

San Diego Jewish World

THERE IS A JEWISH STORY EVERYWHERE

P.O. Box 19363, San Diego, California 92159 Donald H. & Nancy E. Harrison, Co-publishers 619-265-0808

A new climate era blowin' in with Trump

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November 10, 2016

Three key economic issues will dominate the new international era set to emerge as Donald Trump assumes the presidency of the United States: trade, climate, and taxation/spending. Trump's vague platform offers limited guidance on how he would go about imposing his "fair trade" ideas on America's global trade partners, including Canada, or how he plans to introduce his trillion-dollar tax-reduction plan without blowing up the U.S. Treasury. But on the third issue — climate change — Trump seems set to blow up the international order.

Kevin Libin: Tuesday might have delivered a huge loss to the political class. But, economically speaking, Trump's victory is looking like a big win for Canada.

The Internet has already exploded as the media and NGOs declared Trump's election victory "a disaster for the planet." In the words of Friends of the Earth Climate director Benjamin Schreiber, a man not given to rhetorical moderation: "Millions of Americans voted for a coal-loving climate-denier willing to condemn people around the globe to poverty, famine and death from climate change." More broadly, the election result reportedly "cast a significant shadow" over the UN Congress of the Parties meeting this week in Marrakech, Morocco. The objective of the meeting is to advance the agenda of the 2015 international Paris climate agreement — an agreement Trump has said he intends to "cancel."

While it is not clear how Trump intends to rescind an international agreement signed by President Obama, the consensus is that Trump can act without the authority of Congress. The result will be a set back or worse for global plans to impose carbon controls, green climate funds and carbon taxes across the world economy. If the U.S. is not meeting its Paris targets, why should other nations or the UN try to enforce the agreement?

Even more devastating, perhaps, Trump has promised to "defund" the United Nations Framework Convention on Climate Change, the agency that orchestrates the Congress of the Parties meetings in Paris, Marrakech and other locations. Since the U.S. likely accounts for more than 15 per cent of the UNFCCC funds, such a move could be significant in terms of maintaining the façade of a global process that is already a climate action charade — as one observer put it.

As president Trump is set to dramatically alter the global climate policy world.

One certainty is that a U.S. carbon tax is dead in the water. Among the first to recognize the new climate policy reality was Saskatchewan Premier Brad Wall. Early Wednesday, before Hillary

Clinton had even conceded, Wall issued a statement saying the Trump win means there will be no national carbon tax in America. As a result, he said, “it makes no sense” for Canada to impose a national carbon tax “when our biggest trading partner — and our biggest competitor for investment and jobs — is not going to have one.” Voters in Washington State also rejected a proposal for a state carbon tax modeled along the B.C. tax.

Trump has also referred to “job-killing” cap and trade schemes. If the United States has no plans for a carbon tax and no cap-and-trade regime, current Marrakech negotiations and volumes of analyses aimed at installing an international trading system will all be for naught. With no global carbon market, attempts to maintain local cap-and-trade regimes become difficult if not impossible. The California-Quebec-Ontario system currently in place looks increasingly precarious under a Trump administration that is unsupportive.

Trump’s dramatic national climate agenda will have additional international impact. The Cato Institute’s Chip Knappenberger said he believes the first thing Trump will do is stop the Obama administration’s court defense of its Clean Power Plan. The plan is Obama’s major climate policy achievement, but it has been bogged down in a Washington U.S. appeals court. The argument is that the plan, imposed via the U.S. Environmental Protection Act, is unconstitutional. If Trump elects to stop defending the plan, then Knappenberger said “I don’t see the plan going particularly far. That will be easy for him to do.”

The future of U.S. renewable energy subsidies is also up in the air, although Knappenberger says removing such programs is difficult. Many are long-term contracts that would have to be reversed by Congress. In any case, many subsidies are set to wind down and it seems clear that Trump would have no plans to bring in new subsidies.

Trump’s most contentious objective, which is in line with the policies of many Republicans in Congress, is to reform the EPA. While dramatic, killing the EPA might be difficult and undesirable politically, but a change in leadership at the EPA would allow Trump to at least curtail regulation. Knappenberger says he does not expect Trump to scrap the EPA, but the agency has “overreached under Obama and I think he (Trump) is going to pull that back.”

The world’s political and economic prospects have shifted with the election of Trump. Not all shifts are positive and predictable, but on climate change the wind direction is unmistakable.