

U.S. Climate Policy: Toward a Sensible Center

June 24, 2004

Excerpt: Questions and Answers: John McCain, U.S. Senate, and John Rowe, Chairman and CEO, Exelon Corporation

SENATOR McCAIN: Here at Brookings you have to answer questions in a different place from which you give your remarks.

All right. Has John got one?

MS. CLAUSSEN: Do you have one?

I'm going to start with a question for each of you, and then we'll open it up to everyone.

Senator McCain, let me start with you. I think a lot of people were surprised by 43 votes, 44 supporters, however you want to look at it, but you're going to need more than that, and you're going to need a vote in the House, also. And I was wondering if you have any thoughts about how you see this moving forward.

SENATOR McCAIN: It's one of these issues that once, I say with classic Senate snobbishness, once that it passes the Senate, then it's a matter of time before it passes in the House.

[Laughter.]

SENATOR McCAIN: You know, when you go from the House to the Senate, you get a lobotomy, and I--

[Laughter.]

SENATOR McCAIN: But it has to be done in the Senate because the way the House is run, as we all know, they would not allow, in the rule, for any piece of legislation that's on the floor of the House to have an amendment that would apply to climate change. I mean, that's just the way the House of Representatives is run.

You know, it's harder to lose a seat in the Politburo in Havana than it is in the House of Representatives.

[Laughter.]

SENATOR McCAIN: So it's hard to get significant action, although there are a number of members of Congress who are very much involved, and I'm very appreciative of their involvement in the issue. But if we can get 51 votes in the Senate, then we can assure them that we will have a vote every time that there is any bill for consideration, and so then we would get them.

And, second of all, we've got to get better support from the administration than we've had in the past, obviously.

MS. CLAUSSEN: Thank you.

John Rowe, I was really pleased to see you start off by saying that you thought that we needed something that was mandatory, and I certainly agree with that, but what kind of--what will it take to get another 50 CEOs to say the same thing?

MR. ROWE: Something mandatory.

[Laughter.]

[Applause.]

MS. CLAUSSEN: Okay. I'm done.

[Laughter.]

MS. CLAUSSEN: How about questions?

Yes?

MR. BECKER: I'm Bill Becker. I direct an association of state and local air pollution control agencies.

Senator McCain, President Bush and Senator Kerry have been courting you quite aggressively for the past few months for their support--for your support. And the famous President Bush hug ran on the first page--of you--ran on the first page in every newspaper in the country this past week. And I guess it seems clear that you have a lot of leverage right now, and I'm wondering whether you've thought of using that leverage to extract some kind of commitment from President Bush with respect to climate change and, in particular, with respect to your bill.

SENATOR McCAIN: Well, first of all, I mentioned on "Conan O'Brien" the other night, when asked about the vice presidency, I said that I had spent years in a Vietnamese prison camp in the dark, being fed scraps, and why would I want to do that all over again?

[Laughter.]

SENATOR McCAIN: I think that--here's what I think has to happen. I'll be glad, and will continue to talk to President Bush, and I have talked to John Kerry about it as well. But what's got to happen, what happened to me in the year 2000. Every town hall meeting I had someone stood up and said, "What are you going to do about climate change, Senator McCain?"

You know that climate change is real. It's got to come from the grassroots. It really does. I think Washington is more in need of reform than at any time since Theodore Roosevelt was President of the United States, but I still believe that the Congress and the President of the United States react to the will of the people. Our whole campaign in 2000 was about campaign finance reform, and everybody said, including the political pundits in this town, said nobody cares about it. Well, we made sure that people did care about it. And that's what's got to happen in this upcoming political campaign. Grassroots people have to make candidates focus on the issue.

If you accept the premise the facts are on our side, as we just talked, then that I think is the best way. It's election time. This is the best way to get the attention of officials who are up for election.

And, by the way, I want to mention one other bit of good news. Governors in the West, governors in the Northeast have joined together, and I'm sure you're part of that, in working together to try to address the issue of climate change. I think it's also very important that Governor Schwarzenegger has taken on this issue as an important one as well.

