



By Robert N. Stavins

Institutions and Individuals

What is the proper role for individuals and institutions in addressing climate change? A natural response is that everyone should do their part. Let's see what this really means.

Decisions affecting carbon dioxide emissions, for example, are made primarily by companies and consumers. This includes decisions by firms about how to produce electricity as well as other goods and services and decisions by consumers regarding what to buy, how to transport themselves, and how to keep their homes heated, cooled, and illuminated.

However, despite the fact that these decisions are made by companies and individuals, government action is key, because climate change is an externality, and it is rarely, if ever, in the self-interest of firms or individuals to take unilateral actions. That is why the climate problem exists. Voluntary initiatives — no matter how well-intended — will not only be insufficient, but insignificant relative to the magnitude of the problem.

So, the question becomes how to shift decisions by firms and individuals in the direction of emissions reductions. Whether conventional standards or market-based instruments are used, meaningful government regulation is required.

Where does this leave the role and responsibility of individuals and in-

stitutions? Let me use as an example my employer, a university. Recently, I met with students advocating for a reduced carbon footprint for the school. Here is what I told them.

"I was once asked by a major oil company to advise on the design of an internal, voluntary tradable permit system for CO₂ emissions. My response to the company was 'fine, but the emissions from your production processes — largely refineries — are trivial compared with the emissions from the use of your products (combustion of fossil fuels). If you want to do something meaningful about climate change, the focus should be on the use of your products, not your internal production process.' (My response would have been different had they been a cement producer.) The oil company proceeded with its internal measures, which — as I anticipated — had trivial, if any impacts on the environment. And they subsequently used the existence of their voluntary program as an argument against government attempts to put in place a meaningful climate policy."

My view of a university's responsibilities in the environmental realm is similar. Our direct impact on the natural environment — such as in terms of CO₂ emissions from our heating plants — is trivial compared with the impacts on the environment (including climate change) of our products: knowledge produced through research, informed students produced through our teaching, and outreach to the policy world carried out by faculty.

So, I suggested to the students that if they were really concerned with how the university affects climate change, then their greatest attention should be given to the university's priorities and performance in the realms of teaching, research, and outreach.

Of course, it is also true that work on the "greening of the university" can in some cases play a relevant role

in research and teaching. And, more broadly — and more importantly — the university's actions in regard to its carbon footprint can have symbolic value. And symbolic actions — even when they mean little in terms of real, direct impacts — can have effects in the larger political world. This is particularly true in the case of a prominent university.

But my institution's greatest opportunity — indeed, its greatest responsibility — with regard to addressing global climate change is and will be through its research, teaching, and outreach to the policy community.

Why not focus equally on reducing the university's carbon footprint while also working to increase and improve relevant research, teaching, and outreach? The answer brings up a phrase that will be familiar to readers of this column, opportunity cost. Faculty, staff, and students all have limited time. Giving more attention to one issue inevitably means giving less time to another.

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So my advice to the students was to advocate for more faculty appointments in the environmental realm and to press for more and better courses. Af-

ter all, it was student demand at my institution that resulted in the creation of the college's highly successful concentration in environmental science and public policy.

Think about actions that can really make a real difference, as opposed to actions that may feel good but have little real-world impact. Climate change is a real and pressing problem. It will be costly to address. Strong government actions will be required, as well as enlightened political leadership at the national and international levels.

Robert N. Stavins is the Albert Pratt Professor of Business and Government at the John F. Kennedy School of Government, Harvard University, and Director of the Harvard Environmental Economics Program. He can be reached at robert_stavins@harvard.edu.