we should recognize.

236

00:34:51.180 --> 00:34:59.190

Robert Stavins: that the situation between us and China is just drastically different across the board than it was in the Obama years through the trump years.

237

00:34:59.880 --> 00:35:08.880

Robert Stavins: Throughout the America first approach through rising populism hostility towards international trade from the free formerly free trade.

238

00:35:09.150 --> 00:35:17.160

Robert Stavins: party of the Republicans, and also now from the democrats which traditionally have not been very friendly to you know free trade, we now on.

239

00:35:17.460 --> 00:35:30.180

Robert Stavins: On trade on human rights and intellectual property and military dominance of the South China Sea on so many issues there's now rather than a spirit of cooperation, I think it's fair to say, a spirit of.

240

00:35:30.870 --> 00:35:40.500

Robert Stavins: antagonism between the two sides and, sadly, that didn't stop on inauguration day, in my view that continues from the.

241

00:35:40.980 --> 00:35:50.250

Robert Stavins: trump administration into the Biden administration, you know with with actions such as manufacturing projects are going to be produced in the United States that's it.

242

00:35:50.580 --> 00:35:55.560

Robert Stavins: And we're going to have high tariffs continuing perhaps on imports of solar products.

243

00:35:56.220 --> 00:36:02.340

Robert Stavins: that's an unfortunate you know development, so let me i'm going to go to another question if it's okay and.

244

00:36:02.790 --> 00:36:18.450

Robert Stavins: In flipping back and forth i'm now going to get into the weeds for our American policy works because we have an interesting question about the possibility of including CES which was mentioned in the fact sheet about you.

245

00:36:19.950 --> 00:36:30.870

Robert Stavins: actually included within an infrastructure bill that then could be passed with just 51 votes under budget reconciliation, because obviously.

246

00:36:31.710 --> 00:36:43.020

Robert Stavins: Infrastructure bill subsidies would affect the budget so with the ruling from parliamentarian, they can go forward with that, but a CES I I don't see how that would match up i've read.

247

00:36:43.620 --> 00:36:50.190

Robert Stavins: In the newspaper, some people I don't think it was anyone from EDF and vector may have been an anonymous source.

248

00:36:50.490 --> 00:37:04.350

Robert Stavins: saying in some article, there are ways that the CES could be constructed, so it would match the requirements of affecting the budget and therefore to fall within you know being passed by just.

249

00:37:04.830 --> 00:37:10.710

Robert Stavins: 51 votes is that you're thinking, and if you disagree with that Do you know what it is that they're talking about.

250

00:37:10.770 --> 00:37:11.610

Nat Keohane: Yes, down.

251

00:37:11.790 --> 00:37:19.920

Nat Keohane: yeah I do so, let me start by saying a CES a clean electricity standard for those for those for audience not listening and.

252

00:37:20.280 --> 00:37:23.010

Nat Keohane: With all the knowledge of the weeds, and this was something that President Biden.

253

00:37:23.340 --> 00:37:30.600

Nat Keohane: mentioned in the campaign and then was in the fact sheet, as you said, rob for the American jobs plan, so let me make a couple of just a general point about cleaning.

254

00:37:30.900 --> 00:37:37.380

Nat Keohane: About a CES and then talk about that reconciliation process, the general point is, I think we ought to be both.

255

00:37:37.830 --> 00:37:49.110

Nat Keohane: Expensive in our thinking about the possible different ways that a CES could be designed, but also disciplined in the one thing that distinguishes CES from let's say tax.

256

00:37:49.560 --> 00:37:55.470

Nat Keohane: credits so i'll start with the letter what distinguishes in my mind, a CES from tax incentives and so on.

257

00:37:55.830 --> 00:38:00.270

Nat Keohane: Is the word standard, so I think it's fair to say if you're going to have a clean electricity standard.

258

00:38:00.540 --> 00:38:08.790

Nat Keohane: You need that need to include an enforceable standard that is going to reduce emissions from the power sector, or perhaps drive up clean energy.

