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[Article 1.](#)  
NYT

## **Rice Offers a More Modest Strategy for Mideast**

Mark Landler

26 October 2013 -- Each Saturday morning in July and August, Susan E. Rice, President Obama's new national security adviser, gathered half a dozen aides in her corner office in the White House to plot America's future in the Middle East. The policy review, a kind of midcourse correction, has set the United States on a new heading in the world's most turbulent region.

At the United Nations last month, Mr. Obama laid out the priorities he has adopted as a result of the review. The United States, he declared, would focus on negotiating a nuclear deal with Iran, brokering peace between the Israelis and the Palestinians and mitigating the strife in Syria. Everything else would take a back seat.

That includes Egypt, which was once a central pillar of American foreign policy. Mr. Obama, who hailed the crowds on the streets of Cairo in 2011 and pledged to heed the cries for change across the region, made clear that there were limits to what the United States would do to nurture democracy, whether there, or in Bahrain, Libya, Tunisia or Yemen.

The president's goal, said Ms. Rice, who discussed the review for the first time in an interview last week, is to avoid having events in the Middle East swallow his foreign policy agenda, as it had those of presidents before him. "We can't just be consumed 24/7 by one region, important as it is," she said, adding, "He thought it was a good time to step back and reassess, in a very critical and kind of no-holds-barred way, how we conceive the region."

Not only does the new approach have little in common with the "freedom agenda" of George W. Bush, but it is also a scaling back of the more expansive American role that Mr. Obama himself articulated two years ago, before the Arab Spring mutated into sectarian violence, extremism and brutal repression.

The blueprint drawn up on those summer weekends at the White House is a model of pragmatism — eschewing the use of force, except to respond to acts of aggression against the United States or its allies, disruption of oil supplies, terrorist networks or weapons of mass destruction. Tellingly, it does not designate the spread of democracy as a core interest.

For Ms. Rice, whose day job since she started July 1 has been a cascade of crises from Syria to the furor over the National Security Agency's surveillance activities, the review was also a way to put her stamp on the administration's priorities.

The debate was often vigorous, officials said, and its conclusions will play out over the rest of Mr. Obama's presidency.

Scrawling ideas on a whiteboard and papering the walls of her office with notes, Ms. Rice's team asked the most basic questions: What are America's core interests in the Middle East? How has the upheaval in the Arab world

changed America's position? What can Mr. Obama realistically hope to achieve? What lies outside his reach?

The answer was a more modest approach — one that prizes diplomacy, puts limits on engagement and raises doubts about whether Mr. Obama would ever again use military force in a region convulsed by conflict. For Ms. Rice, 48, who previously served as ambassador to the United Nations, it is an uncharacteristic imprint. A self-confident foreign policy thinker and expert on Africa, she is known as a fierce defender of human rights, advocating military intervention, when necessary. She was among those who persuaded Mr. Obama to back a NATO air campaign in Libya to avert a slaughter of the rebels by Col. Muammar el-Qaddafi.

But Mr. Obama drove the process, officials said, asking for formal briefings in the Situation Room and shorter updates during his daily intelligence briefing in the Oval Office. He gave his advisers a tight deadline of the United Nations' speech last month and pushed them to develop certain themes, drawing from his own journey since the hopeful early days of the Arab Spring.

In May 2011, he said the United States would support democracy, human rights and free markets with all the "diplomatic, economic and strategic tools at our disposal." But at the United Nations last month, he said, "we can rarely achieve these objectives through unilateral American action — particularly with military action."

Critics say the retooled policy will not shield the United States from the hazards of the Middle East. By holding back, they say, the United States risks being buffeted by crisis after crisis, as the president's fraught history with Syria illustrates.

"You can have your agenda, but you can't control what happens," said Tamara Cofman Wittes, the director of the Saban Center for Middle East Policy at the Brookings Institution. "The argument that we can't make a decisive difference, so we're not going to try, is wrongheaded."

Other analysts said that the administration was right to focus on old-fashioned diplomacy with Iran and in the Middle East peace process, but that it had slighted the role of Egypt, which, despite its problems, remains a crucial American ally and a bellwether for the region.

"Egypt is still the test case of whether there can be a peaceful political transition in the Arab world," said Richard N. Haass, who served in the

State Department during the Bush administration and is now president of the Council on Foreign Relations. “But here, the administration is largely silent and seems uncertain as to what to do.”

The White House did not declare the Egyptian military’s ouster of President Mohamed Morsi last July a coup, which would have required cutting off all aid to the government. Instead, it signaled its displeasure by temporarily holding up the delivery of some big-ticket military equipment, delegating the announcement to the State Department.

Ms. Rice and other officials denied that Egypt had been sidelined, arguing that the policy was calculated to preserve American influence in Cairo. They also said the United States would continue to promote democracy, even if there were limits on what it could do, not to mention constraints on what the president could ask of a war-weary American public. “It would have been easy to write the president’s speech in a way that would have protected us from criticism,” said Philip H. Gordon, the coordinator for the Middle East and North Africa on the National Security Council. “We were trying to be honest and realistic.”

