

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

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SECRETARY OF THE TREASURY

MEMORANDUM FOR THE PRESIDENT

FROM: Paul H. O'Neill

SUBJECT: Global Climate Change

Further to our discussion of global climate change, this is what I believe you should do.

1. Establish a predicate for creating the Bush Administration position on climate change.

Set up a briefing to hear from the experts on the substance of the subject and to review the evolution of U.S. policy in international treaty development.

(Use this occasion as a photo opportunity to footnote the careful and deliberate consideration of the creation of your policy on climate change.)

On the substance, you should know that if the Kyoto treaty were fully implemented as agreed, it would push out the atmospheric accumulation of greenhouse gases by eleven years. In other words, the currently projected accumulation for 2050 would occur in 2061. (This is a trivial impact if the problem is real. As you know, I think this could be a very big problem.) For the U.S., full implementation of Kyoto would mean reducing our energy consumption from its projected level by more than 30% in the 2008-2012 time period.

The reason for the large impact on the U.S. and the small impact on greenhouse gases is the lack of developing country inclusion in the coverage of the Kyoto treaty.

The limited impact of Kyoto on greenhouse gas concentrations is understood by the analytic people in the environmental organizations but they support Kyoto anyway, believing it to be "the nose under the tent" and "the only game in town".

2. Establish a group to develop a multifaceted approach to global climate change.

A few days after your briefing, announce the formation of a group to do the following:

- A. Prepare a document, for broad public use, that spells out the scientific facts that we know for certain regarding greenhouse gas concentrations, how they have changed over time and the linkage between such gases and global climate change. This document should also include projections of greenhouse gas accumulations, associated changes in global climate and the assumptions that drive the changes, e.g., energy intensity of developing countries, the one hundred year "half-life" of greenhouse gases, etc.
- B. To develop a process for achieving a consensus on the targeted limit of greenhouse gas concentrations.

(Only when we have this number is it possible to fashion a set of world interventions and actions that make economic and environmental sense.)

- C. To develop a comprehensive catalog of information that describes where greenhouse gases are coming from; by geography, by energy source, by all other sources, (volcanic activity, animals, pipeline leakages, etc.).
- D. To develop a comprehensive catalog of possible actions, including scientific work and technological innovations. Each item in this catalog should include an assessment of the cost to pursue, the estimated time to completion of the work, the value to be gained in reduction of concentrations and the probability of success.

(Some of the work in 2.A-D will be ongoing, but you should ask for a first report so that you can use it as a basis for a speech on Earth Day.)

- E. Prepare an analysis of the available process options for amending or replacing the Kyoto treaty along with recommendations as to how best to engage the world community in a re-consideration and replacement of the treaty with a plan that is grounded in science and aimed at reducing concentrations rather than emissions.

3. Set out the Bush Administration policy on global climate change and begin taking action on the avenues developed in #2.

Hopefully, the major work needed to stake out the U.S. position can be completed in time for the continuing Kyoto treaty talks scheduled for this summer.

How to Get Started

As is the case in the energy issue, there are many departments and agencies which need to be engaged by this process. You asked the Vice President to chair the energy group because of the cross-cutting nature of the problem. Since energy and the environment are in many ways the same problem you might consider adding the global climate change issue to the charge of the energy committee. If you did so, it would be the first time in my memory that a President would have said these subjects must be considered together.

Aside from the organizational assignment problem, I wanted to give you my views on outside people who could be helpful as the administration works on these subjects.

George Shultz is the best convenor of experts, developer of policy positions I have ever known. If you want a respected outside person to lead this work through the development stages, he is the best.

Technical experts - Bill Merrill, President of the Heinz Center for Science, Economics and the Environment is one of the most balanced, unbiased environmental scientists I know. He could lead the briefing that is suggested in item 1. (You may know him. He was the President of Texas A&M.)

Michael Oppenheimer is an environmental scientist at the Environmental Defense Fund. He is also broadly respected by his peers.

Jared Cohen is the President of Carnegie Mellon University; also an environmental scientist.

There are many other individuals, outside the government, who would help if asked.