259

00:38:09.330 --> 00:38:16.800

Nat Keohane: there's lots of ways, you can have something with an enforceable standard you could do that in a way that was focused on the portfolio of electricity generation and.

260

00:38:17.100 --> 00:38:22.410

Nat Keohane: required the number, the amount of low carbon generation to increase you could focus on gigawatt hours.

261

00:38:22.770 --> 00:38:30.900

Nat Keohane: generate of generation and require that to increase or you could focus on a mission that called a mass based approach there's a bunch of ways, you can design a seat yes.

262

00:38:31.140 --> 00:38:39.270

Nat Keohane: I think there's lots of starting out thinking done out there, but I think I would say if we're going to call it a CS it needs to have a standard and and that raises this question you raised about.

263

00:38:39.750 --> 00:38:45.300

Nat Keohane: Reconciliation, I will say from etfs point of view, from my point of view, it would always be preferable.

264

00:38:45.780 --> 00:38:56.730

Nat Keohane: To go through what's called regular order right, which means not using the budget approach going through regular or the challenges in the Senate, as I think everybody knows certainly folks ever seeds can be reminded.

265

00:38:57.060 --> 00:39:05.940

Nat Keohane: Everything essentially now requires a film requires you to overcome a filibuster in the Senate, which means you need 60 votes, which means right now, you need 10.

266

00:39:06.330 --> 00:39:11.790

Nat Keohane: republican votes, which is very hard to come by I think so.

267

00:39:12.390 --> 00:39:22.830

Nat Keohane: I think we should be pushing on something through regular order, because that would be more durable and, by the way, there are a lot of smart people who say you'll never get 60 but you might get at if you can unlock enough support you actually might.

268

00:39:23.070 --> 00:39:24.660

Nat Keohane: You might see something that got a lot of.

269

00:39:24.660 --> 00:39:34.980

Nat Keohane: Support with respect to reconciliation, the key question, there is to two tests, one is it's got to be relevant to the budget, so you have to have a CES that.

270

00:39:35.580 --> 00:39:44.760

Nat Keohane: raises revenue and and disperses and actually that's relatively easy to do there are lots of ways, you could have a CES that raises revenue and is relevant to the budget.

271

00:39:45.270 --> 00:39:46.140

Robert Stavins: The second question is.

272

00:39:46.200 --> 00:39:47.250

Nat Keohane: If you tell me it's got to.

273

00:39:47.250 --> 00:39:48.180

Robert Stavins: Be, how is that.

274

00:39:48.300 --> 00:40:00.810

Nat Keohane: yeah so I mean at a minimum level at a minimal level, you can have a CES where you had clean energy certificates that needed to be produced by generators or by load serving entities and and some portion of us could be auctioned off.

275

00:40:01.620 --> 00:40:02.190

Robert Stavins: The government.

276

00:40:02.460 --> 00:40:09.600

Nat Keohane: auction by the government, raising revenue and and that money us so there's lots of ways to make a budget that like a necklace right next to.

277

00:40:10.200 --> 00:40:18.210

Nat Keohane: The question is there's one person who gets to decide, is this reconcilable that's the Senate parliamentarian and there's and there's really a lot of.

278

00:40:18.780 --> 00:40:23.940

Nat Keohane: Open it's an open question whether you could design a CES that has that necessary condition I said about the standard.

279

00:40:24.600 --> 00:40:31.410

Nat Keohane: And is still reconcilable the other way, people are thinking about this would be a kind of fee based approach, which is like you combine.

280

00:40:31.800 --> 00:40:41.370

Nat Keohane: tax credits for clean energy, with perhaps some sort of penalty for high carbon energy, I think that might be a smart approach that would probably be reconcilable.

281

00:40:42.000 --> 00:40:47.880

Nat Keohane: But here's where i'll end I don't think we should call that a clean energy standard because it doesn't have the standard right right.

282

00:40:47.940 --> 00:40:56.430

Robert Stavins: and, interestingly, the more than the clean energy standard is designed to be cost effective and and effective.