Mr. Gordon took part in the Saturday sessions, along with two of Ms. Rice’s deputies, Antony J. Blinken and Benjamin J. Rhodes; the national security adviser to the vice president, Jake Sullivan; the president’s counterterrorism adviser, Lisa Monaco; a senior economic official, Caroline Atkinson; and a handful of others.

It was a tight group that included no one outside the White House, a stark contrast to Mr. Obama’s Afghanistan review in 2009, which involved dozens of officials from the Pentagon, the State Department, and the Central Intelligence Agency. Ms. Rice said she briefed Secretary of State John Kerry and Secretary of Defense Chuck Hagel over weekly lunches. Some priorities were clear. The election of Hassan Rouhani as president of Iran presents the West with perhaps its last good chance to curb its nuclear program. Mr. Rouhani has a mandate to ease sanctions on Iran and has signaled an eagerness to negotiate.

But other goals appear to have been dictated as much as by personnel as by policy. After vigorous debate, the group decided to make the Middle East peace process a top priority — even after failing to broker an agreement during the administration’s first term — in part because Mr. Kerry had already thrown himself into the role of peacemaker.

More than anything, the policy review was driven by Mr. Obama's desire to turn his gaze elsewhere, notably Asia. Already, the government shutdown forced the president to cancel a trip to Southeast Asia — a decision that particularly irked Ms. Rice, who was planning to accompany Mr. Obama and plunge into a part of the world with which she did not have much experience.

“There's a whole world out there,” Ms. Rice said, “and we've got interests and opportunities in that whole world.”

[Article 2.](#)

Foreign Policy

## [Assad's War of Starvation](#)

John F. Kerry

October 25, 2013 -- Just days ago in London, I listened with sadness and shock as Ahmad Jarba and leaders of the moderate Syrian opposition described how ordinary Syrians with no links to the civil war are forced to eat stray dogs and cats to survive a campaign of deprivation waged by the Assad regime.

The world already knows that Bashar al-Assad has used chemical weapons, indiscriminate bombing, arbitrary detentions, rape, and torture against his own citizens. What is far less well known, and equally intolerable, is the systematic denial of medical assistance, food supplies, and other humanitarian aid to huge portions of the population. This denial of the most basic human rights must end before the war's death toll -- now surpassing 100,000 -- reaches even more catastrophic levels.

Reports of severe malnutrition across vast swaths of Syria suffering under regime blockades prompted the United Nations Security Council to issue a [presidential statement](#) calling for immediate access to humanitarian assistance. To bolster the U.N.'s position, every nation needs to demand action on the ground -- right now. That includes governments that have allowed their Syrian allies to block or undermine vital relief efforts mandated by international humanitarian law.

Simply put, the world must act quickly and decisively to get life-saving assistance to the innocent civilians who are bearing the brunt of the civil

war. To do anything less risks a "lost generation" of Syrian children traumatized, orphaned, and starved by this barbaric war.

The desperation can be eased significantly, even amid the fighting. Working through the regime, with assistance from Russia and others, inspectors from the Organization for the Prohibition of Chemical Weapons are proving every day that professionals can still carry out essential work where there is political will. If weapons inspectors can carry out their crucial mission to ensure Syria's chemical weapons can never be used again, then we can also find a way for aid workers on a no less vital mission to deliver food and medical treatment to men, women, and children suffering through no fault of their own.

The U.S. government has undertaken significant efforts to alleviate the suffering. Since the beginning of the Syrian crisis, the United States has led international donors in [contributing nearly \\$1.4 billion](#) for humanitarian assistance. Aid has been distributed to every section of Syria by leading international agencies, including the U.N. Refugee Agency, the World Food Program, the International Committee of the Red Cross, the Syrian Arab Red Crescent, and top-notch non-governmental groups.

Most of these aid workers are courageous Syrians who risk their safety to cross shifting battle lines for the good of others. They have performed miracles and saved thousands of lives. In return, they have been subjected to a catalog of horrors. They have been harassed, kidnapped, killed, and stopped at every turn from reaching the innocent civilians desperately clinging to life.

The obstacles exist on both sides of the war. Outside observers from the U.N. and non-governmental organizations have chronicled the ways in which extremist opposition fighters have prevented aid from reaching those in need, diverting supplies and violating the human rights of the people trying to deliver them.

But it is the regime's policies that threaten to take a humanitarian disaster into the abyss. The Assad government is refusing to register legitimate aid agencies. It is blocking assistance at its borders. It is requiring U.N. convoys to travel circuitous routes through scores of checkpoints to reach people in need. The regime has systematically blocked food shipments to strategically located districts, leading to a rising toll of death and misery.

