



Written by [James Murphy](#) on April 13, 2020

Nobel Prize Winning Economist Proposes “Climate Club” to Solve Global Warming

Unhappy with the failure of United Nations climate agreements to properly address the fallacious scourge of climate change, a Nobel Prize winning economist is suggesting a new paradigm for how countries can effectively deal with the issue. And instead of being voluntary like the Paris Climate Accord, this new concept would have teeth.



Writing in the May/June edition of [Foreign Affairs](#), a magazine published by the globalist Council on Foreign Relations, William Nordhaus is suggesting that the world abandon the United Nations ineffective model of voluntary climate agreements in favor of what he calls, a “climate club.”

“When an athletic team loses 25 games in a row, it is time for a new coach. After a long string of failed climate meetings, similarly, the old design for climate agreements should be scrapped in favor of a new one that can fix its mistakes.”

Nordhaus contends that one of the main problems with the United Nations’ model is what he calls “free rider” nations, who could potentially benefit from a climate agreement without contributing financially to those efforts. Nordhaus’ “climate club” would address that problem.

“States need to reconceptualize climate agreements and replace the current flawed model with an alternative that has a different incentive structure — what I would call the “Climate Club.” Nations can overcome the syndrome of free-riding in international climate agreements if they adopt the club model and include penalties for nations that do not participate.”

Nordhaus argues that prior international agreements on climate — 1997’s Kyoto Protocol and 2015’s Paris Climate Accord — have failed mainly due to their voluntary nature and the lack of any consequences for dropping out of the agreements. Nordhaus’ “climate club” would place strict penalties on nations that didn’t join or otherwise didn’t cooperate.

In Nordhaus’ vision, the climate club would first require “harmonized emission reductions designed to meet a climate objective (such as a two-degree temperature limit).” The economist suggests that the “club” would agree upon an international carbon price – say \$50 per metric ton – as the “focal provision of the agreement.” Currently, the World Bank estimates that the current price on carbon is \$2 per metric ton.

One of the selling points of Nordhaus’ club model, is that it doesn’t mandate a particular national policy or how to reach whatever the emissions goal that the club decides upon. But in truth, there are only a couple of choices as to how a country might meet those goals economically.



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As Nordhaus points out: “Countries could use carbon taxes (which would easily solve the problem of setting the price) or a cap-and-trade mechanism (such as is used by the European Union). Either can achieve the minimum price, but different countries might find one or the other approach more suited to its institutions.

Second, and more importantly, nations that refuse to join the club or fail to meet their stated obligations would incur strict penalties. The most effective punitive measure for countries who do not kowtow would be tariffs, which Nordhaus believes would entice (some would say force) countries to join the “club” in their own interest.

“With penalty tariffs on nonparticipants, the Climate Club would create a situation in which countries acting in their self-interest would choose to enter the club and undertake ambitious emission reductions because of the structure of the payoffs.”

Nordhaus’ vision of the climate club looks to use economics to force countries to bend to the will of climate alarmists. The United Nations’ attempts at carbon-dioxide reduction are annoying, but so far at least, they’re not economically dangerous. What Nordhaus is suggesting would use international trade as a weapon in fighting a problem, the existence of which is debatable.

With its punitive structure, the proposed “climate club” would have all of the aspects of a treaty, which in the United States requires two-thirds of the Senate to agree. In the current political climate, an approval of such a treaty seems unlikely. So would the United States simply be one of the nonparticipant nations subject to the confiscatory whims of this global climate club?

Or would some future leftist president simply sign on to the climate club without regard for treaty status? Such a club, based on economic penalties for non-compliance, would struggle to maintain viability without the world’s largest economy on board.

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James Murphy is a freelance journalist who writes on a variety of subjects, with a primary focus on the ongoing anthropogenic climate-change hoax and cultural issues. He can be reached at jcmurphyABR@mail.com



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