283

00:40:56.940 --> 00:41:14.790

Robert Stavins: The closer it gets to a cap and trade program and then people go NUTS because we're back in the captain tax demonization world it's it's a terrible situation and in terms of the rhetoric is not the reality here's an interesting question that's come in on a important contemporary issue.

284

00:41:15.960 --> 00:41:23.220

Robert Stavins: The background to it, is that back in the Obama administration in the Waxman MARQuIS bill that you're very familiar with Now I know.

285

00:41:24.120 --> 00:41:31.410

Robert Stavins: Which which part of it was a cap and trade mechanism, there was essentially a border adjustment mechanism and import allowance requirement right.

286

00:41:32.280 --> 00:41:43.170

Robert Stavins: So the US liked it then, but with the EU talks about it in the US course doesn't like it in China certainly doesn't like it so now there is a track.

287

00:41:44.130 --> 00:42:00.540

Robert Stavins: To be finalized I think something around July 1 for being implemented until 2023 for carbon border adjustment in Europe, Canada is talking about it i'd like to know what is your view.

288

00:42:01.710 --> 00:42:12.210

Robert Stavins: of a carbon border adjustment both the good news and bad news, and what, what do you think the response would be the key countries of the world if Europe goes forward with this.

289

00:42:13.140 --> 00:42:21.720

Nat Keohane: So and you're right to raise and and I think Europe is going for it i've been in some of that I know you have to have been discussions with policymakers and folks in the European Commission.

290

00:42:22.290 --> 00:42:27.090

Nat Keohane: So first a couple of things one, you know how should we think about a border adjustment mechanism.

291

00:42:27.600 --> 00:42:37.770

Nat Keohane: I the way I think about it is it's a blunt force instrument, and what I mean by that is it's a pretty it's a it's pretty blunt instrument used to, I think, ideally.

292

00:42:38.460 --> 00:42:44.340

Nat Keohane: help create incentives for other countries to act and to increase their ambition it's not.

293

00:42:44.760 --> 00:42:52.830

Nat Keohane: And I don't think we should think of it as like a fine tuned way to establish carbon price that fairly addresses the carbon content of imported goods.

294

00:42:53.190 --> 00:43:02.160

Nat Keohane: And I say that, in part, so sometimes people think of it, oh we're going to you know put a border adjustment and that's gonna allow us to essentially to an extended carbon price elsewhere.

295

00:43:02.880 --> 00:43:07.500

Nat Keohane: I think a way to design a border adjustment mechanism that is w to.

296

00:43:08.280 --> 00:43:15.750

Nat Keohane: resilient and is that consistent with, who is a pretty broad brush approach they would actually basically say we're going to start with.

297

00:43:16.230 --> 00:43:27.990

Nat Keohane: The home countries emissions reduction or it sorry to home countries admissions rates so you know let's look at the at the sort of emissions rates of steel and cement and other carbon intensive.

298

00:43:29.100 --> 00:43:33.420

Nat Keohane: Products in the home country and we're going to apply those emissions rates to imports.

299

00:43:33.720 --> 00:43:39.900

Nat Keohane: And then we're going to say, if you demonstrate that you can beat that emissions rate will give you a credit, in other words not trying to say well this.

300

00:43:40.110 --> 00:43:46.590

Nat Keohane: production facility in shins in has this emissions right that's that's going to be too high a burden, both in terms of data.

301

00:43:46.950 --> 00:43:52.830

Nat Keohane: And in terms of the WHO compliance so first of all, broad you know, think of it as a blunt instrument to to create incentives.

302

00:43:53.190 --> 00:44:07.830

Nat Keohane: And therefore I think that also helps explain sort of how might we think about the EU using it, I think it needs to you know out to be something that's it's it's like a sword of Damocles right it's this is going to hang over your head, unless you get more ambitious and so building in.

303

00:44:09.150 --> 00:44:16.800

Nat Keohane: A runway before it takes before it takes effect, giving countries time to respond, etc, I think it's going to be important that's how the wax marquee piece was designed.

304

00:44:17.160 --> 00:44:21.570

Nat Keohane: Look, I think the US the interesting one of the interesting things is inside the US Government.