The U.N. statement earlier this month calls on all parties to respect obligations under international humanitarian law. It sets out a series of steps that, if followed, would go a long way in protecting and helping the Syrian people. Convoys carrying aid need to be expedited. Efforts to provide medical care to the wounded and the sick must be granted safe passage. And attacks against medical facilities and personnel must stop. Merely expecting a regime like Assad's to live up to the spirit, let alone letter, of the Security Council statement without concerted international pressure is sadly unrealistic. A regime that gassed its own people and systematically denies them food and medicine will bow only to our pressure, not to our hopes. Assad's allies who have influence over his calculations must demand that he and his backers adhere to international standards. With winter approaching quickly, and the rolls of the starving and sick growing daily, we can waste no time. Aid workers must have full access to do their jobs now. The world cannot sit by watching innocents die.

*John F. Kerry is the U.S. Secretary of State.*

[Article 3.](#)

Al-Monitor

## **Rift Between Cairo And Washington Deepens**

[Joshua Haber](#)

October 25 -- After a three month-long “strategic review,” the Obama administration has decided to [“recalibrate”](#) aid to Egypt and curtail support to its military — a move unlikely to even slightly [alter the course](#) of Egypt’s troubled transition. While the aid debate has preoccupied US policymakers and pundits, it is mostly meaningless for Egypt’s leaders, already convinced that Washington stands against the current government. Indeed, Egypt’s generals have conducted a strategic review of their own, and have already begun to cast away their partner of 35 years. Projecting a deep disdain for Washington’s policies of the past few months, Egypt’s leaders are neither begging for US support nor waiting for Washington to dictate the future course of bilateral relations. Egypt has

sued for divorce, and the US decision to curb military aid simply consummates the separation.

Regardless of policy decisions taken in Washington, the 35-year partnership between Washington and Cairo is [quickly fraying](#). At this point, no US policy shift regarding economic or military assistance would be decisive in influencing the calculus of Egypt's leaders. In Egypt's starkly polarized political context — where the generals perceive their power and position at stake — the Egyptian military will continue its clampdown against domestic opposition in spite of Washington's advice.

Since its July 3 takeover, the military-led government has systematically repressed the political opposition through [arrests](#), [legal action](#) and [brute force](#). The government's attempt to [permanently eradicate](#) the Muslim Brotherhood from Egyptian political life is coupled with its aggressive campaign to [silence and intimidate](#) the independent press.

Mirroring its efforts to stifle internal dissent, the military has scorned international actors perceived as supporting the previous government. Friends of the Brotherhood are now adversaries — untrustworthy actors intent on undermining the military's domestic position. Military authorities have punished Hamas, the sister organization of the Muslim Brotherhood, by restricting access across the Egypt-Gaza border and [destroying hundreds of smuggling tunnels](#) that serve as Hamas' economic lifeline. The regime has also repudiated Qatar's role in supporting the government of former President Mohammed Morsi, [returning](#) \$2 billion worth of Qatari aid and [forcibly closing](#) the Cairo offices of Qatar-based Al Jazeera.

Increasingly, therefore, the military views international relations through the same polarizing lens with which it views internal politics. In this binary lens, the United States is considered more an adversary than a friend.

This view was dramatically conveyed by Egypt's most powerful figure — Gen. Abdel Fattah al-Sisi — who [accused](#) the United States of turning its back on Egyptians and abandoning the “security, safety and well-being of Egypt.” Other leaders have diminished the importance of US aid to Egypt. When asked about the possible withdrawal of US support, Prime Minister Hazem el-Beblawi [hinted at strategic realignment](#): “Let's not forget that Egypt went with the [Russian military](#) for support and we survived. So, there is no end to life. You can live with different circumstances.” More recently, Foreign Minister Nabil Fahmy [asserted](#) that Egypt's decision-

making “will not be affected by US decisions regarding aid,” and admitted that the bilateral relationship is in “turmoil.”

Perceiving the United States as acting against its interests, the Egyptian government has simply [stopped listening](#) to Washington. Despite his close relationship with Sisi, Defense Secretary Chuck Hagel failed to convince his Egyptian counterpart to refrain from [liquidating protest camps](#) of Morsi supporters in August. The subsequent diplomatic efforts of Sens. John McCain and Lindsay Graham were equally futile.

For Egypt’s current leaders, Washington is no longer a prime guarantor of security and stability. The US-Egyptian relationship remains intact through military channels, but Egypt will likely strive to diversify its alignments and seek closer relationships with those countries that share its strategic priorities — namely cracking down on the Brotherhood. Gravitation toward the Arab Gulf monarchies — particularly Saudi Arabia and the United Arab Emirates — is extremely probable. Since the July 3 military intervention, [these states along with Kuwait](#) have lavished Egypt’s new government with [\\$12 billion in aid](#) and have fully backed the military’s clampdown against the Muslim Brotherhood, a group the Gulf rulers similarly consider a political and security threat. For military hardware and weaponry, [the Egyptian military may turn to Russia](#) in the absence of US support.

Ultimately, this growing distance between Cairo and Washington could be constructive, providing the time and space necessary for a vital overhaul of the strategic partnership. The partnership, built on military and counterterrorism cooperation, has reinforced autocracy and undercut prospects for a politically and economically stable Egypt. After all, the recent [upsurge in domestic militant activity](#) is the direct result of state repression and the accompanying “anti-terror” campaign against the Brotherhood — perpetrated with [arms and equipment](#) supplied by the United States.

