Expecting China to help solve the problem is naïve.

Climate

THE MAGAZINE OF INTERNATIONAL ECONOMIC POLICY 220 I Street, N.E., Suite 200 Washington, D.C. 20002 Phone: 202-861-0791 Fax: 202-861-0790 www.international-economy.com editor@international-economy.com he Biden administration has made an effort to strengthen ties with Beijing. Secretary of State Antony Blinken, Secretary of the Treasury Janet Yellen, and Special Envoy John Kerry have all met with their Chinese counterparts aimed at those stated goals.

BY GREG MASTEL

Advocates for addressing climate change in the administration seem the biggest cheerleaders for papering over differences with China in pursuit of the

always-elusive actual cooperation. In recent congressional testimony, Kerry characterized his goals regarding climate change with China saying: "What we're trying to achieve now is really to establish some stability with the relationship without conceding anything." It is hard to disagree with the goal of getting something of value from China while conceding nothing, harder still to find even a single case in modern history where that has actually happened.

Rea

The brutal reality is that it is impossible to achieve reductions in global emissions of greenhouse gases—mostly carbon dioxide—without China making deep and painful cuts in its use of coal and other fossil fuels. Unfortunately, given its overwhelming interest in maintaining high levels of economic growth to sustain a growing standard of living in order to avoid political upheaval, it is quite hard to see that goal being achieved. It is much easier to see the United States making concessions to China as the United States seeks elusive cooperation on global warming that simply does not materialize.

Greg Mastel is a Senior Adviser at Kelley Drye & Warren. He formerly served as chief economist on the Senate Finance Committee.

A DOUBLE REALITY CHECK

It is impossible to deny the scientific consensus that climate change/global warming is a current reality that threatens many far-reaching negative consequences and that human activity in the form of burning fossil fuels is likely the most important cause of that climate change.

Agreeing on the problem, though, does not necessarily move us toward a realistic solution. Human beings around the world burn fossil fuels to sustain economic activity. As

It is impossible to achieve reductions in global emissions of greenhouse gases without China making deep and painful cuts in its use of coal and other fossil fuels.

the figure illustrates, the developed world—Europe, Japan, the United States—have taken important steps to curb fossil fuels. The United States in the last year has undertaken a massive effort to fund alternative/green energy sources. In truth, though, even in the developed world fossil fuel use continues and likely will for decades.

Climate activists often argue that U.S. reductions in fossil fuels use is *the* solution to the climate problem. Yet almost two decades ago, China passed the United States as the world's largest emitter of greenhouse gases and now it emits about twice as much as the United States. Beijing has developed as much alternative energy as the rest of the world. China, however, has also continued to develop expanded coal resources and its total emissions continue to rise. The rest of the developing world—most notably India—has also continued to increase greenhouse gas emissions.

Pope Francis recently correctly pointed out that U.S. per capita emissions are still roughly twice those of China and five to seven times those of developing countries. Those figures are correct and may be important in assessing moral blame for global warming. Today's growth of emissions in China and the developing world, however, will make any meaningful global reductions in greenhouse gas emissions impossible for the foreseeable future. Reductions by the United States and other countries have some value, but under current conditions those reductions are being more than replaced by increases in China, India, and other developing countries.

WORKING WITH CHINA?

Isn't the obvious solution simply to join hands with Beijing and work together to solve climate change? Yes. Unfortunately, that sort of massive and painful cooperation is extremely unlikely. The fundamental problem is the nature of the Chinese government. China is an authoritarian state. The many able and intelligent Chinese people mostly have no ability to affect thinking in the Chinese Communist Party, which makes all major policy decisions.

If that statement may seem a too-easy dismissal, consider though another recent crisis that demanded global unity to tackle-the 2020 covid pandemic. Without spending too much time on a well-worn path, the Covid-19 outbreak appears to have emerged in Wuhan, China, in late 2019/early 2020. Some in the United States, such as the FBI and the Department of Energy, believe that it was the result of an escaped virus from a Chinese lab. Others believe the virus evolved in nature. It is impossible to deny, however, that Chinese authorities immediately tried to silence Chinese physicians who first identified the Covid-19 virus, refuse to this day to share the data they have gathered on covid, and even attempted to suggest at the beginning of the outbreak that the virus might have somehow come from U.S. military personnel. These are hardly the actions of a responsible international partner.

China has been the global pirate of international commerce for decades, bankrolling its economy partly on a trade surplus it unfairly built with the United States while mostly ignoring the rules of international trade.

China and India are today seeking to expand the use of coal—a policy they stridently defend in international discussions on climate.

Open conflict with Beijing's totalitarian rulers is a reality on many critical global issues. Beijing's record on human rights and related issues has not truly improved since the Tiananmen massacre and Beijing has actually been able to impose its oppressive grip on Hong Kong and expand forced labor. China has been the global pirate of international commerce for decades, bankrolling its economy partly on a trade surplus it unfairly built with the United States while mostly ignoring the rules of international trade. On the military/security front, China poses a real and urgent threat to U.S. ally Taiwan and engages in regular war games aimed at preparing for war with the United States, according to Chinese leaders. Many U.S. military and Defense Department officials have testified before Congress in the last year on the urgent need to prepare for conflict with Beijing. In short, the United States and China are in a cold war that threatens to boil into an actual conflict any day.

