

The Climate Show

This podcast features leading experts' insights on current climate change research.

[Episode 2. Associate Prof. Jeff Colgan: Asset Revaluation and Climate Change](#)

Content of the podcast

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Linnéa Nordlander 00:00:03

Hi, and welcome to the Climate Show, a podcast that explores the law and politics of climate change. This podcast is brought to you by the University of Copenhagen.

Beatriz Martinez Romera 00:00:16

Hi, we are Beatriz Martinez, Linnéa Nordlander and Alessandro Monti, and we are your hosts at The Climate Show.

Beatriz Martinez Romera 00:00:22

In our previous episode, Professor Dan Esty highlighted that the process of decarbonising in our societies is going to be expensive and difficult to get through national political systems.

Linnéa Nordlander 00:00:34

Yeah, and that's a really important point and is one of the reasons that it's so difficult to make progress at the international level

Alessandro Monti 00:00:39

To get more insights on the role of national policy for climate action, we're going to talk to Professor Jeff Colgan, who argues that multilateralism is not the only way forward. Jeff Colgan is Richard Holbrooke Associate Professor of Political Science at Brown University and the Director of the Climate Solutions Lab, hosted at the Watson Institute of International and Public Affairs. He is a leading expert on international order, especially as it relates to energy and environment.

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Alessandro Monti 00:01:14

Thank you very much, Jeff, for hosting us here at Brown University and for being our guest in today's episode of The Climate Show. Let's start our conversation from the article that you recently co-authored with Jessica Green and Thomas Hale, in which you suggest a new way of framing climate change. Not any longer, or not only at least, as a collective action problem, but also as an existential policy issue. So, what do you and your co-authors mean by that? Why is it so important to shift the way in which we look at climate change?

Jeff Colgan 00:01:49

Yeah, so we think that the idea of a collective action problem that leads to free riding is not wrong. It's a useful way of thinking about climate change, but it has dominated the discourse in a way that's too much, because it sort of suggests that each country in the world is eager to solve the climate change and would certainly reduce their own emissions, if only there weren't this problem of potential free riding by others, and we think actually the problem is much worse than that. Unfortunately, it's much tougher than that because the real problem is at the domestic level, where many countries have not at all decided that they want to bear the cost of what it takes to decarbonise their economy. And in fact, the real political cleavage over climate change comes at the domestic level between people who are keen to see pro climate policy and those who are opposed to it. And there are the real obstructionists, particularly in the United States but in other places around the world too, and some of them have very legitimate concerns about the costs and who will bear those costs. And some of those concerns are, you know, much more profit-seeking. In particular, I think the cleavage that we highlight in the article is based on the owners of assets, right? And when we say assets, we mean the very broad sets, right? So, we would consider labour part of your asset, not just your financial assets, but your resources, your labour, all of those things. So there's sort of what we dichotomies between two different types of assets. One, our climate forcing assets and you know, archetype of this is fossil fuels, oil and coal and gas. These assets are harming the environment in a really significant way. As opposed to the second category, which are climate vulnerable assets, which includes most clearly coastal real estate, a lot of agriculture and really large parts of the economy. And we realised that these two categories are, you know, ideal types that in the real world almost all of us have some combination of both of those types of assets. But the balance between them differs significantly between, say, the CEO of ExxonMobil, and, um, you know, owners of beachfront property in Miami, if you want to kind of classic split. And so that political cleavage we think within countries and across countries is central to understanding the politics of climate change. And that's really driving a lot more of the explanation for why some countries are more reluctant to get into the climate game than others than just saying, 'oh, this is a classic econ free-riding problem.

Alessandro Monti 00:05:12

All right, and what do you think would be the implications of this for climate action at the multilateral level? It seems that the way in which the international climate change regime is structured doesn't fully accommodate this different way of framing the issue. So, what do you think can be done at the level of international climate agreements to take distributional issues into greater consideration?

Jeff Colgan 00:05:34

Well, it is a good question, and there are things to say at the international level. But I just want to drive home the point that, you know, our core message here is that climate politics is domestic, right, and that's that most of what's going to happen needs to happen at the domestic level. And so at the international level, to come back to your question, you know, one thing that international bodies can do is to send the right kind of signals and information to structure domestic policy debates. And so you can think of the IPCC as a very successful body in that sense. But there's also and the tension that we highlight in the article that, I think, it is recognising that since this is not just a simple free riding problem and that there's going to be big variation between countries' aggressiveness in adopting pro climate policy. So some countries are going to be real leaders. We see that mostly in the North and northern Europe. And we're going to have lots of laggards, and I would put the United States in the laggard category at the moment, unfortunately. And the gap between those leaders and laggards has really important implications for international order. Nowhere more clearly than in the trade regime where, you know, at the World Trade

Organisation we have types of rules that are becoming really, there is a conflict between the idea of lowering tariff barriers and having national nondiscrimination and all of these principles applied in the World Trade Organisation, and the reality of a big cross-national variation in pro-climate policy. The leaders are wanting to say 'No, look, we need to address climate change is a reality' and that runs headlong into some of the WTO rules, and that creates really significant consequences. In my view, I think that the WTO ultimately must give way to what is this existential threat that humanity faces from climate change.

