
Putting Climate into the “Change” Agenda

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Thirty days have elapsed since an estimated two million Americans gathered freezing on the streets of Washington, DC – joined by hundreds of millions more glued to television sets across the globe – to witness the inauguration of President Obama. If a week is indeed a long time in politics, then it comes as no surprise that eight years can feel like an eternity. Understandable, then, that expectations of the new administration’s first month in office were extraordinarily high. However, few could have predicted the incredible rate with which America’s 44th President has set about implementing his “Change” agenda.

Like many others, SustainAbility is watching eagerly to see where climate change fits in this change agenda. Among the intersecting crises of economy, energy, and environment that provide the backdrop to President Obama’s first thirty days in the White House, what evidence is there of a significant change of approach? What has he achieved in his first month in office that gives cause for – dare we say it – cautious optimism?

- Pre-election, the signs were good. From the early days of his campaign, it was apparent that Obama planned a different approach to energy and climate. As the economy spiralled downward in the fall of 2008, Obama rightly argued that there was no choice to be made between fixing the economy and tackling the combined spectres of climate change and energy security. Rather he declared that focusing on climate change solutions would create green jobs and contribute to a healthy economy. He has maintained that position during the transition period and into the early days of his Presidency.
- Just two weeks after he became President-elect, in a taped speech to delegates gathered in Los Angeles for an international conference on climate change, Obama signalled that his intentions were more than just campaign rhetoric, stating that under his administration, the U.S would move to slash its own greenhouse gas emissions by 80% by mid-century, and “help lead the world toward a new era of global cooperation on climate change.”
- In December, Obama’s announcement of Steven Chu as Secretary of Energy signalled to the country and the world that science would once again be the foundation of government policy on climate change and energy. At the time of his appointment as Energy Secretary, Dr. Chu was a Professor of Physics and Molecular and Cellular Biology at the University of California, Berkeley and the director of the Lawrence Berkeley National Laboratory. Chu has for several years been a proponent of aggressive action on climate change and alternative energy sources. In a recent video address, he restated the view widely held by climate scientists that avoiding the worst impacts of climate change means limiting global warming to 2°C above the pre-industrial era.
- Also in December, acknowledging the interdependence of energy and environment, Obama named Carol Browner, former head of the USEPA under President Clinton, as Energy Coordinator, a newly created position. Working in the White House, Browner brings a hefty amount of experience in environmental policy-making and consulting. Her role will be to promote alignment and collaboration among various federal agencies which are responsible for developing and implementing energy and climate change policies.
- Days after he took the oath of office, President Obama moved from words to action. On January 26 he ordered the USEPA to reconsider its rejection of California’s request to set its own fuel efficiency standards, more stringent than the federal standards. The potential impact

of this change reaches well beyond California, as 17 other states have indicated they will follow California's lead.

- That same day, President Obama also ordered the US Department of Transportation to implement a law passed by Congress in 2007 but essentially ignored by the Bush Administration, to increase CAFE vehicle efficiency standards from 27.5 mpg for passenger cars and 22 mpg for light trucks to 35 mpg for the whole fleet by 2020.
- Also on January 26, Secretary of State Hillary Clinton appointed the Department of State's first Climate Change Envoy, Todd Stern, a veteran of the Clinton Administration and most recently a Senior Fellow at the progressive Center for American Progress. Stern will be the United States' primary representative in international climate negotiations. At a press conference at the State Department Clinton described the establishment of the post and appointment of Stern as a "an unequivocal message that the United States will be energetic, focused, strategic and serious about addressing global climate change and the corollary issue of clean energy."
- President Obama has outlined an energy plan which: (1) supports private sector efforts to build a clean energy future by investing \$150 billion over the next ten years; (2) promotes electrification of transport with a target of 1 million plug-in hybrids on the road by 2015; (3) expanding renewable energy resources to 10% by 2012 and 25% by 2025; and (4) implements and economy-wide cap-and-trade program to reduce greenhouse gas emissions by 80% by 2050.
- And probably the most important achievement of Obama's first month in office, he pushed through Congress and signed into law an economic stimulus package which puts his money where his mouth is. Of the nearly \$800 billion cost of the package, \$317 billion is in spending, and the balance is in tax provisions. Energy and the environment will get the biggest spending allocation of any single sector, nearly \$100 billion, including \$50 billion for an innovative technology loan guarantee program, \$14 billion for energy efficiency and renewable energy, \$4.6 billion for research on clean coal and carbon capture technologies, and \$4.5 billion to modernize and enhance the electric grid.