Rather than viewing relations through a security and counterterrorism lens, US policymakers should recalibrate relations based on an economic development framework. Given its dismal reputation among Egyptians, Washington needs to stop worrying about its influence with Egypt’s political leaders and start thinking about ways to support the socio-economic aspirations of the Egyptian people. The expansion of economic

and trade relations and improvement of cultural and educational exchanges with Egypt would signal Washington's interest in helping the Egyptian people — and would help pave the way toward political stability.

*[Joshua Haber](#) is a research associate at the New America Foundation's Middle East Task Force and assistant editor for the Middle East Channel at [Foreignpolicy.com](#).*

[Article 4.](#)

The Washington Post

## **Can the military learn from its mistakes?**

Thomas E. Ricks

After the Vietnam War, the U.S. Army soberly examined where it had fallen short. That critical appraisal laid the groundwork for the military's extraordinary rebuilding in the 1970s and 1980s.

Today, after more than a decade of war in Afghanistan and Iraq, no such intensive reviews are underway, at least to my knowledge — and I have been covering the U.S. military for 22 years. The problem is not that our nation is no longer capable of such introspection. There has been much soul-searching in the United States about the financial crisis of 2008 and how to prevent a recurrence. Congress conducted studies and introduced broad legislation to reform financial regulations.

But no parallel work has been done to help our military. The one insider work that tried to critique overall military performance was a [respectable study by the Joint Staff](#), but it fell short in several key respects, including silence about the failure to deploy enough troops to carry out the assigned missions in Iraq and Afghanistan. As [James Dobbins recently noted in a review](#) of that study, our military shows “a continued inability to come to closure” on some controversial issues.

This is worrisome for several reasons. The military continues largely unchanged despite many shaky performances by top leaders. That is unprofessional. It doesn't encourage adaptive leaders to rise to the top, as they find and implement changes in response to the failures of the past decade. And it enables a “stab in the back” narrative to emerge as generals

ignore their missteps and instead blame civilian leaders for the failures in Iraq and Afghanistan. A retired general I know warns that this narrative is more likely to take hold as the active-duty military shrinks and grows more isolated from the society it protects.

There is no question that President George W. Bush and other civilians made many of the most glaring errors, such as the decision to go to war in Iraq based on a misreading of intelligence information. But military leaders also made mistakes, and those remain under the rug where our generals swept them.

I am not criticizing the performance of soldiers and Marines in Iraq and Afghanistan. Unlike in the Vietnam War, they were, at the small-unit level, well-trained and well-led. They were tactically proficient and generally enjoyed good morale. In Vietnam, Chuck Hagel, now the secretary of defense, served as an acting first [sergeant of an infantry company](#) when he had been in the Army for less than two years. Nothing like that happened recently.

Our military is adept and adaptive at the tactical level but not at the higher levels of operations and strategy. Generals should not be allowed to hide behind soldiers. Indeed, one way to support the troops is to scrutinize the performances of those who lead them.

The many unanswered questions about how our military performed in recent years include:

- How did the use of contractors, even in front-line jobs, affect the course of war? Consider that two recent national-security incidents involved federal contractors: [Edward Snowden](#), who distributed [U.S. government secrets around the world](#), and [Aaron Alexis](#), who [killed 12 people at the Washington Navy Yard](#) last month.
- Which units tortured people? This affected success in the wars but also relates to caring for our veterans. Torture has two victims: those who suffer it and those who inflict it. Yet our military leaders are not turning over this rock.
- Are there better ways to handle personnel issues than carrying on peacetime policies? Were the right officers promoted to be generals? A recent [article in Parameters](#), the journal of the Army War College, found that commanding a division in combat in Iraq slightly hurt a general's chances of being promoted to the senior ranks. Yet in most wars, combat

command has been the road to promotion. What was different in recent years?

- And what happened to accountability for generals? Recently the [Marine Corps fired two generals](#) for combat failures in Afghanistan. This was newsworthy because it apparently was the first time since 1971 that a general had been relieved for professional lapses in combat. That is too long. The military is not Lake Wobegon, and not all our commanders are above average.
- Some fundamental disagreements between U.S. military leaders and their civilian overseers were never addressed, such as the number of troops required to occupy Iraq. This undercut the formulation of a coherent strategy. Can we educate our future military leaders to better articulate their strategic concerns? If not, expect more quarreling and confusion on issues such as what — if anything — to do about Syria.

As long as such questions go unanswered, we run the danger of repeating mistakes made in Iraq and Afghanistan. With President Obama and Congress apparently disinclined to push the military to fix itself, it is up to the Joint Chiefs, especially Chairman Martin Dempsey and the heads of the Army ([Gen. Raymond Odierno](#)) and the Marine Corps ([Gen. James Amos](#)), to do so. It is their duty.

