

After Kyoto, Then What?

Kennedy School professor outlines plan to confront challenges posed by greenhouse gas emissions

CAMBRIDGE, MA – An ambitious framework designed to carry forward where the Kyoto Protocol left off has been proposed in a new Working Paper, authored by Professor Jeffrey Frankel of Harvard's Kennedy School of Government. **“Formulas for Quantitative Emissions Targets”** calls for a “second step” in the effort to address the ongoing environmental, economic and political challenges posed by the buildup of greenhouse gases in the earth's atmosphere.

Frankel's proposal calls for an approach that both builds upon and improves important provisions of the Kyoto Protocol, an agreement made under the aegis of the United Nations Framework Convention on Climate Change (UNFCCC) which has been approved by more than 160 countries but not by the United States. Integral to the motivation is the sine qua non for any such proposal: the need to draw in additional adherents, including developing countries.

“My proposal builds upon the principles of quantitative emission limits and international trading, the foundations laid at Kyoto,” said Frankel. “Unlike Kyoto, it seeks realistically to bring in all countries and to look far into the future.”

Yet while Frankel's proposal seeks to set the path of emission targets for the 21st century, he argues that those targets must be selected sequentially, perhaps one decade at a time, all within a common framework.

“The framework, like the US Constitution, would ideally be flexible enough to last a century or more,” Frankel argues. “One example of such a framework in another policy area is the post-war General Agreement on Tariffs and Trade (GATT), which gave us 50 years of successful rounds negotiating trade liberalization, culminating in the foundation of the World Trade Organization, whose rules are more binding.”

The Working Paper proposes allocating relative targets across countries by means of a formula that is fairly general at first but that becomes increasingly specific as the decade in question approaches. New joiners would be obligated to adopt emissions targets, but these paths need not immediately fall below their “business as usual” growth path. Allowing “new joiners” to sell permits in the initial budget period would then provide them with an economic incentive to join. It would carry economic benefits for both rich and poor countries, while also bringing environmental benefits to all. Countries *would* be required in the second budget period of their participation to adopt steeper reductions in their emissions targets relative to their “business as usual” paths. The extent of relative cuts across countries would depend on such factors as the per capita incomes and past emission levels of the country in question. The extent of cuts in aggregate global emissions would depend – as is inevitable -- on how strong is the international political consensus for aggressive action at that point in history.

“Such a scheme provides the necessary flexibility and incentives to appeal to both industrialized and developing countries. And we need both on board in order to confront the very real and daunting challenges posed by Greenhouse Gas emissions” said Frankel.

The Working Paper is available on the Kennedy School website: <http://ksgnotes1.harvard.edu/Research/wpaper.nsf/rwp/RWP07-011> . Jeffrey Frankel is the James W. Harpel professor of capital formation and growth at the Kennedy School, and a former member of the President's Council of Economic Advisors (1996-99). http://ksgfaculty.harvard.edu/Jeffrey_Frankel