



US reaction

Why climate moderates must win the day

Jon Entine examines how the far right in the US is responding to the failed Copenhagen talks – and the role that moderates might now play

Climate change? Just mentioning the words turns hardliners in the US Congress and their screeching mouthpieces on talk radio apoplectic. In the wake of the failure of Copenhagen, critics of regulating carbon emissions believe they can shrug off concerns over global warming.

But political gridlock won't stop temperatures from rising. Which raises the question: are Republicans, who have thrown in their lot with the far right on this issue, capable of constructive engagement on this issue?

Of course, the left has its own share of apologists, as the Climategate disgrace has demonstrated. But it's hard to top the hysteria from muck-it-up right-wingers – don't use the misnomer "conservative" to describe these nabobs, as there are thoughtful non-left policy wonks addressing carbon reduction and resilience-

building strategies – who would kill their own before acknowledging the real threat posed by global warming.

Is there a third way, between the environmentalists' willingness to gut economic growth and doing nothing while pretending that rising temperatures are benign? Moderation is a dirty word these days in American politics, where bipartisanship is often considered treason.

Lost direction

Years ago, Jim Hightower, former politician and now popular leftist radio personality, wrote a book entitled *There's Nothing in the Middle of the Road but Yellow Stripes and Dead Armadillos*. Let's take a look at the most important armadillos on climate policy and judge their likelihood of survival.

John McCain used to walk the middle.

"Americans solve problems. We don't run from them," he once said, highlighting the Bush administration's obstructionism on climate change. He co-sponsored the first Senate bill supporting mandatory greenhouse gas reductions, the 2003 McCain-Lieberman Climate Stewardship Act, and has pushed numerous versions of the bill since. The right blasted him. In later bills he angered the anti-nuclear left when he smartly added financial incentives for researching nuclear energy, a genuine no-carbon source. He was rightly recognised as a maverick.

Unfortunately, McCain's leadership skills are missing in action. He has correctly identified the central weakness in the bloated cap-and-trade fiasco now on the table, noting that the Democrats' bill, which is designed to win the support of alternative energy idealists and coal state allies has the look of a "government slush fund". He says: "Auctioning 100% of the carbon credits is bad economic policy that would cost businesses billions of dollars and allow for little to no transition into a low carbon system." But democracy calls for messy horse-trading. Where's the crafty bridge builder? Once innovative on this issue, McCain now sounds like a garden variety Republican



McCain's leadership is missed

saboteur. A bill will be coming out of Congress; McCain just doesn't have the fortitude to help shape it. He's a dead armadillo.

The most high-profile new rebel is South Carolina Senator Lindsey Graham, who has a 90% conservative voting record. Graham was once such a climate change sceptic that he voted against McCain's bills in 2003 and 2005. Then he travelled with McCain to the Arctic to see the devastating warming firsthand, and it transformed him.

Pricing carbon

Graham contends that you can't get to "energy independence" without pricing carbon. He's right. He publicly supports cap-and-trade. But like thoughtful conservatives, including many business leaders, he recognises the need for cost certainty on emissions, perhaps by combining cap-and-trade with a revenue-neutral carbon tax. Republicans get a reduction in the corporate tax and Democrats get payroll tax cuts?

Two renegade Republicans in the House of Representatives have already taken the plunge at forging a compromise. Bob Inglis of South Carolina and Jeff Flake of Arizona were the first Republican lawmakers to propose a carbon tax. Positioned as an alternative to cap-and-trade, their bill would set a tax of \$15 per US ton of carbon dioxide produced in its first year, rising to \$100 a ton over 30 years.

All the proceeds would be used to cut payroll taxes for employers and employees. "The first axiom of economics is if you want less of something, you tax it," says Flake, a leading fiscal conservative, speaking to

Ethical Corporation. "Obviously, we want less carbon, so we tax it."

Some prominent conservatives support a direct carbon tax, Inglis notes. These include Arthur Laffer, Ronald Reagan's former economic adviser, and Gregory Mankiw, who advised George W Bush and now teaches economics at Harvard. A number of scholars at the American Enterprise Institute, a conservative thinktank, are also supporters.

However, some colleagues in Inglis's party have told him it's politically risky for a Republican in conservative South Carolina to support any measures that acknowledge climate challenges, let alone the need for a response. "They say, 'Inglis, why are you doing this?'" he says. "My answer is because the reward for the country is huge. If you're not here to do courageous things, then go home."

Intriguingly, the move away from a giveaway carbon-trading plan would also please many liberals, from Greenpeace to Al Gore's former advisers. The current cap-and-trade bill promises to be a windfall for financial wizards salivating at the prospect of trading carbon credits that would churn billions of dollars but have little impact on curbing greenhouse gases.

Graham, Inglis and Flake also realise that a bill setting strict limits on the industrialised countries while exempting India and China will fail because western governments and corporations cannot afford to permanently cede markets, which is what was being sold in Copenhagen.

The economic disruption (which would boomerang on the developing world) could

transcend the predictions of global warming doomsayers, and the devastation could come with no significant reduction in greenhouse gases.

Green, amber, red?

Copenhagen has at least temporarily slowed the movement towards a greener worldwide economy. McKinsey, the consultancy, had been forecasting that sustainability spending might reach €810bn by 2030. But with the cost of CO2 uncertain and little clarity on an international regulatory framework, those investments are now no sure thing.

This period of uncertainty sits well with the far rightists, who are betting the public will perceive them as heroes for opposing as wasteful any and all solutions to address global warming. But that wager is almost certain to blow up in their collective faces.

Why? The public may be unsure about who is least credible in the fight between the Climategate apologists and the muck-it-ups, but corporations are not. The extremists are out of step with their usual allies in the business world, which operates without borders and thrives on opportunity – or withers on risk. And there is no bigger risk today for corporations than the lack of certainty in pricing energy.

Senator Graham and Congressmen Inglis and Flake may face survival challenges as a result of their strolls down the middle of the road, but they can take some comfort in the fact they have allies in the titans of global corporations, from FedEx to HP to Coca-Cola. Executives of carbon-intensive industries once denied their contributions to climate change, and some fought against global agreements. But as the scientific evidence accumulated, and as public opinion turned, business began to shift its approach.

"Not a lot of companies still lobby openly against regulation," says Irja Vormedal, of the University of Oslo, who studies industry influence in climate negotiations. "That ship has left the dock. Now they try to prepare for this new transition. They say, 'If we do that, we'll have a chair at the table and can influence regulation.'"

Hello, rightinistas, are you listening? On this issue, the armadillos may yet have their day. ■

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