So we are starting to get some grassroots and state and regional involvement, and I thank you for yours.

MS. CLAUSSEN: Other questions?

SENATOR McCAIN: Thank you very much. Oh--

[Laughter.]

MS. CLAUSSEN: Not so fast.

MR. RIGGS: Jack Riggs from the Aspen Institute.

A question for Senator McCain. Before you came, John Rowe said that he would be more interested in your bill if it had a ratcheting standard that started slowly and a safety valve. How does that strike you?

SENATOR McCAIN: Well, you know, I'm open to any proposal that works, that we can get our grassroots support people to support. I worry a little bit about a moving cap because I think it distorts the market somewhat. And I'd be glad to get into those details, but first you've got to sell the concept, and you've got to sell it as modestly, I mean, make it as simple as possible, so that it's black and white. Are we going to do something about greenhouse gas emissions or not? It's a matter of principle.

Most people didn't understand campaign finance reform when we forced votes on it, and we got into the details once we got the votes. First, you've got to get the support behind you. I don't happen to be very agreeable to it, but I think the fact is that we've got to work together and get the principle sold and get the support, and then we can probably come up with not nuances, but the details of the proposal. We're trying to achieve the same goal. There's just a different methodology here.

But Joe and I decided two things: make it as simple as possible and as modest as possible. I have no illusions that just this cap and trade will have some profound effect, but it will have a profound effect on actions we will take afterwards. First, we have to establish the principle.

Do you agree, John?

MR. ROWE: Totally.

MS. CLAUSSEN: I agree, too.

Karla?

MR. YEAGER: Karla Yeager [ph] from the Potsdam Institute of Climate Impact Research.

As a European, I'm, of course, flattered by you saying that we are so aware of things, and we are taking action, and actually we may have some reason not to like everything that's happening in America.

On the other hand, as a European, I'm also ashamed of the fact that you Americans allow us to get away with very, very cheap talk at some stage. And I really hope that the effort by you, Senator, and Senator Lieberman will lead to a more healthy situation, where there is going to be true competition between what Europeans actually do, not only talk about, and we are doing some things, of course, and what America does. And that's my question here.

How do you see the relation between cooperation, shared agreement, international treaties on the one hand and competition on the other, where each side tries to outperform each other, and thereby advance of the common cause?

SENATOR McCAIN: Thank you. A very important and I think seminal event took place in the last month or so when Russia decided on their membership in Kyoto. If Russia had opted out, as many of us feared, that would have made Kyoto much less effective and, in

fact, perhaps neutered. Now, we all know that Russia did that because the European nations demanded in return for their acceptance into WTO. That's fine with me.

So I talk a lot to my European friends. Anti-American sentiment is higher than it's ever been. Certainly, the only time that I can remember that anti-American sentiment was as high as it is was when Ronald Reagan was deploying the Pershing and cruise missiles to Germany back in the early '80s.

And they have a number of problems with us: climate change, international criminal court, perceptions of arrogance, weapons of mass destruction. Some of them we can't do anything about. The glue that kept our alliance together for 50 years was the Cold War. The Cold War is over. That glue isn't nearly as strong, but we still have shared interests and values, and those interests and values lie from the war on terrorism to environmental issues, to Africa, to AIDS, many other issues that demand our cooperation and working together, not lend themselves to.

And there's another thing we've got to do, and that is go back to my hero, TR, Teddy Roosevelt, who said, "Talk softly, but carry a big stick." Talk softly. We've got a big stick. We should talk real softly. There's nothing like a little humility. I don't practice it often myself, but--

[Laughter.]

SENATOR McCAIN: --but I'm always attracted to it.

[Laughter.]

SENATOR McCAIN: So I would hope that we install a democratic government in Iraq, and we make some progress, and do not underestimate how tough this is going to be. This is a terrible, tough time coming up in the next couple of months, as far as Iraq is concerned. Get them on the road to democracy, as rough and as difficult, and then let's start on an effort to restore relations and a cooperative relationship between ourselves and the Europeans.