*Thomas E. Ricks, a former Post reporter, is the author of five books about the U.S. military, most recently “The Generals: American Military Command From World War II to Today.”*

[Article 5.](#)

The New York Review of Books

## **Gambling with Civilization**

[Paul Krugman](#)

***The Climate Casino: Risk, Uncertainty, and Economics for a Warming World***

*by William D. Nordhaus*

*Yale University Press, 378 pp., \$30.00*

1.

[November 7, 2013](#) -- Forty years ago a brilliant young Yale economist named William Nordhaus published a landmark paper, “The Allocation of Energy Resources,” that opened new frontiers in economic analysis.<sup>1</sup> Nordhaus argued that to think clearly about the economics of exhaustible resources like oil and coal, it was necessary to look far into the future, to assess their value as they become more scarce—and that this look into the future necessarily involved considering not just available resources and expected future economic growth, but likely future technologies as well. Moreover, he developed a method for incorporating all of this information—resource estimates, long-run economic forecasts, and engineers’ best guesses about the costs of future technologies—into a quantitative model of energy prices over the long term.

The resource and engineering data for Nordhaus’s paper were for the most part compiled by his research assistant, a twenty-year-old undergraduate, who spent long hours immured in Yale’s Geology Library, poring over Bureau of Mines circulars and the like. It was an invaluable apprenticeship. My reasons for bringing up this bit of intellectual history, however, go beyond personal disclosure—although readers of this review should know that Bill Nordhaus was my first professional mentor. For if one looks back at “The Allocation of Energy Resources,” one learns two crucial lessons. First, predictions are hard, especially about the distant future. Second, sometimes such predictions must be made nonetheless.

Looking back at “Allocation” after four decades, what’s striking is how wrong the technical experts were about future technologies. For many years all their errors seemed to have been on the side of overoptimism, especially on oil production and nuclear power. More recently, the surprises have come on the other side, with fracking having the biggest immediate impact on markets, but with the growing competitiveness of wind and solar power—neither of which figured in “Allocation” at all—perhaps the more fundamental news. For what it’s worth, current oil prices, adjusted for overall inflation, are about twice Nordhaus’s prediction, while coal and especially natural gas prices are well below his baseline.

So the future is uncertain, a reality acknowledged in the title of Nordhaus’s new book, *The Climate Casino: Risk, Uncertainty, and Economics for a Warming World*. Yet decisions must be made taking the future—and

sometimes the very long-term future—into account. This is true when it comes to exhaustible resources, where every barrel of oil we burn today is a barrel that won't be available for future generations. It is all the more true for global warming, where every ton of carbon dioxide we emit today will remain in the atmosphere, changing the world's climate, for generations to come. And as Nordhaus emphasizes, although perhaps not as strongly as some would like, when it comes to climate change uncertainty strengthens, not weakens, the case for action now.

Yet while uncertainty cannot be banished from the issue of global warming, one can and should make the best predictions possible.

Following his work on energy futures, Nordhaus became a pioneer in the development of “integrated assessment models” (IAMs), which try to pull together what we know about two systems—the economy and the climate—map out their interactions, and let us do cost-benefit analysis of alternative policies.<sup>2</sup> At one level *The Climate Casino* is an effort to popularize the results of IAMs and their implications. But it is also, of course, a call for action. I'll ask later in this review whether that call has much chance of succeeding.

2.

Stylistically, *The Climate Casino* reads like a primer rather than a manifesto—something that will no doubt frustrate many climate activists. This is, one has to say, something of a characteristic position for Nordhaus: within the community of reasonable people who accept the reality of global warming and the need to do something about it, he has often taken on the role of debunker, criticizing strong claims that he doesn't think are justified by theory or evidence. He has raised hackles by expressing relative optimism about our ability to adapt to moderate global warming. He harshly criticized Nicholas Stern's widely publicized report on the economics of climate change for arguing that we should not discount the costs imposed by fossil fuel consumption on future generations at all compared with cost imposed on the current generation.<sup>3</sup> And he has taken a skeptical line toward the widely circulated arguments by Harvard's Martin Weitzman that the risk of catastrophic climate effects justifies very aggressive and early action to limit greenhouse gas emissions.<sup>4</sup>

As I said, Nordhaus's part in these controversies has frustrated some climate activists, not least because opponents of any kind of climate action

have seized on some of his work in support of their position. So it's important to realize that *The Climate Casino* is in no sense the work of someone skeptical about either the reality of global warming or the need to act now. He more or less ridicules claims that climate change isn't happening or that it isn't the result of human activity. And he calls for strong action: his best estimate of what we should be doing involves placing a substantial immediate tax on carbon, one that would sharply increase the current price of coal, and gradually raising that tax, more than doubling it by 2030. Some might consider even this policy inadequate, but it's far beyond anything currently on the political agenda, so as a practical matter Nordhaus and the most hawkish of climate activists are entirely on the same side.

And one of the nice things that those of us who deeply respect both Nordhaus and Stern will discover in this book is Nordhaus's conclusion (to his own surprise), based on his models, that the whole issue of how much to discount costs to future generations is something of a red herring—it turns out that the rate at which you discount the distant future doesn't make much difference to optimal policy, only slightly raising the amount of global warming that we should, in the end, allow to take place.

