



Forum for American Leadership

Blueprint for a Serious and Sound Climate Policy

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Maintaining U.S. living standards and national security depends on the reliable, ample, and affordable flow and conversion of hydrocarbon energy sources – oil, gas, and coal – that supply 80% of the world’s growing energy supply. Hydrocarbons lifted humanity out of millennia of darkness and squalor and remain indispensable for all aspects of our daily life, including our domestic food and water supplies, our mobility, national security, and economic growth.

While massively beneficial, hydrocarbons also generate negative externalities, greenhouse gas emissions among them. The climate is warming and human activities, principally accumulating carbon dioxide from hydrocarbon combustion, exert a physically small but growing effect upon it. While the science is far from settled regarding how the climate will change under human influences and the net economic and environmental impacts of those changes, the issue requires a serious and sound policy response.

The prevailing narrative held by the current administration and many activists is ineffective, unscientific, and endangers America’s economic growth and national security, as well as the environment it claims to protect. Moreover, it is damningly silent on how to provide reliable and affordable energy to the six billion people who need more energy to improve their lot.

This narrative starts by misrepresenting the science to alarm the public and then demands the expunging hydrocarbon energy from our energy options. The Green New Deal demands the solution of a permanent “wartime mobilization” on the nation and world. Its radical policy prescriptions include extensive government central planning, rationing of energy resources, individual compulsion, and punitive taxation. Their climate narrative defies physics, economic and political realities, human behavior and expectations, and rationality. It will therefore fail, as it should.

The United States and rest of the world need a new and improved blueprint for a sound and serious climate policy. Sound strategy must leverage practical but serious policies to address the real risks posed by human impacts on the climate while protecting free market capitalism, a healthy economy and environment, and national security and providing adequate energy to those who need it. Our blueprint for a sound and serious climate policy has three pillars:

1. Depoliticize and honestly explain to non-experts both the scientific certainties and uncertainties, as well as technical and-economic realities;
2. Apply sound economic and cost-benefit principles to all strategies and fuels; and
3. Legislate at home and lead abroad.

1. Depoliticize and accurately represent the science and technologies

The foundation of any sound and serious climate policy must be complete, transparent, and unbiased descriptions for non-experts of the scientific understanding of climate and human effects upon it. Such honest summaries are critical to assess the costs and benefits of policy options in the context of certainties and uncertainties in the science.

Climate science is complex, and most citizens and leaders are not climate scientists. The public's current understanding of "The Science" is distorted by the media and politicians who demand an almost religious conformity with their narrow viewpoint. They brand anyone – climate experts and non-experts alike - who objects to their alarmist, unscientific decrees to be a "denier." This approach is extremely unhelpful and has backfired, particularly among conservative and independent audiences.

Given the rampant bias and intimidation, it is not surprising that the popular perception of what the science says is quite different from what the actual science says. There is scientific consensus that the climate is warming. And human activities contribute a physically small, but growing, warming influence on the climate, principally by consuming hydrocarbon energy.

However, as the veteran climate scientist and President Obama's Undersecretary for Science at the Department of Energy Steven Koonin (among others) has [noted](#), the science is far from settled about past human contributions to climate and is incapable of producing useful forecasts of future warming, much less human influences upon it. Historical data are often poor, natural influences on the environment are substantial, and the complexity of the physical and biological foundations of the Earth's climate is immense. Modeling only scratches the surface.

The problem is that while the scientific research is typically transparent, rigorous, and objective, the government summaries that inform non-experts in the media, government, and citizenry are not. The U.S. government should subject summaries of the science to the same objective, rigorous peer-review that the actual science enjoys.

FAL's Recommendations for Congress:

- Sustain and enhance funding for scientific observations of the earth's climate system.
- Require that authors of Summaries for Policy Makers (SPMs) of UN IPCC reports be selected by independent, non-government experts and scientists without conflicts of interests.
- Require settlement of differences arising in the peer-review of assessment reports by an independent referee, as is the case for research papers, instead of allowing the assessment report's authors to discard criticisms without explanation, as is the case now.
- Require UN and U.S. assessment reports to undergo a formal review by a group of independent climate experts tasked with challenging the assumptions, conclusions, and presentation, probing for weak spots, distortions, and exaggerations. Require report authors to rebut any points raised.