One caveat, if I could, and this may offend someone, but President Chirac has said that France is a counterweight to the United States. I don't know how you can be an ally and a counterweight at the same time. I just don't know how you achieve that.

Now, in the case of the Germans, they've got troops in Afghanistan. They're guarding our bases. We can move forward with the Germans. And I don't mean to pick on the French, but I just don't get it, how you can be a counterweight, and yet can be an ally at the same

time. So I think there's going to have to be an attitudinal change or a behavioral change on the part of the French. But the rest of the Europeans, I think it's sort of our obligation to reach out to them.

MS. CLAUSSEN: You haven't asked a question yet, Doug.

MR. FOY: I have a question for the Senator. I'm Doug Foy from Massachusetts, Senator.

Your comment about growing this up from the ground, from the states and from the communities and the electoral process, you also mentioned that there's a lot of interesting things happening in the Northeastern states, in my state, in Massachusetts, in California, in the Northwest, and there's some effort to bring all of those states together. And many of those states are headed by Republican governors, including my boss.

Can you comment on what you would like to see those states do in terms of their own message here in Washington. What would be the most useful? Do we just keep burrowing in and doing it where we are? Are we getting a voice here that is useful?

SENATOR McCAIN: I think these compacts between different groups of states, if they could spread, and they could even maybe, I don't see why the Northeast and the West shouldn't work together. They're basically, they don't have to be contiguous boundaries in order to work together, number one.

Number two is governors are very influential in their states. Governors are, they're the ones that are out there at the ribbon cuttings. They're the ones that are constantly exposed to the state media. And if these governors, including the governor of Massachusetts, would make this a high-level issue, in California, as you know, they're passing some CAFE standards which is, because of the size of the market, it can have a profound effect on the automobile manufacturers. I'm not sure I would advocate that, necessarily. Although having visited California quite often, because they steal our water, so I have to go over and visit it every once in a while--

[Laughter.]

SENATOR McCAIN: I can see why they would be in favor of some very strong measures.

I would advocate one more coordination: higher visibility, more lobbying. For example, the National Governors Association, I've never seen this issue on their agenda. I'd love to see enough states to say at the next meeting of the National Governors Association,

okay, climate change is an issue that we, as an organization, are going to address. Now, I'm not sure that governors in some states, but at least start that push.

We listen to the National Governors Association. We listen to the League of Towns and Cities. We listen to the county and municipal employees organizations. I would say that those organizations should be galvanized as well.

Thanks for the question.

MS. CLAUSSEN: We'll take two more.

Paul?

DR. EPSTEIN: Paul Epstein, Harvard Medical School.

This morning's New York Times' financial pages reported that the soybean crops are down significantly in the U.S., Brazil, and Argentina because of severe weather. In the West, we're in the severe fifth year of the drought. We're looking at timber, agricultural yields. Clearly, there are economic implications--

SENATOR McCAIN: Forest fires.

DR. EPSTEIN: Forest fires and the timber industry, and the watersheds. Clearly, the insurance industry are getting concerned about this. How much, I asked Senator Lieberman this morning, how much are these economic impacts, and particularly the insurance and reinsurance industry, what is that doing to the people's votes?

SENATOR McCAIN: Well, as you know, Senator Lieberman isn't very smart, so I'll try and improve on it.

[Laughter.]

SENATOR McCAIN: He's very nice, though.

[Laughter.]

SENATOR McCAIN: I think the economic impacts can be devastating. A small example. In my state, we've not only got the forest fires, but we've got the bark beetle. When it gets dry enough and a tree starts being without moisture, the strength of the tree dies, and the bark beetle can come in because the trees are weakened. You can drive in parts of my state and see a third or half of the pine trees up in the Northern part of our state are dead or dying. I mean, the impacts are tremendous.