So, what does Nordhaus tell us in this primer? First, he reviews basic climate science. By burning huge amounts of fossil fuels, we have greatly increased the concentration of carbon dioxide in the atmosphere, and will almost surely increase it much more in the next few decades. The problem is that CO<sub>2</sub> is a greenhouse gas (as are several other gases also released as a consequence of industrialization): it traps heat, raising the planet's temperature.

How big a rise are we talking about? Nordhaus more or less goes along with the scientific consensus as expressed in the latest report of the Intergovernmental Panel on Climate Change, which puts the likely increase at between 1.8 and 4° Centigrade by 2100, or between 3 and 7.5 degrees Fahrenheit. Nordhaus's "baseline run" is actually toward the high end of this range, and he shows the temperature rise at almost 6° Centigrade—more than 10° Fahrenheit—by 2200. He also notes the possibility of nasty surprises, for example if warming leads to the release of substantial amounts of methane—a powerful greenhouse gas—from thawing tundra.

Warming, in turn, has a number of consequences going beyond a simple rise in temperatures. Sea levels will rise, both from the expansion of the water itself and from melting ice—and here, too, there is a possibility of nasty surprises if, for example, the melting of the Greenland ice sheet in turn causes more melting. Hurricanes will become more intense, because they are fed by warm water. Local climates may shift drastically, e.g., with wet areas becoming even wetter or going dry.

There is also one important consequence of rising CO<sub>2</sub> levels that isn't tied directly to warming: the oceans become more acidic, with adverse effects on sea life. Devastating effects on coral reefs are probably already inevitable.

How much harm will this do? Nordhaus draws a contrast between what he calls “managed systems”—things like agriculture and public health, which are basically human activities affected by climate—and “unmanageable systems,” like sea level, ocean acidification, and species loss. Compared with some climate writers, Nordhaus is relatively sanguine about the impact of rising temperatures on the managed systems. In fact, he summarizes studies suggesting that agricultural yields will probably rise a bit thanks to one or two degrees of warming, and declares, “It is striking how this summary of the scientific evidence contrasts with the popular rhetoric.” (You see what I mean about his role as debunker—although he concedes that the costs become serious once temperatures reach levels that on current trends they are likely to hit late this century, and much more so at temperatures likely next century.) Health impacts, too, he views as modest, at least for the warming likely this century, declaring his overall assessment “similar to that for agriculture.”

The bigger costs, Nordhaus argues, come from the unmanageable systems: rising seas, more powerful hurricanes, loss of species diversity, increasingly acidic oceans. The trouble is how to put a number on these costs—something he needs to do because, as I already suggested, his goal is to do cost-benefit analysis.

In the end, and despite the debunkery, Nordhaus concludes that there will be mounting costs as the temperature rise goes beyond 2°C—and a rise of at least that much seems, at this point, almost impossible to avoid. When one takes into account the risk of surprising rises in temperature, there is an

overwhelming case for action to limit the temperature rise. The questions then become how much action, and what form it should take.

3.

There's a faction in the climate debate that acknowledges the reality of global warming and its costs, but rejects the notion of trying to limit greenhouse gas emissions—either because it views such limits as too costly, or (one suspects) because limiting human impacts on the environment strikes some people as a wimpy, hippie-type thing to do. Instead, this faction calls for geoengineering: rather than limiting human impacts, we should offset them with deliberate impacts in the opposite direction.

Many environmentalists reject geoengineering out of hand. Nordhaus doesn't; he suggests that schemes like pumping reflective aerosols into the upper atmosphere could offset global warming from greenhouse gases relatively cheaply. Yet as he points out, geoengineering wouldn't actually reverse the effects of greenhouse gases, just offset one of their effects, and even that only at a global level. Ocean acidification, for example, would continue; and even if the average global temperature could be stabilized, there might be major disruptions from changes in local temperatures and climates.

In the end, Nordhaus makes a pretty good case that geoengineering should be studied, and in effect held in reserve, the same way that doctors study and bear in mind dangerous but potentially life-saving treatments to be risked if, but only if, all else has failed. The first line of defense should be an effort to limit global warming by limiting emissions. How should this be done?

Every introductory textbook in economics covers the concept of “negative externalities”—costs that people impose on others through actions, yet have no individual incentive to take account of in their own decisions. Pollution and traffic congestion are the classic examples, and emissions of greenhouse gases are, at a conceptual level, just a kind of pollution. True, there are some unusual aspects to greenhouse gases: the harm they do is global, not local, the costs extend very far into the future rather than occurring contemporaneously with the emissions, and there is at least some risk that emissions will lead not just to costs but to civilizational catastrophe.

Despite these unusual aspects, however, much of the standard textbook analysis ought to apply. And what this textbook analysis says is that the best way to control pollution is to put a price on emissions, so that individuals and firms have a financial incentive to cut back.