2. Apply sound principles and leverage all strategies and fuels

Consider all climate strategies

- There are three general climate strategies: (1) mitigating or reducing emissions; (2) geoengineering or enhancing the earth's reflectiveness and removing carbon from the atmosphere; and (3) adaption to live, if not thrive, within a future climate. A sound strategy would consider the cost-effectiveness and national security, economic and environmental impacts of each approach. Congress should require the Biden administration to provide a thorough and objective economic, national security, and environmental cost-benefit analysis of mitigation, geoengineering, and adaption.
- Mitigation strategies should include an emphasis on promoting technological innovation and market-based policies instead of imposing mandates, taxes, and restrictions on consumers and businesses.

Cost-benefit analyses

Policy options stemming from mitigation, geoengineering, and adaption strategies should be evaluated and debated based on their costs and benefits for climate, the economy, human wellbeing, and national security. Accurate information and analyses from existing bodies like the Energy Information Administration (EIA) and the International Energy Agency (IEA) will be a cornerstone of this effort. Policymakers need to start with reliable data and information to make the best policy determinations.

Recommendations for Congress and the Executive Branch:

- Direct the IEA to return to conducting analyses that enable cost-benefit analysis. Specifically, the IEA must resume business-as-usual or Current Policies Scenarios that assume only existing policies in its long-term energy forecasts. The IEA should publish its underlying datasets and make all its analysis, except for mission-sensitive energy security information, available for free public consumption and outside inspection.
- Require the IEA and EIA to conduct energy market "stress tests." For example, analyze the impacts on energy prices if hydrocarbon supply remains constrained but demand trends upwards in the coming decade.
- Require UN and U.S. official analyses and their summaries to consider both the positive and negative economic impacts of various climate projections, including costs.

Rapidly abandoning hydrocarbons without replacements would lead to energy price spikes and shortages, enriching incumbent and authoritarian oil and gas producers like Russia, Venezuela, and Iran. Governments that increased energy prices triggered social upheaval including France, Chile, Brazil, Mexico, Iran, and most recently, Kazakhstan.

- Require the Department of Defense and Department of State to analyze the impacts on U.S. national security of sharp increases in oil and gas prices later this decade.
- President Biden's signature climate policy goal is to eliminate the use of natural gas and coal in the power sector by 2035, even though natural gas and coal currently comprise 40% and 20% respectively, of U.S. electricity generation. Require the EIA to analyze economic, energy security, and emissions impacts of President Biden's proposals to reduce carbon emissions.

- While hundreds of billions of dollars in capital has responded to climate change concerns by investing in a precipitous energy transition, it is by no means clear this capital is backstopped by durable political will to impose necessary transition costs. There is [much discussion](#) in energy circles of potentially stranded hydrocarbon assets if there is a successful rapid transition to renewables and minerals, but little examination of the potential stranded assets arising from a *failed* transition.
- Require the Treasury Department and the Federal Reserve to analyze the economic and financial impacts of a successful *and unsuccessful* transition this decade. Foster closer collaboration with the financial community to educate it on realistic scenarios and emissions reductions across industry to protect against dislocation of capital

Prevent dependence on Chinese controlled critical minerals

Officials, investors, and companies are moving aggressively to shift away from petroleum and the internal combustion engine to electric vehicles and batteries. While the commercial viability of this plan remains to be seen, its ultimate success depends on voluntary and unsubsidized mass adoption of electric vehicles and the buildout of the electric grid and electric vehicle charging infrastructure. Should vehicle electrification accelerate, U.S. and global dependence on OPEC+ oil reserve holders will increasingly shift to China, which already dominates the electric vehicle supply chain. U.S. policy must ensure neither China nor any other power can dominate core global energy systems, including transportation.

