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Felipe Calderón: Economic Arguments Needed to Fight Climate Change

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What do Chinese coal plants and the American legislative branch have in common? They are both major adversaries in the fight against climate change, according to former President of Mexico Felipe Calderón.

"The most serious problem is in the United States Congress," he told a packed audience at Harvard Business School on Monday. "If you are a Republican, it's like a formal requirement to be a nonbeliever in climate change. And that's bad."

In conversation with Harvard University Professor Rebecca Henderson, Calderón discussed The New Climate Economy, the primary project of the Global Commission on the Economy and Climate. Calderón chairs the initiative, which comprises corporate executives, local politicians, and former heads of state from 14 countries.

"We know very well that climate change is happening," he said. "Scientists have rested their case. Climate change is associated with global warming, and global warming is associated with human behavior."

He said that political and corporate leaders have been hampered by the idea that fighting climate change and supporting economic growth are mutually exclusive endeavors. "We believe it's possible to do both," he said. "We need to switch from talking about carbon emissions to talking about economic growth, jobs, and profits for companies."

Time is of the essence when it comes to avoiding a climate change catastrophe, according to a United Nations report released this week. The Intergovernmental Panel on Climate Change reported that greenhouse gas emissions have increased dramatically in the past decade. They need to be cut by at least 40 percent and as much as 70 percent by the middle of the century in order to avert danger, the report said.

Such a dramatic reduction in carbon emissions will require the cooperation of China and India, which depend heavily on coal, Calderón said. Persuading them to rely on anything else will require an economic reason to do so, he said. (In fact, the economic fight against coal is the reason HBS Professor Joseph Lassiter is bullish on fracking and nuclear power.)

"If we provide economic arguments, we will win this battle," Calderon said. "The good news is that renewables are going down in terms of cost."

Ending Fossil Fuel Subsidies

Calderón and Henderson also discussed the idea of phasing out fossil fuel subsidies, an idea that both support. As things stand, total subsidies for fossil fuels are four times higher than subsidies for renewables, Henderson said.

Calderón also said he'd like to see the United Nations redesigned to streamline efforts to combat climate change. "I think fixing climate change might be easier than reforming the United Nations," Henderson responded wryly.

Henderson asked Calderón about the 2010 Climate Change Conference in Cancun, Mexico, which took place during his presidency. He responded that he had been wary of taking a lead role in the conference, having had attended the 2009 conference in Copenhagen, a notoriously chaotic event that he deemed "a terrible failure."

In preparing for the Cancun conference, Calderón discussed the climate change issue with government leaders all over the world. In talking with Chinese government officials, he said, he learned that China does acknowledge climate change. "But what they didn't want was to obey or follow any instructions coming from the United States, which was understandable," he said.

The conversation concluded with Henderson asking Calderón what audience members could do individually. He issued a forensic call to arms.

"Help me to provide new economic arguments for the new climate economy," he said. "We need to provide economic arguments. If we provide economic arguments, we will win this battle."

In introductory comments, Harvard Business School Dean Nitin Nohria expressed the same sentiment. "When business decides to tackle these issues, productive things can happen," Nohria said.