305

00:44:21.960 --> 00:44:28.890

Nat Keohane: The US Government is trying to think about what a US border adjustment measure would look like, because of course it would be great politics to say we're going to put a.

306

00:44:29.250 --> 00:44:36.780

Nat Keohane: Border Adjustment measure on imports, the only problem is right now the US doesn't have a comprehensive national policy, so I think that's kind of the core thing that.

307

00:44:37.230 --> 00:44:44.820

Nat Keohane: put in place before you have a border adjustment measure, so I think the way it is going to play out, I think you know, Europe will put it in place, or at least.

308

00:44:45.210 --> 00:44:50.910

Nat Keohane: It may get to it, you know it'll certainly be there as something that could happen in a few years if countries don't act.

309

00:44:51.300 --> 00:44:57.900

Nat Keohane: And I think in the ideal world that it produces this spurred a greater ambition, you know the administration, I think, will be.

310

00:44:58.440 --> 00:45:11.550

Nat Keohane: moderate and its response i'm sure we will we will see if this goes into place, we will see republican opposition, but the way to resolve that would be to increase us ambition here at home, which we need to do anyways to meet the President to target.

311

00:45:12.510 --> 00:45:24.270

Robert Stavins: So you know normally I preserve the anonymity of questioners, but this is one case in which I would prefer not to it, because the question comes.

312

00:45:24.720 --> 00:45:30.960

Robert Stavins: from someone who, maybe not all of you are acquainted with one of the most esteemed political scientists.

313

00:45:31.920 --> 00:45:49.410

Robert Stavins: Of the past 50 years in the United States and globally, and someone who's when most political scientists were not thinking about international agreements and approaches to climate change was and it's Professor Robert Cohen, who happens to also be the father of.

314

00:45:50.190 --> 00:46:01.140

Robert Stavins: Our guest today and and what he asks about i'm going to paraphrase the question what he asks about is that he starts with the premise that a carbon tax would be strongly regressive now.

315

00:46:01.530 --> 00:46:13.170

Robert Stavins: Before I then go to the meaningful part of his question, I am going to question the premise, I want to alert everyone that's probably familiar with this to the most reason work that's been done.

316

00:46:14.010 --> 00:46:24.570

Robert Stavins: Give metcalf and Larry goulder stand out with completely distinct modeling efforts comfortable general equilibrium equilibrium models, there are two very important books on climate change policy.

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00:46:24.840 --> 00:46:28.860

Robert Stavins: who have pointed out, if you look at both the supply side and the demand side in terms how these.

318

00:46:29.100 --> 00:46:41.460

Robert Stavins: affect consumers that it turns out that a carbon tax is actually not regressive but let's accept the premise let's accept the premise that a carbon tax, which we would usually as a sales tax or as a tax on energy.

319

00:46:41.820 --> 00:46:59.430

Robert Stavins: is regressive, then the question becomes are there ways that a policy could address the regressive it because that question that been that's still relevant or, if you take my questioning of the premise that we can, how can we make it even more progressive it's the same answer so yeah.

320

00:47:00.570 --> 00:47:06.750

Nat Keohane: Well, thanks and it's always fun to get questions questions from family watching so thanks dad.

321

00:47:07.860 --> 00:47:14.100

Nat Keohane: So I guess i'm with you rob on the premise, and so you took care of that when I I guess what I would say the.

322

00:47:14.700 --> 00:47:26.220

Nat Keohane: The best way to do it is just through the allocation of the revenue that a carbon tax, raises, both in terms of returning some of that revenue directly to households.

323

00:47:26.910 --> 00:47:34.260

Nat Keohane: I think that's the best, the best way, and the first choice way to address any regressive it there could be or make sure it's it's progressive Roberts you say.

324

00:47:34.890 --> 00:47:41.610

Nat Keohane: And also thinking about, so I would think in three ways, all of which there which are not mutually exclusive, the first is.

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00:47:42.300 --> 00:47:50.430

Nat Keohane: Returning revenue to lower income households preferentially to make not only make them home and actually bring them out ahead relative to let's say.