And when you get the combination of my state, which is such rapid growth, dramatically rapid growth, and the use of water continuing to go up, and the water not

coming down the Colorado River, then it is going to affect the very life of my state. And so the economic impacts of climate change are, as we all know, phenomenal.

Look, I don't think this is "The Day After Tomorrow," but it is factual that the numbers of violent weather occurrences are on the increase. That's a fact. Ask the U.S. Weather Service. And violent climate, we lose lives sometimes, as well as the homes and businesses, et cetera.

So I think that perhaps, now that you bring it up, that maybe we haven't cranked that into the debate nearly enough, to talk about the economic impact, because the major argument against doing something about climate change, besides just denying it, is the economic costs associated with it. So I think you raise a very good point.

And I'll tell you one thing, seriously. Joe Lieberman is one of the nicest men in the Senate, and it's a great pleasure, seriously, to work with someone of his integrity and honesty. He really is a great guy.

Yes, sir? We can take another one after you, if you'd like.

MR. MITCHELL: Gary Mitchell from the Mitchell Report.

I just wanted to say, Senator McCain, that a few minutes ago, when you started to say that we need a democratic administration, and then--

[Laughter.]

MR. MITCHELL: --and then finished it by saying "in Iraq," I was very disappointed.

[Laughter.]

SENATOR McCAIN: I hope I said "democratic government."

[Laughter.]

MR. MITCHELL: I wanted to ask a question about the political realities of getting this legislation passed, and I'll put it in simple terms.

It seems to me, because of the global nature of this issue, it seems to me that it's pretty difficult to imagine getting this legislation passed, as opposed to campaign reform, if the President ultimately isn't for it. And my question is what's more realistic: changing one vote in the White House or eight in the Senate?

SENATOR McCAIN: I think that's a good question, and there's no doubt that the President of the United States has more than a 50-vote impact because the great thing about being President of the United States is that you set the agenda. And so I would never understate, in any way, the importance of the President of the United States. But I again

would remind you of campaign finance reform, appointment of the 9/11 Commission, which was a Lieberman- and McCaigh-led piece of legislation, and a number of other pieces of legislation was either opposed or not supported by the White House that we've gotten passed if you stay with it.

I think the climate change is at least much further ahead than we were of campaign finance reform, I really do, because I think that young Americans are probably more aware of this issue than young Americans were on the issue of campaign finance reform. It's more real to them. It's more palatable. And I believe that it's not going to take us too many years. But, yes, I would give anything to have the President of the United States more deeply involved.

Now, on behalf of the President of the United States, if he were here or Secretary Evans, he would say, "We're taking the following steps: A, B, C, D, and E. We're spending billions for observing climate change" and a number of other steps that they're taking. Those are legitimate actions that are being taken, and the administration deserves credit for it. My problem is that it's not enough, and that's a legitimate difference of opinion.

Yes? Could we have the guy all the way in the back. He's been asleep up until now, so--

[Laughter.]

SENATOR McCAIN: Yes, please, go ahead. Stand up. There you go.

MR. BUSBY: Josh Busby from Brookings.

My question for you is something that was highlighted earlier today by potential opponents of McCain-Lieberman, is that the competitiveness losses associated with kind of unilateral disarmament are such that the United States shouldn't adopt a mandatory cap and trade system. And I wondered what your response would be to those folks.

SENATOR McCAIN: Well, as you know, the Europeans are engaged in cap and trade, but if their point is that Kyoto was unfair in the present formula and giving India and China a free ride and the United States very tough strictures, they're right. They're right. They're correct. I agree with them. But I believe that if we had joined Kyoto and set certain conditions, we could have made that formula much more fair and balanced than it would have been. When you're inside the tent, you can get a lot more done than when you are outside, obviously.