Alessandro Monti 00:07:49

I would like to further engage with this point on the interaction between climate and trade and the fact that climate change is becoming more and more also a trade issue. In the article, you argue that the liberal international order must be reconsidered in order to make room for measures such as border carbon adjustment, which will have a significant impact on international trade policy. Now, what I would like to ask you is, how far should this re-conceptualisation go? And which role do you see for the international trade regime going forward, also considering the importance of trade for peace and prosperity? How do you see the tension between trade and climate change evolving over the next years?

Jeff Colgan 00:08:30

Yeah, So I do think that border adjustment mechanisms like the European CBAM are valuable. They're important. They're part of the climate, you know, quiver of arrows, if you if you want to call it that. They are going to be part of the policies that help us get ahead. I've made the case now in print several times for a climate club and the need for Europe to work with the United States and China, particularly to try to get all three of the kind of major economies of the world to level up on climate change and to commit to sort of some minimum equivalent policies. They're going to probably look quite different in those different areas. Carbon pricing in the United States is as a matter of practical politics, not going anywhere. But I think the idea of a climate club has traction, and it actually helps the domestic politics problem that if we can make some progress on the international level, we can use that to disarm the opponents of domestic policy action by taking away this argument about free riding and say, 'No, no, actually, we've got other countries on board' and so and that in particular say 'American manufacturers will not suffer because pro climate policy in the United States, because we're using carbon tariffs to level the playing field to make sure that they don't suffer competitive discipline'. And so that's a and an argument I make but also expand upon in terms of the intellectual underpinnings of that argument in my recent book. So, in September 2021 I published 'Partial hegemony: Oil Politics and International Order', and about two thirds of that book is about oil politics. But chapter seven is all about climate change and the sort of notion of international order and the concept of international order in that book, at least I have the ambition that imports past.

Alessandro Monti 00:10:49

In this regard, and wrapping up our conversation, my question is, when do you think that obstructionism will end? Do we need to reach the point that owners of climate forcing assets will also become affected by climate change to the extent that their assets will rather become climate vulnerable assets? I'm afraid that when this happens, it might already be too late.

Jeff Colgan 00:11:11

It would be too late. I agree. Look, I think obstruction will never stop that. This is an ongoing process. And yet there is an interaction here between policy and politics. And if we do the right things on the policy level in time one, then we can change the politics for time two, right? So the

next iteration of this and hopefully what we can do is, for instance, if you have supportive policies for solar and wind industries, then those industries grow over time. And so the next time you're trying to make a policy decision, then you've got a larger coalition of actors that are supportive of pro- climate policy. And so then you take the next baby step on policy and so on and so on, and that's the way that we can make some progress to do it. The real question is, can we do it fast enough to avoid some of the more catastrophic scenarios in climate science? And you know, that opens up a lot of really tough questions for social scientists, I think, and for lawyers as well. But what's the right strategy of how to and, you know, to go hard with the instruments of law that we have and risk political backlash or to go to a softer, slower route that might be more successful in the long run? And yet, from, you know, as we're thinking, it would require sacrificing some of our short-term goals. To make this more tangible, should we continue to push for 1.5 degrees Celsius as a real target when we've already warmed the earth 1.2 degrees Celsius? Does that actually seem feasible to do that anymore? My view is no, unfortunately, that target is lost. And so those are the kinds of questions, and I think we in the skull the community should weigh in on and to bring evidence to bear on them. So that the advocates, and sometimes we have an advocate role too, but the true advocates, professional advocates can make good strategic decisions about that

Alessandro Monti 00:13:29

Thank you so much, Jeff, for the insights on your article and on current developments in global climate policy. Is there anything else that you would like to add before closing to this conversation?

Jeff Colgan 00:13:39

Alessandro, I have had such a good time talking with you. Thank you so much. You're a great interviewer, so I expect to see you on the BBC in the future. But it's been a pleasure!

Alessandro Monti 00:13:49

My pleasure. And once again, thank you so much, Jeff, for having been our guest today.

Jeff Colgan 00:13:53

Thank you.

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Alessandro Monti 00:14:02

This conversation was based on the article 'Asset revaluation and the existential politics of climate change' that Jeff co-authored with Jessica Green and Thomas Hale. If you are interested in learning more about Jeff's work, check out his recent book 'Partial Hegemony: Oil Politics and International Order'. And this is the website of the Climate Solutions Lab. You can find all the links to this in the show notes. Stay tuned for the next episode!