326

00:47:51.030 --> 00:47:58.680

Nat Keohane: Their energy expenditures to whatever extent that might increase because of the fact that the second would be investments in.

327

00:47:59.430 --> 00:48:07.860

Nat Keohane: In in communities in jobs and jobs in communities and investments in infrastructure and so on in areas that are lower income which can be another form of.

328

00:48:08.520 --> 00:48:18.210

Nat Keohane: Addressing regressive it and then the third would be thinking about other policies, these are not substitutes but compliments that also address other areas of.

329

00:48:18.750 --> 00:48:25.380

Nat Keohane: disproportionate burden right and so again going back to what I said earlier about the importance of addressing local air quality.

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00:48:25.830 --> 00:48:34.680

Nat Keohane: As well as other forms of pollution in the disadvantaged communities, and that is true that in the front lines of toxic and air pollution and continue to be right there.

331

00:48:35.040 --> 00:48:47.940

Nat Keohane: very interesting studies, a lot of research has been done, that shows the gains in air quality over the past 15 years which have been real are concentrated in wealthier and in majority white.

332

00:48:48.570 --> 00:48:57.630

Nat Keohane: neighborhoods, and so we need to address that and so that would not be a substitute for also that doesn't mean you don't also address the reader 70 directly through.

333

00:48:58.380 --> 00:49:04.200

Nat Keohane: Through thinking about how to spend the revenue and making investments, but we need to be doing that, alongside so that's where I mean, I think you know.

334

00:49:04.740 --> 00:49:09.030

Nat Keohane: When people talk about a carbon tax, as you know, rod right economists in the abstract.

335

00:49:09.450 --> 00:49:19.440

Nat Keohane: We often think about well that you know, the best thing for economic efficiency would be to address other distortionary taxes, but I think not only for politics, but also for equity reasons.

336

00:49:20.190 --> 00:49:30.510

Nat Keohane: It would be a real priority to be using any revenue that was raised, first and foremost, to make sure that those regressive impacts didn't didn't hit those households.

337

00:49:30.990 --> 00:49:43.230

Robert Stavins: And in fact the legislation, or at least much of the legislation that's in the Congress for either what are essentially cap and trade or carbon tax bills are ones which take revenue and use it essentially writing, as you said.

338

00:49:44.370 --> 00:49:51.750

Robert Stavins: Before I go to the next, which might be the final question I don't know I want to thank one of our participants sending a message.

339

00:49:52.440 --> 00:50:06.450

Robert Stavins: To say that it was Secretary granholm who said that a CES could be fashioned to meet the restrictions of the of the reconciliation process so thanks for that, for the next question.

340

00:50:07.500 --> 00:50:17.670

Robert Stavins: i'm going to come, combining a couple here now, and they all focus on in Glasgow, and you know the 26 conference of the parties and negotiations in November in Scotland.

341

00:50:17.970 --> 00:50:30.960

Robert Stavins: Of this year, which we hope will be in person pandemic will be behind us, God willing, and and and the questions are, what do you think the outcome is going to be and.

342

00:50:31.950 --> 00:50:45.630

Robert Stavins: Also, what do you think the main us objective should be, in fact, you're probably going to be in a position you're probably going to be writing some memorandums and sitting across the table from Secretary Kerry and his staff.

343

00:50:46.230 --> 00:50:55.320

Robert Stavins: and telling them this you'll probably have a little list so if it's not too early what's your list what should be the US objectives and what do you expect the outcome.

344

00:50:57.570 --> 00:51:08.190

Nat Keohane: is a good question, I will note quickly that I think it's I would bet against seeing a cop, in November, if we see the rest of the way the pandemic is ravaging the rest of the world and.

345

00:51:08.190 --> 00:51:10.410

Nat Keohane: This is an area where you've got to have everybody, be able to.

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00:51:10.830 --> 00:51:16.170

Nat Keohane: participate equitably I would I would hope that there would be a consideration of perhaps putting it off until May.

347

00:51:16.650 --> 00:51:25.380

Nat Keohane: of next year, when it can be done outside as well, so that's just a note I don't think we'll see We certainly want to normal COP in November and I don't i'm not sure if we'll see when it all.