How do you put a price on emissions? The most obvious way is via an emissions tax—a Pigouvian tax, in the economics jargon. An alternative, however, is to issue a limited number of licenses to pollute, and let people buy and sell those pollution permits—a so-called cap-and-trade system. The United States has limited acid rain with a highly successful cap-and-trade program on sulfur dioxide since 1995; the Waxman-Markey climate change bill, which passed the House in 2009 but died in the Senate, would have established a broadly similar system for carbon dioxide. Not surprisingly, then, Nordhaus advocates a carbon tax and/or cap-and-trade for greenhouse gases. (As he explains, it's possible to construct hybrid systems.)

Why is putting a price on carbon better than direct regulation of emissions? Every economist knows the arguments: efforts to reduce emissions can take place along many “margins,” and we should give people an incentive to exploit all of those margins. Should consumers try to use less energy themselves? Should they shift their consumption toward products that use relatively less energy to produce? Should we try to produce energy from low-emission sources (e.g., natural gas) or non-emission sources (e.g., wind)? Should we try to remove CO<sub>2</sub> after the carbon is burned, e.g., by capture and sequestration at power plants? The answer is, all of the above. And putting a price on carbon does, in fact, give people an incentive to do all of the above.

By contrast, it would be very hard to set rules to accomplish all these goals; in fact, even figuring out the comparative emissions from a simple choice, like whether to drive or fly to a city a few hundred miles away, is by no means a simple problem. So carbon pricing, says Nordhaus, is the way to go. And I, of course, agree—they'd probably revoke my economist card if I didn't.

And yet there is a slightly odd dissonance in this book's emphasis on carbon pricing. As I've just suggested, the standard economic argument for emissions pricing comes from the observation that there are many margins on which we should operate. Yet as Nordhaus himself points out, studies

attempting to analyze how we might most efficiently reduce carbon emissions strongly suggest that just one of these margins should account for the bulk of any improvement—namely, we have to sharply reduce emissions from coal-fired electricity generation. Certainly it would be good to operate on other margins, especially because these studies might be wrong—maybe, for example, it would be easier than we think for consumers to shift to a radically lower-energy lifestyle, or there might be radical new ideas for scrubbing carbon from the atmosphere. Nonetheless, the message I took from this book was that direct action to regulate emissions from electricity generation would be a surprisingly good substitute for carbon pricing—not as good, but not bad.

And this conclusion becomes especially interesting given the current legal and political situation in the United States, where nothing like a carbon-pricing scheme has a chance of getting through Congress at least until or unless Democrats regain control of both houses, whereas the Environmental Protection Agency has asserted its right and duty to regulate power plant emissions, and has already introduced rules that will probably prevent the construction of any new coal-fired plants. Taking on the existing plants is going to be much tougher and more controversial, but looks for the moment like a more feasible path than carbon pricing. However it's done, how ambitious should an emissions reduction program be? There's an international consensus that we should aim to limit the temperature rise to 2°C; sure enough, Nordhaus goes into full debunking mode here: “The scientific rationale for the 2°C target is not really very scientific.” Instead, he argues for cost-benefit analysis—but this leads him to an only slightly higher target: his best estimate of the optimal climate policy if done right would limit the temperature rise to 2.3°C.

The qualifier “if done right” is important. Stabilizing temperature rise in the 2–3 degree range already requires very large reductions in CO<sub>2</sub> emissions, albeit reductions that Nordhaus (and just about all serious energy economists) believe can be achieved at only moderate cost, given sufficient lead time. But what if some major nations refuse to participate in the effort? What if domestic policy is poorly designed, so that the costs of emission reductions are higher than they should be? In such cases, Nordhaus concludes, the target temperature should be considerably higher, possibly close to 4°C.

Personally, I think Nordhaus is being too pessimistic here. Start with the issue of international cooperation. It seems fairly clear that if the United States were to get serious about climate policy, Europe and Japan would quickly follow suit, so that we would have what amounted to a solid bloc of wealthy nations committed to emissions cuts. The wealthy nations would, in turn, be able to deploy both sticks and carrots to induce developing countries, above all China, to join in.

On one side, “carbon tariffs” on imported goods from nonparticipating countries would provide a powerful inducement to join in. My reading of international trade law is that such tariffs would probably be ruled legal by the World Trade Organization—and if not, so much for the WTO. Saving the planet trumps free trade. On the other side, cap-and-trade offers a natural way to compensate countries for the costs of emissions reduction: simply grant them enough permits that they can sell some of the permits to the extent that the countries do, in fact, reduce emissions, and they’ll have a powerful incentive to make the reductions bigger.

As for the problem of inefficient domestic policies, I come back to the point that despite the complexity of our economy, most of the emissions problem seems to be quite simple: stop burning coal to generate electricity. Given the basic political will to take on the problem at all, this really shouldn’t be that hard. The problem, of course, is that such political will is lacking in the country that must lead on this issue: our own.

4.