FAL's Recommendations for Congress (also included in FAL's April 1, 2022 report "[Creating an Arsenal of Energy](#)"):

- President Biden invoked the Defense Production Act of 1950, a federal statute passed during the Korean War that gives the president broad authorities to influence domestic industry in the interest of national defense, to bolster critical mineral security. Congress should provide additional funds if needed to support the necessary surveys, site expansions, and new initiatives.
- Congressional leadership should make critical minerals legislation a higher priority. A [bill](#) introduced in January by Rep. Mike Kelly and Sen. Tom Cotton would establish a strategic rare earths reserve and restrict the use of rare earth elements from China in advanced defense technology in the US. This proposal and others could significantly raise the profile of critical mineral supply.
- Enact legislation that would force defense contractors to stop buying rare earth-enabled products from China by 2026 and use the Pentagon's Defense Logistics Agency, to create a permanent stockpile of rare earth minerals. The United States has only one producing rare earths mine at Mountain Pass, California, run by MP Materials, and currently has no capability to process rare earth minerals downstream of the mine.
- Smooth the path for companies to open new mining production and refining facilities. Companies must overcome numerous permitting hurdles and sparse sources of financing for upstream projects, leaving them less competitive against established producers in China.

- Congress should consider establishing tax credits, modeled after wind and solar credits, for the domestic production, processing, and recycling of critical minerals.
- Prioritize domestic development and direct any foreign assistance for clean energy mining towards friendly and stable sources of supply, particularly U.S. allies such as Australia and Canada and partners in Latin America.
- Ease and enable critical minerals recycling, recognizing that domestic mining will also be required to meet future supply.
- Mandate an update to the 2019 Critical Minerals Strategy and require subsequent updates every two years.
- Create streamlined permitting process for mineral extraction and processing in the United States. A major reason for our lack of mineral processing facilities is the difficult, costly, and time-consuming process involved.

Foster innovation and harness free-market enterprise

Given its poor historical track record, governments should not be picking winners in the economy, especially in energy. Any policy responses should be fuel- and technology-neutral and account for market forces.

- Congress should repeal tax benefits and outlays benefitting mature but uneconomic technologies and redirect any future tax benefits and outlays toward activities the private sector may bypass, such as basic science and strategic endeavors, including work on minerals dependence and nuclear energy, with the potential for disproportionate security benefits.
- Should fuel switching policies be required, all energy sources should be on the table including nuclear, natural gas, fusion, hydrogen, and advanced biofuels.

3. Legislate on climate at home and lead abroad

Congress should enact durable and effective climate policies

Congress should lead the debate and enact domestic and international climate policy. The current approach led by the executive and judicial branches yields only transient, legally vulnerable, and easily reversible domestic and foreign policies.

- Congress should enact legislation establishing a nonpartisan, expert national commission that integrates technology development, economics, and the strategies, principles, and policy options noted above to develop coherent options for Congress to debate and enact.
- The Senate should ratify any international energy or environmental agreements in which the President has joined.

Lead the world toward a better climate strategy

Emissions policies are inherently global and directly impact trade, energy security, national security, development, human rights, and the environment. World governments and investors are moving ahead with climate policies and seismic investments, with or without the United States. The United States must engage and lead internationally on this issue.

The text of the 2015 non-binding Paris Agreement includes unwarranted alarmism and unrealistic targets. The United States should push for changes that would strengthen the agreement by depoliticizing science, embracing all strategies and fuels, leveraging sound principles, and clearly messaging that the purpose of the agreement is not to establish transfer payments from wealthy countries to poorer ones.

- The improved Paris Agreement should be submitted to the U.S. Senate for ratification, ensuring that U.S. climate policy enjoys a strong and durable political and legal foundation.
- The United States should withdraw from the International Renewable Energy Agency. It serves no purpose that is not already fulfilled by the IEA.
- The United States negotiators should insist that China and other major countries similarly enact legally binding, verifiable policies to backstop their international commitments. The United States must develop both cooperative and non-cooperative methods to verify other countries' emissions reductions.

This paper is a product of the Forum for American Leadership's Energy Working Group

The Forum for American Leadership (FAL) is a non-profit organization that presents expert analysis and national security recommendations to policymakers in Congress and the Executive Branch.



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