Against that backdrop, it is naïve in the extreme to imagine real productive cooperation with Beijing on any issue—a bit like trying to constructively engage Nazi Germany in the 1930s.

DEAL WITH THE DEVIL?

Is it possible that if the United States and the rest of the developed world made deep and painful cuts in emissions, China would follow suit out of a sort of enlightened self-interest? It is difficult to see any evidence in Beijing's behavior that would support that conclusion.

A more plausible argument could be made that an international agreement of some kind could result in a shared effort to tackle global warming;

that is the position that special envoy Kerry and other climate activists have suggested. There is an example of a successful international environmental agreement involving China. The 1987 Montreal Protocol was a global agreement to ban use of chlorofluorocarbons, which were used in refrigerators, fire extinguishers, and other products. Adherence to the Protocol has not been perfect, but a UN report on the Protocol issued in 2022 found real improvement in the ozone layer and progress in pollutant levels in the stratosphere.

The Montreal Protocol is an encouraging example, but reducing chlorofluorocarbons directly impacted only a small portion of the global economy and replacements were readily available. Most people probably noticed no changes or burdens on their daily life from eliminating chlorofluorocarbons.

As of 2020, the burning of fossil fuels accounted for two-thirds of global electricity generation and about 80 percent of total energy consumed. China and India are today seeking to expand the use of coal—a policy they stridently defend in international discussions on climate. And unlike chlorofluorocarbons, the reduction of fossil fuel use will require hard economic sacrifices, including real limits on the standard of living in many countries. It is absolutely true that alternative energy does build important future industries, but simply put, fossil fuels are used now because they are cheaper measured in terms of immediate financial costs. At least in the short run and that short run is likely a number of years, slashing fossil fuel use will have real economic costs that no political leader will be anxious to shoulder.



Annual carbon dioxide emissions from fossil fuels and industry

It is conceivable that wealthy democracies might summon the will for that sacrifice. Beijing, though, has spent decades saying that the bulk of the blame for environmental crises like global warming is on the developed world. It seems whimsical to think that decades of political rhetoric will be suddenly put aside and that coalburning plants in China and in many other countries will be shut down.

The European Union was able to control emissions with a so-called emissions trading scheme often referred to as cap-and-trade. But cap-and-trade had its limits and continues to face considerable implementation issues in Europe such as monitoring pledged reductions and valuing offsets. And it is a system developed by a group of extremely like-minded democracies that had already bound themselves into a union, not a hypothetical agreement between countries that are adversaries. A cap-and-trade system is often the most efficient way to impose environmental restriction, but it does not eliminate the economic sacrifices, it merely redistributes them.

Enforcement of greenhouse gas emissions reduction commitments is simply not something that could be done through satellites and yet-to-be-created global policemen. There are real doubts that the United States could politically tolerate a system of global policing of emissions with the inevitable need for some sort of international enforcement/measuring scheme as well as the ability to impose penalties on the United States.

Now imagine a country of 1.4 billion people with no history of transparency, no real rule of law, and open hostility toward the West. Consider also that China has a truly terrible record of abiding by the terms of the economic agreements it strikes. China has violated every bilateral trade agreement it has struck with the United States, particularly

> China has a truly terrible record of abiding by the terms of

the economic agreements it strikes.

solution to transforming China into a responsible trading partner. Compliance with a much harder to enforce and painful to implement greenhouse gas reduction agreement is simply not realistic. Border adjustment taxes—like those currently contemplated by the European Union—

Almost two decades ago, China passed the United States as the world's largest emitter of greenhouse gases and now it emits about twice as much as the United States.

could provide an economic incentive to reduce emissions while protecting domestic industries that have made sacrifices, but they also may prove complex to implement with uncertain impacts on Chinese policy.

Finally, it is entirely possible that Beijing would seek to make demands outside of the greenhouse gas context as a price for cooperation. Is the United States reducing its military presence in the Pacific, ending its criticism of China's human rights record, or dropping demands for Chinese compliance with WTO commitments a price the United States would be willing to pay for winning empty Chinese climate promises?

It is true that climate change is real. To the extent they are practical, U.S. efforts to adopt alternative energy technologies are a sound conservative approach to prepare for the next generation of energy needs. Certainly, finding ways to relieve or counter the impact of global warming such as building levies, moving populations from vulnerable areas, and adopting new crops are likely essential steps. Perhaps even technologies to withdraw carbon dioxide from the atmosphere, which are now being deployed on a limited scale, could be a key part of the answer.

None of those steps are likely the whole solution, but they do have the advantage of being things that can actually be done as opposed to committing to a strategy based on an international agreement that has an insoluble "free rider" problem spelling its inevitable failure.

and repeatedly those on intellectual property protection. In 2022, the Office of the U.S. Trade Representative in a report to Congress spent sixty-two pages listing Beijing's violations of the World Trade Organization agreement the agreement that twenty-three years ago was sold as the