

Pay China to cut greenhouse gas emissions

By Eric Posner and Cass Sunstein

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Last month China said it would reject any international effort to limit its greenhouse gas emissions. The announcement came on the heels of a report that China has become the world's emissions leader, overtaking America.

China's recalcitrance is not unique. With strong bipartisan support, US president George W. Bush rejected the Kyoto Protocol on the grounds that it would cost too much and deliver too little. Although European nations proclaim their enthusiasm for Kyoto, several key signatories seem unlikely to comply with it by 2012, when it runs out. Although most nations now consider climate change a serious problem, they cannot agree on how to tackle it.

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The US has been made out as the chief bad guy, but here is an open secret: most of the world's significant operators have been motivated by self-interest. The US would have had to bear up to two-thirds, or more, of the cost of Kyoto -probably more than all other nations combined. According to current projections, the biggest losers from a warmer planet, in terms of economics and health, will be Europe and developing nations; hence the stronger stands in those parts of the world.

China and the US appear to be less vulnerable, and Russia might even gain from increased agricultural productivity. Russia did ratify Kyoto, but only because it was essentially paid off with rights to emit greenhouse gases that are worth a fortune.

Nations usually enter treaties to help themselves, not others. In 1987, the US pushed hard for the Montreal Protocol, which restricted ozone-depleting chemicals. It did so not out of altruism but after a cost-benefit analysis convinced President Ronald Reagan that the US would gain far more than it would lose. Bans on ozone-depleting chemicals were not burdensome for US companies. By contrast, developing nations strongly resisted the protocol. They demanded and received a large side payment from the rich nations.

These side payments are not unusual. When a group of nations needs the co-operation of another nation in some area of international relations, and that nation does not gain through the proposed agreement, then some kind of payment or exemption is typically arranged. With its explosive emissions growth, China is by far the world's biggest problem for climate change. Like it or not, the only way for other nations to ensure Chinese co-operation is through a special inducement, such as cash or extra emissions rights.

Here is the harder question: should the US also be paid for its participation? No one is suggesting such an approach and this should be puzzling. When the US defended Kuwait during the first Gulf war, other nations chipped in for a significant portion of the cost. What is different about climate change?

There are two possible answers. The first is that the US is rich while the nations most at risk from global warming are poor. The idea seems to be that rich countries should bear a disproportionate cost of protective actions that benefit all. It is an appealing thought. But if the real goal is to help poor countries then the better approach is for the US substantially to increase its development aid. If redistribution is what is sought, it seems odd to suggest that the US should bear the bulk of the cost of a climate change agreement.

The second answer is that the US is disproportionately responsible for the stock of greenhouse gas emissions in the atmosphere. The US has produced about 30 per cent of the existing stock (compared with 8 per cent for both Russia and China, and 6 per cent for the UK). As a matter of corrective justice, perhaps the US has a special obligation to reduce the problem.

This argument closely resembles claims about reparations for historical injustices and has the same weaknesses. Nations are not individuals but collections of individuals. Most of those responsible for the current stock of greenhouse gases are dead. And if the world wants to blame all the industrial countries, above all the US, for warming the climate, the theory of corrective justice suggests that it ought to offset the benefits these countries have produced as well, including technological diffusion that has greatly enhanced the well-being of people all over the globe.

The debate about climate change has finally produced an understanding that the world as a whole would benefit from an emissions control agreement. The next stage is to recognise that a warmer planet presents much greater problems for some countries than others; that emissions controls would cost some nations much more than others; and that no nation is going to spend a lot in return for a little.

It is time for the world to take steps to pay China for its participation in an agreement. The richer US is unlikely to receive such payment or even to ask for it. Even so, we fear that if the world does not persuade the US that it has more to gain than to lose from a deal on climate change, an effective agreement will prove to be impossible.

The authors teach at the University of Chicago Law School

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