348

00:51:25.410 --> 00:51:25.740

Robert Stavins: But I.

349

00:51:25.950 --> 00:51:35.370

Robert Stavins: said that half of guide to say on behalf of my colleagues at Harvard who are watching in the Harvard project and climate agreements with Uzi aesthetically endorse what you just said.

350

00:51:36.360 --> 00:51:45.120

Nat Keohane: And having said that, whenever the COP happens I think those are exactly the right questions and so let me make two points, first with respect to the US, and then the broader I think for the US.

351

00:51:45.810 --> 00:51:51.390

Nat Keohane: You know it's really the unfinished business, in a sense of the last three months I said when we talked about the summit.

352

00:51:51.690 --> 00:51:57.150

Nat Keohane: That there were, I thought, a number of bilateral conversations that still needed to bear fruit, I mean, as I said, the.

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00:51:57.510 --> 00:52:04.710

Nat Keohane: US hit the ground running right away, but that doesn't mean that every other country said oh we're not going to totally shift our priorities to the US agenda.

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00:52:05.100 --> 00:52:12.540

Nat Keohane: And so I think it will take more time to bear fruit for some of those bilateral conversations, for example with China with India with other with set with Korea.

355

00:52:12.840 --> 00:52:24.120

Nat Keohane: to bear fruit, and so the top us priority I think ought to be that you get we get to Glasgow whenever it is we get to the cup with a nother real sweet have.

356

00:52:25.320 --> 00:52:34.050

Nat Keohane: stepped up ambition, whether in most cases, that will be new NBC in some cases like China, it might be ancillary things like that are also near term actions to raise ambition.

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00:52:34.260 --> 00:52:43.650

Nat Keohane: But I think the totally objective for the US to be continue to leverage us diplomacy in the US re emergence into multi-lateralism to get greater ambition.

358

00:52:44.190 --> 00:52:52.080

Nat Keohane: The other point I would make is, and I think that's the broader you know overall objective for the cup but the other point I want to make is, we need to be shifting our thinking.

359

00:52:52.410 --> 00:53:00.300

Nat Keohane: about what the role is of these annual conferences from Bali in 2007 all the way up essentially I mean Madrid in.

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00:53:01.260 --> 00:53:10.770

Nat Keohane: Was it was it was a soporific COMP I will say but up through Madrid certainly through Krakoff you had a clear negotiating mandate right.

361

00:53:11.070 --> 00:53:21.960

Nat Keohane: And so it made sense that the focus of the COP each year was the negotiators in the back room working on tax, you know getting rid of comments and brackets or adjusting calm is in brackets.

362

00:53:22.260 --> 00:53:27.330

Nat Keohane: I think we need to shift, now that we have a framework in place and for the most part, we have the rule book for parents in place.

363

00:53:27.840 --> 00:53:38.010

Nat Keohane: I think we really need to shift on thinking about how do you use this annual conference to raise ambition to accelerate implementation I don't know exactly what that looks like maybe it involves more.

364

00:53:38.580 --> 00:53:48.660

Nat Keohane: Engagement among countries with best practice sharing maybe it involves bringing in civil society or businesses to talk about implementation, but I think we need to think creatively.

365

00:53:49.080 --> 00:53:58.080

Nat Keohane: Rather than have the object of every COP be you know some negotiated text in a world in which we've got the text and what we need is implementation.

366

00:53:59.130 --> 00:54:09.120

Robert Stavins: Thank you, and this is a couple of points here one is that a question has come in you've gone to the website you don't know how to access recordings.

367

00:54:09.720 --> 00:54:20.250

Robert Stavins: If it's not already in the chat I would ask Casey Billings to put in the link it's if you just go to the page at the Harvard project on climate agreements where.

368

00:54:20.610 --> 00:54:28.740

Robert Stavins: there's a menu on the left and it says conversations about climate change policy you go to that page and you'll find it, but I think someone will put it in now.

369

00:54:30.210 --> 00:54:37.350

Robert Stavins: This is going to have to unfortunately have to be the final question because I time I have to ask you to be brief it's just a wonderful question on which to end.