Will this be enough to address the monumental scale of the combined challenges we face? At the close of 2008, SustainAbility concluded we may be about to embark on the most defining twelve months in human history. If this sounds like hyperbole, allow us to elaborate.

Tackling climate change cannot be taken out of context. In December of this year, high level delegations from the 192 national governments who have already ratified the United Nations Framework Convention on Climate Change (UNFCCC) will assemble in Copenhagen. Their daunting task is to agree the terms of a global treaty designed to curtail greenhouse gas emissions. A positive outcome at the Copenhagen Climate Summit represents our last best hope of achieving the UNFCCC objective of avoiding dangerous human interference with the climate system. And for eight long years prior to 21st January 2009, an inclusive and effective global deal seemed like pie in the sky.

Securing a deal under the best of circumstances is a major challenge, involving immensely complex political negotiations between countries with highly divergent views and long and complicated relationships. How much more complex, then, when our leaders face not just one, but three major conundrums: (1) a world economy on the edge of collapse, (2) the spectre of oil depletion, and (3) the urgency and scale of action required on climate change.

The Economy. Barely a day passes without more damning revelations of the perilous state of the global financial system, whether brought about by wilful neglect or simple human fallibility. Is this just another phase in the oft-repeated boom-and-bust economic cycle? Or evidence of an underlying systemic flaw in the way the modern world operates? Regardless, governments will be tempted by the current crisis to respond with business-as-usual growth strategies that fail to address the environmental consequences.

Oil Depletion. Our second concern is perhaps more closely related to the economic crisis than many observers care to notice. There is every possibility that we are approaching the upper limit of global crude oil production. Whether this limit is imposed by geological fundamentals, geopolitical

dynamics, or infrastructural bottlenecks is largely irrelevant. The salient point is that when world oil demand rose to around 86 million barrels per day, the global supply system was unable to respond and the oil price soared to a record \$147 per barrel in July 2008. From such a pressurised state, the only escape valve was destruction of demand, or “recession” by another name.

Every major recession since World War II has been preceded by a spike in the oil price, and this one is no different. Except this time, the return of cheap oil will not be our economic salvation. There are two reasons for this. The first is that prior to the slump, oil companies were already turning to increasingly expensive “frontier” sources of liquid fuels – such as ultra-deepwater, the Arctic, and the Albertan tar sands – just to replenish their diminishing reserves. If cheap oil were abundant and accessible, as it has been for most of the last 150 years, then these would be the last places you would look. The second reason is climate change.

Climate Change. Our third and final cause for alarm is perhaps the greatest challenge of all. We know – because an overwhelming body of scientific evidence tells us – that the Earth’s life support system is creaking under the weight of the billions of tonnes of greenhouse gases that we dump into the atmosphere each year. We also know that unless we can reverse the upward trend of emissions within the next decade, then the chances of avoiding the 2°C threshold for global warming – beyond which catastrophic impacts are much more likely – become very slim indeed. Confronted with the manifold threats of climate change, we can find no solution to the oil supply crisis in the carbon-intensive Albertan tar sands.

So will Obama’s steps be sufficient? The details of the stimulus package, in particular, appear to offer compelling evidence that the Obama Administration agrees the solutions to our three greatest challenges – the economy, energy, climate change – are very much aligned, rather than requiring the trade-offs that previous leaders have tried to convince us are inevitable. It is difficult to overstate the seismic nature of this shift in US policy, unrecognisable as it is to an international community weary of a less enlightened form of self-interest.

A second indicator will be how much weight the Administration throws behind obtaining a deal at the Copenhagen talks. And this will not be easy to obtain. Climate sceptics still abound in the US, and even among those committed to action there are divergent views on the best way to proceed. These complications will be compounded by political compromise, the short attention span of the US citizenry, and American’s belief that cheap energy is an unassailable birthright. But for those of us who believe that climate change is the greatest challenge of our generation, and that business, government and society cannot afford to wish it away, the early actions of the Obama Administration are welcomed as a breath of fresh, cool air.

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