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Quest for a sensible climate policy
Australian Financial Review
16 February 2005
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The entry into force of the Kyoto Protocol should be a cause for global celebration. Yet the eerie silence is because the protocol has achieved very little in reality.

Already proponents of Kyoto are looking for alternatives beyond Kyoto. It is no accident that it has taken so long for the protocol to enter into force, with so few of the major future greenhouse emitters taking on the binding targets that form the basis of the Kyoto approach.

Policymakers need to face a key question about climate change — that is how to manage the uncertainty surrounding all aspects of climate change over very long time horizons. The potential for economic and political instability that the protocol generates adds to the uncertainties surrounding climate change.

Since the world began seriously debating climate change, very little has actually been achieved to noticeably affect the trend of global greenhouse-gas emissions.

What is worse, the long period of debate since 1997 has spawned influential lobby groups on both sides of the debate that have an economic and political incentive to complicate the policy decisions.

The debate has been confusing for most non-experts because the question of whether the world should respond to the possibility of climate change has been deliberately entwined with the question of whether the world should embrace the Kyoto Protocol.

For an effective and realistic climate policy to emerge, these questions must be addressed separately.

The time frames over which policy needs to be clarified are measured in many decades and not in one or two electoral cycles.

Kyoto was doomed to failure because of the approach of choosing arbitrary emission targets at a point of time regardless of costs.

The US, Australia and major developing countries have made it clear they will not sign an international agreement of fixed targets with potentially unbounded costs.

Rather than looking beyond Kyoto through Kyoto glasses, it is time to consider realistic alternatives.

One such alternative, the McKibbin Wilcoxon Blueprint, is based on designing national institutions to manage climate risk and creating clear incentives to mitigate carbon emissions over time.

Although designed as part of a globally co-ordinated response, it is intended to be implemented in individual countries.

Australia could adopt this approach using much of what has been negotiated within the Kyoto framework but moving forward from that, and could lead the world in the debate on what to do in the post-Kyoto world.

It is not in the national interest to just meet the Kyoto targets and offer some subsidies. It is in the national and global interest for Australia to steer the world away from the fundamentally flawed approaches being considered.

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