

“Effective climate policy”

Global warming is threatening the familiar way of life for many people all over the world. We therefore have a deep vested interest in limiting it to well below 2°C. Instead of the symbolic politics that are so widespread at the moment, what’s needed is effective climate policy. In a comprehensive study, Avenir Suisse sheds light on the political and economic mechanisms this would require. The authors assess the efficacy of existing strategies and propose concrete socially tolerable, free-market methods that can be taken to achieve the net-zero target by 2050.

What economic and political measures could we take to achieve the goals of the Paris Agreement? There’s no shortage of ideas, from veggie burgers to bans on air travel. But will all these regulations, support measures, subsidies, and prohibitions really further the cause of climate protection? The authors of the new Avenir Suisse study, Patrick Dümmler and Lukas Rühli, show what an effective climate policy should look like: restrained regulation combined with consistent pricing of greenhouse gas emissions.

Where to Start?

In light of the consequences in terms of distribution, responsibility and exemplary conduct, the question of where, how and by whom greenhouse gas emissions are produced – or avoided – is a subject of public debate. But in terms of the actual impact on the climate, only one thing counts: **whether** emissions are produced. An effective policy will cut emissions where the most substantial reduction can be achieved for a given effort. This means a global approach is crucial alongside national measures. Another factor is that unilateral national action falls victim to the so-called green paradox: if the supply of fossil fuels remains unchanged, the reduced demand lowers their price, which means that the CO₂ “saved” in one place is emitted all the more elsewhere. For the same reason, the effects of the much-vaunted change in our consumption patterns are in danger of fizzling out.

In the medium to long term, there’s no way around technological innovation to solve the CO₂ problem. Limiting the temperature rise to 1.5°C will most likely require negative emissions in the second half of this century. Mechanisms to recover CO₂ from the atmosphere are close to market maturity.

An effective climate policy has to meet four criteria:

- 1) The measures should result in an actual reduction in greenhouse gas emissions on a relevant scale.
- 2) They should be efficient; in other words, they should achieve the best possible outcomes with a given amount of resources.
- 3) They should be cost-transparent; i.e. emitters should bear the (future) societal costs of greenhouse gas emissions.
- 4) They should maintain technology neutrality.

Climate Protection in Switzerland

Some elements of the existing Swiss CO₂ legislation meet these criteria quite well – for example the CO₂ levy on fuels, the emissions trading system, and the compensation obligation for fuel importers. Dirigiste measures such as the building programme and emission regulations for new cars perform significantly worse.

A key component of Switzerland's future climate strategy is the total revision of the CO₂ Act, which provides for a reduction of greenhouse gas emissions by at least 50% by 2030 versus 1990 and sets the course for reaching the net-zero target in 2050. Regardless of the outcome of the vote on June 13, climate policy in Switzerland should be driven forward as soon as possible to increase its effectiveness and provide instruments that better meet the criteria mentioned above.

National Measures and International Coordination

The study identifies a number of spheres of action in terms of Swiss climate policy:

- **Cooperation on a global level.** In the study Avenir Suisse evaluates international strategies and shows what potential exists for preventing countries from free-riding on climate protection. This would include, for example, setting up a climate club.
- **Close coordination with the EU**, which as part of its Green Deal is steering towards a climate club. Cooperation should be sought to seize economic opportunities and avoid trade discrimination.
- **Bilateral offset agreements.** Emission reductions can be made abroad and counted towards one's own climate target, provided that the reduction is real, verifiable, and permanent.
- Domestic climate policy should be geared to four criteria: **effectiveness, efficiency, cost transparency, and technology neutrality.**
- Although Switzerland itself – contrary to what is often said – is not overly affected by climate change, it must adapt to it; in other words, it must **protect itself from the risks and seize the opportunities.** Both are possible without lapsing into state activism.

Switzerland's domestic contribution to reducing global emissions may be small. Nevertheless, given its high level of prosperity and above-average per-capita emissions in the past, it should set a good example in the fight against climate change. If this country can serve as a role model, there will be an impact far beyond our borders. But for this to happen, our climate policy must be effective and affordable.

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