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00:54:38.460 --> 00:54:54.000

Robert Stavins: And it comes from someone who says, I am a young, professional and I want it, I want Jim nantz job one day of what Should I be doing now and don't worry they're not they're young enough that they're not going to take it from you they're going to succeed, you.

371

00:54:54.750 --> 00:55:05.010

Nat Keohane: know under understood it's a great question i'd love to hear it, because I, I want you know, as many people as possible to becoming an unnecessary my job, but didn't fit climate, I mean, I think.

372

00:55:05.550 --> 00:55:14.220

Nat Keohane: The most important thing, well, I'll say two things, I guess, which really are about the the approach rather than you know which job, do you take next to get to which job because.

373

00:55:15.030 --> 00:55:23.010

Nat Keohane: I think i've been very lucky just to land in the right places and be the right person the right time, for example, going into the administration and so on.

374

00:55:23.520 --> 00:55:33.960

Nat Keohane: or being able to join EDF, you know in time to work on maximum MARQuIS I think you know, two things right, that I always think about the first is obviously passion it, you know doing this every day.

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00:55:35.040 --> 00:55:41.070

Nat Keohane: You know, it really requires a really passionate about the about the issue, because there are ups and downs and last four years.

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00:55:41.490 --> 00:55:48.600

Nat Keohane: have been really tough we're now in everybody's in an up period we've got a new administration in place, but it does take a lot to stick through the.

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00:55:48.990 --> 00:55:56.010

Nat Keohane: grind and the passion, but if you can do that, then I think there's huge opportunity and the other is just thinking about you know, focusing on.

378

00:55:56.310 --> 00:55:59.490

Nat Keohane: Where the impact can be greatest I think one of the hardest things about being.

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00:55:59.820 --> 00:56:06.990

Nat Keohane: I always say you know, one of the challenges, about being an NGO or anyone working in a space philanthropy academia anything is that there's so much to be done.

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00:56:07.380 --> 00:56:11.400

Nat Keohane: Where do you focus and it's tempting to get involved in everything, and I think.

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00:56:12.090 --> 00:56:19.080

Nat Keohane: identifying areas where you have a competitive advantage, where you can make a difference and mobilize something that actually has an impact, and then you can point to.

382

00:56:19.380 --> 00:56:24.180

Nat Keohane: Here are the X number of things i've done, where I really made a difference, I think that's maybe that's a.

383

00:56:24.870 --> 00:56:37.170

Nat Keohane: that's advice for everybody, but it's also I think in this world it's really important to pick your spots and then go at it so anyway, I hope, I hope that person ends up in my job, and I hope lots more people come into this this field as well.

384

00:56:37.800 --> 00:56:55.140

Robert Stavins: Well that's really a an inspiring way actually to to finish our session I will, I want to apologize to all of those of you who submitted questions that I didn't get to there were just vastly more than we could ever get to even if we were to spend a week with.

385

00:56:55.170 --> 00:56:55.920

Nat Keohane: That go ahead.

386

00:56:56.610 --> 00:57:04.500

Robert Stavins: which would be justified in terms of what he would have to say, but we just can't so thank you very much for taking time to join us today.

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00:57:05.550 --> 00:57:11.970

Nat Keohane: Thanks rob this was lots of fun and thanks to everybody in the audience and and thanks to the Harvard team for putting this on.

388

00:57:12.840 --> 00:57:18.540

Robert Stavins: So our guest today has been net co hand he is the senior Vice President for climate at the environmental.

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00:57:18.930 --> 00:57:25.980

Robert Stavins: Defense fund obviously someone who brings a breath of experience and sound thinking to the work that he does.

390

00:57:26.610 --> 00:57:37.890

Robert Stavins: Please join us again for the next episode of conversations from the Harvard project on climate agreements, we will announce the dates and the guests for that one shortly.

391

00:57:38.490 --> 00:57:50.880

Robert Stavins: But do remember that you need to register separately for each of these webinars via zoom and finally i'll just say i'm your host rob stephens thanks, very much for joining us.