I enjoyed *The Climate Casino*, and felt that I learned a lot from it. Yet as I read it, I couldn’t help wondering whom, exactly, the book was written for. It is, after all, a calm, reasoned tract, marshaling the best available scientific and economic evidence on behalf of a pragmatic policy approach. And here’s the thing: just about everyone responsive to that kind of argument already favors strong climate action. It’s the other guys who constitute the problem.

Nordhaus is, of course, aware of this, but I think downplays just how bad things are. He notes that the book *The Greatest Hoax: How the Global Warming Conspiracy Threatens Your Future* was written by “a US senator”; he doesn’t point out that the senator in question, James Inhofe, was the chairman of the Senate Committee on Environment and Public Works from 2003 to 2007, and that someone with similar views will

probably take that position if Republicans regain the Senate next year. He tells us that a manifesto titled “Cap and Trade—Taxing Our Way to Bankruptcy” came from “an advocacy group,” but doesn’t point out that this advocacy group, the Heartland Foundation, is a lavishly financed enterprise largely devoted to promoting climate science denial; it’s secretive about its funding, but appears to be backed both by major corporations and by wealthy individuals.

The point is that there’s real power behind the opposition to any kind of climate action—power that warps the debate both by denying climate science and by exaggerating the costs of pollution abatement. And this isn’t the kind of power that can be moved by calm, rational argument.

Why are some powerful individuals and organizations so opposed to action on such a clear and present danger? Part of the answer is naked self-interest. Facing up to global warming would involve virtually eliminating our use of coal except to the extent that CO<sub>2</sub> can be recaptured after consumption; it would involve somewhat reducing our use of other fossil fuels; and it would involve substantially higher electricity prices. That would mean billions of dollars in losses for some businesses, and for the owners of these businesses subsidizing climate denial has so far been a highly profitable investment.

Beyond that lies ideology. “Markets alone will not solve this problem,” declares Nordhaus. “There is no genuine ‘free-market solution’ to global warming.” This isn’t a radical statement, it’s just Econ 101. Nonetheless, it’s anathema to free-market enthusiasts. If you like to imagine yourself as a character in an Ayn Rand novel, and someone tells you that the world isn’t like that, that it requires government intervention—no matter how market-friendly—your response may well be to reject the news and cling to your fantasies. And sad to say, a fair number of influential figures in American public life do believe they’re acting out *Atlas Shrugged*.

Finally, there’s a strong streak in modern American conservatism that rejects not just climate science, but the scientific method in general. Polling suggests, for example, that a large majority of Republicans reject the theory of evolution. For people with this mind-set, laying out the extent of scientific consensus on an issue isn’t persuasive—if anything, it just gets their backs up, and feeds fantasies about vast egghead conspiracies.

Hence my worries about the usefulness of books like *The Climate Casino*. Given the current state of American politics, the combination of self-interest, ideology, and hostility to science constitutes a huge roadblock to action, and rational argumentation isn't likely to help. Meanwhile, time is running out, as carbon concentrations keep rising.

Throughout this book, Nordhaus's tone is slightly cynical but basically calm and optimistic: this is ultimately a problem we should be able to solve. I only wish I could share his apparent conviction that this upbeat possibility will translate into reality. Instead, I keep being haunted by a figure he presents early in the book, showing that we have been living in an age of unusual climate stability—that “the last 7,000 years have been the most stable climatic period in more than 100,000 years.” As Nordhaus notes, this era of stability coincides pretty much exactly with the rise of civilization, and that probably isn't an accident.

Now that period of stability is ending—and civilization did it, via the Industrial Revolution and the attendant mass burning of coal and other fossil fuels. Industrialization has, of course, made us immensely more powerful, and more flexible too, more able to adapt to changing circumstances. The Scientific Revolution that accompanied the revolution in industry has also given us far more knowledge about the world, including an understanding of what we ourselves are doing to the environment.

But it seems that we have, without knowing it, made an immensely dangerous bet: namely, that we'll be able to use the power and knowledge we've gained in the past couple of centuries to cope with the climate risks we've unleashed over the same period. Will we win that bet? Time will tell. Unfortunately, if the bet goes bad, we won't get another chance to play.

*Paul Krugman is a columnist for The New York Times and Professor of Economics and International Affairs at Princeton. He was awarded the Nobel Prize in Economics in 2008.*

Brookings Papers on Economic Activity, Vol. 3 (1973). [↵](#)

See, for example, William D. Nordhaus and Joseph Boyer, *Warming the World: Economic Models of Global Warming* (MIT Press, 2000). [↵](#)

William D. Nordhaus, "A Review of the 'Stern Review on the Economics of Climate Change,'" *Journal of Economic Literature*, Vol. 45, No. 3 (September 2007). [↵](#)

See Martin L. Weitzman, "On Modeling and Interpreting the Economics of Catastrophic Climate Change," *The Review of Economics and Statistics*, Vol. 91, No. 1 (2009); and William D. Nordhaus, "The Economics of Tail Events with an Application to Climate Change," *Review of Environmental Economics and Policy*, Vol. 5, No. 2 (2011). [↵](#)