

Policy Innovation for Climate Action

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Carbon Pricing Is No Silver Bullet

- Rationale: internalise externalities
- Increases marginal cost of using fossil fuels
- Global collective action problem

... but: the cost of transitioning to cleaner technology is a *transition* cost. All our infrastructure, since the industrial revolution, has been built for an economy powered by fossil fuels.

The Transition Will Create Winners and Losers...

- China exports 21% of global renewable energy technology; Germany 12% (source: www.green-transition-navigator.org)
- In contrast, 53% of Saudi Arabia's exports are accounted for by crude oil; 6% by refined oil (source: <https://atlas.cid.harvard.edu>)

... and the losers have deep pockets

- 'Climate Change Countermovement' lobbying accounted for 4% of total lobbying expenditures in US Congress in 2000-16 (Srivastav and Rafaty 2022)

The Green Race

Not About Aliens



Everyone Wants Cheap Renewable Energy... Right?



- 2012: both the US and the EU impose anti-dumping duties on Chinese solar panels, arguing that Chinese subsidies constitute an unfair trade practice
- Support for renewables often accompanied by Local Content Requirements

“I look at climate and dealing with climate change, and I see jobs. [...] Our global transition to a net-zero economy is predicated on 30 million new jobs worldwide by 2030. Thirty million new jobs — good-paying jobs.”

- US President Joe Biden, Tuesday November 2nd, 2021



A New Resource Curse?

Opinion **The Commodities Note**

Ethics of cobalt mining must be taken seriously by traders

Buyers need to create common standards and metrics to govern extraction process



Artisanal miners at a cobalt pit in Democratic Republic of Congo, which holds 70% of the world's supply. Workers are often assisted by their children © REUTERS

Reframing The Problem

- Overcome regulatory capture by hydrocarbon interests (see e.g. Srivastav and Rafaty 2022)
- Avoid locking in more high carbon infrastructure
- Transition to clean technology
 1. as rapidly as possible, while
 2. minimising costs to the most vulnerable
- Strategies needed to avoid resource curse in critical minerals and enable exporters to benefit in a meaningful way

References

-  Srivastav, Sugandha and Ryan Rafaty (2022). “Political Strategies to Overcome Climate Policy Obstructionism”. In: *Perspectives on Politics*, pp. 1–11.