I can't--look. We just talked about economic impacts. We just talked about the future. What happens to Australia if the Great Barrier Reef dies? I would argue that is probably going to have profound economic impacts on the nation of Australia if the Great Barrier Reef dies, and that's what they're predicting. If we continue to have these violent climate conditions, then they are severe. But perhaps more importantly, our way of life is in danger. Our way of life is in danger. If this drought continues, and I don't know maybe tomorrow it will start raining all over the Southwest and everything will be fine. That's why, you know, like they say about rain dances. It's a matter of timing.

[Laughter.]

SENATOR McCAIN: But from what I've seen, and everything that I'm told by people that are a lot smarter than I am, this is a serious, serious problem, and relief is not on the way. And so this gets back to this vote thing. If the conditions continue to worsen, and I pray every night that they don't, but if they do, then that's going to get people's attention I think in a very real and significant way.

One more. Yes, sir?

QUESTIONER: Thank you very much for allowing me to ask a question of John.

[Laughter.]

MR. BERTOLUCCI: I had an earlier question for him. And the reason I come back to this question, John, is that--I'm Mike Bertolucci from Interface. And we have a corporate goal by 2020 to become climate neutral, which means we're going to get unhooked from the wellhead, both materials and energy. And nuclear more than likely, to your point, is more than likely going to play a role in that.

I agree with your comments on PV and wind. There are certainly issues around there with regard to cost, and availability, and distribution and all of those other things, some of which may also be an issue for thus looking for energy perhaps from nuclear. As a scientist, I'm going to make the assumption that we are going to solve the problems with regard to waste and how we handle it, sequester or make it neutral, whatever. But for me to become climate neutral by 2020, I'm going to need, more than likely, the nuclear part of that energy solution.

And all sustainability is local, but global warming is global or sustainability is local, but all of the global warming is global, of course. So my concern is, is that if we develop the technologies for nuclear that's going to effectively supply my needs to become climate

neutral, it's going to be proliferated in the world, and there's going to be issues associated with that, either in terms of control or all of the other things that are going on today.

From your knowledgeable perspective about that and what you know about the technology, can you give us any feelings or confidence that "proliferation" of nuclear reactors around the world is going to be safe or are we going to trade global warming for a bigger issue?

MR. ROWE: Well, as I said earlier, I am truly not expert in it and would refer you to the very substantial study that MIT did recently. And they had a large group of folks from MIT and Harvard trying to do an interdisciplinary study on all aspects of the nuclear fuel cycle, including proliferation. And basically that study concluded that the first requirement with present technology was to stay with the single-cycle nuclear power plant, meaning don't use breeder reactors and produce separable plutonium and make it too easy.

But it goes beyond that to make certain suggestions about how to enforce the existing international atomic energy agreements on proliferation. And here you run into a double or triple or quadruple problem because proliferation exists already because of lots of people have nuclear plants who may not use them in ways that we want them to be used. Proliferation exists already because lots of people have weapons-grade nuclear materials that we would prefer didn't have them.

And the people I know who think seriously about proliferation believe that, on an international scale, it takes a whole new set of agreements to control proliferation, that just wishing for the enforcement of the existing set is probably inadequate. So I can't give you a definitive answer to your question, except the sort of grim judgment that you're going to be dealing with these problems anyway. But I would refer you to the MIT study, where it's pretty thoroughly addressed.

SENATOR McCAIN: Thank you, Eileen.

MS. CLAUSSEN: Well, thank you all very much.

SENATOR McCAIN: Thank you very much. Thank you for having me. Thank you.

[Applause.]

[Whereupon, the proceedings were adjourned.]w about the technology, can you give us any feelings or confidence that "proliferation" of nuclear reactors around the world is going to be safe or are we going to trade global warming for a bigger issue?

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SENATOR McCAIN: Thank you, Eileen.

MS. CLAUSSEN: Well, thank you all very much.

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SENATOR McCAIN: Thank you, Eileen.

MS. CLAUSSEN: Well, thank you all very much.

SENATOR McCAIN: Thank you very much. Thank you for having me. Thank you.

[Applause.]

[Whereupon, the proceedings were adjourned.]