

✘ [My RBC colleague James Wimberley thinks so](#) — and not because of the fake, nothingburger scandal over Benghazi that the Right has cooked up. Instead, James' argument centers on climate change.

As we all know, [NRDC's OnEarth broke the story a couple of weeks ago](#) that Rice and her husband hold fairly massive investments in fossil fuels in general, and tar sands in particular:

Rice owns stock valued between \$300,000 and \$600,000 in TransCanada, the company seeking a federal permit to transport tar sands crude 1,700 miles to refineries on the Texas Gulf Coast, crossing fragile Midwest ecosystems and the largest freshwater aquifer in North America.

Beyond that, according to financial disclosure reports, about a third of Rice's personal net worth is tied up in oil producers, pipeline operators, and related energy industries north of the 49th parallel — including companies with poor environmental and safety records on both U.S. and Canadian soil. Rice and her husband own at least \$1.25 million worth of stock in four of Canada's eight leading oil producers, as ranked by Forbes magazine.

From this, [James concludes that](#)

The issue is not the specific conflict of interest over the Keystone XL pipeline, on which the State Department has to issue a recommendation next year. It's that she would have a **systematic** conflict of interest over the most important foreign policy issue of the second Obama Administration — far more important than Islamic fundamentalism.

The investments also show terrible judgement. Betting your fortune on [planet-busting oil](#) means you are one of these three things:

- a feckless denialist (the proverbial [grasshopper](#))
- a gutless temporiser (the proverbial [ostrich](#))
- a heartless cynic (the proverbial [scorpion](#).)

Take your pick. But any of these should disqualify Ms Rice from the office

of Secretary of State.

Although NRDC's revelations make me a lot less enthusiastic about Rice than I was before, I do not think that they disqualify her from being Secretary of State — especially if the Obama Administration takes certain actions that they should have taken awhile ago.

In terms of interest conflicts, they do not disqualify Rice *if* she and her husband put their assets into a blind trust. I confess I am pretty surprised that they are not in there now, given her position as Ambassador to the United Nations. Doing this should be a *sine qua non* for accepting the position. I don't know what to do about spouses — an issue as much with Hillary Clinton as it is with Rice.

Moreover, for the last four years, Rice has occupied a position central to climate change, so why do we think it would be different for the next four years? After all, it is the *United Nations Framework Convention on Climate Change*. I know of no evidence suggesting that she has in any way interfered or hindered either United Nations or American efforts on the issue.

Now, a reasonable comeback would be that under the Obama Administration, the UN Ambassador does not have primacy in international climate negotiations — the State Department does. But that has been a problem for a while. [As I argued four years ago](#), the State Department *shouldn't* be the central bureaucratic player in this area: the United States Trade Representative should be. Climate will get buried at State (as arguably it has), but it won't at USTR with a suitable figure at its head. If the Obama Administration makes this move, then the issue is moot: James acknowledges that these concerns would not apply if Rice is appointed, say Secretary of Defense.

Most importantly, I'm not sure that over the next four years climate change will in fact *be* a foreign policy issue. The fact of the matter is that no real international climate treaty with teeth is in the works, as was demonstrated at Doha these past couple of weeks. Even if there were, the chances of Senate ratification are nil, and as long as the GOP controls the House, no climate treaty is possible through a legislative-executive agreement. Climate policy will focus on EPA's efforts to craft a Federal Implementation Policy for greenhouse gases and perhaps the Energy Department's efforts to enhance clean technology. There will be some subtle and tacit discussions with other players such as China and India, but really no more than

that.

These factors tell me that while Rice's investments are troubling, and she isn't optimal from an environmental perspective, they don't really disqualify her, especially given the political context here. [I continue to hope that President Obama will give her a recess appointment and tell John McCain to put his head into his most convenient orifice.](#) The most important factor in US foreign policy — or indeed *any* policy — is to return the Republican Party to sanity, and that cannot be accomplished unless it is made exceptionally clear to them that they simply will gain no traction with the irresponsible, childish behavior that they have exhibited so far. That tips the balance for me: the very-tangential salience of the State Department to environmental policy pales in comparison.

There are problems with Rice's record, [as Peter Beinart pointed out in an excellent piece yesterday.](#) But at the end of the day, this is the President's call: he has demonstrated his ability as a steward of US national security. He should get whom he wants.