

(reprinted with permission from Modern Power Systems, June 2001)

Bush, climate and energy policy

By Walt Patterson

George W. Bush may be the best thing that could have happened to world climate. All he needed was one press conference to put the climate issue right back to the top of the international agenda. Years of low-key diplomatic manoeuvres in pursuit of a tentative and ineffectual consensus had left official climate policy in limbo, marking time on an agreement already evidently much too weak. Bush's abrupt and simplistic truculence injected desperately-needed drama. It tore away the veil of polite pussy-footing, and revealed the stark reality of the ruthless infighting on the climate battleground. Suddenly, through the stagnant pall of obfuscation, the world's public can see climate good guys and climate bad guys; and suddenly this matters.

Bush, his advisors and his corporate backers have certainly been nonplussed by the vehemence of the antagonistic response to his rejection of the Kyoto protocol, both internationally and in the US domestic media. When *Time* magazine runs a cover feature on 'global warming', asking if the US is getting it wrong, the most sanguine politicians and chief executives may hesitate. Since Bush's outburst, and the wrathful reaction it produced, senior executives of Exxon Mobil, widely perceived as the power behind the Oval Office throne, have been scrambling frantically to insist that they too are concerned about climate; they just don't believe that the Kyoto protocol is the best way to tackle it. That in itself is a striking change from one of the most high-profile corporate deniers, a relentless critic of the Intergovernmental Panel on Climate Change.

The third assessment report from the IPCC is the most forthright yet about the impact of human activities on climate, and about the potential for catastrophe. Whoever called the process 'global warming' might have been a more subtle supporter of the Bush line. 'Warming' sounds so benign and cosy; it reminds you of the old US Atomic Energy Commission, measuring strontium-90 from nuclear-test fallout in 'sunshine units'. Even 'climate change' is flat and neutral. 'Climate disturbance' would be more accurate. But what the public sees, all over the world, is weird weather. As I write, we have had a day in Buckinghamshire, England, in late April, of bright warm sun interspersed with at least four separate blizzards, blanketing the ground with balls of snow that melt in the next hour of sunshine. Anyone you ask, anywhere, will have similar stories to tell. Scrupulous climatologists insist this is all anecdotal, and of course it is. But the feeling is hard to shake that something strange is happening to weather. If the public comes to accept this, and to believe that some governments and some companies are obstructing efforts to cope with weird weather, the consequences could be interesting, both politically and economically.

The economic aspect deserves closer examination. When Bush rejected the Kyoto protocol, he claimed that it would damage the US economy. Ever since the emergence of the climate issue, official policy has always been couched in terms of 'costs' and 'burdens'; and the Kyoto protocol too uses this language. But a more balanced assessment indicates that governmental climate policy will create winners as well as losers. An economic modelling study by the World Resources Institute, cited in this column on an

earlier occasion, found that the overall impact on US GDP of government climate policy measures, from the mildest to the most stringent, was so small as to be lost in the noise of the models. The impact would be a structural shift in the economy, not an overall gain or loss. However, the potential losers from such a structural shift include some of the most politically influential companies in the US, notably oil companies and coal companies; and their vociferous opposition has thus far drowned out the enthusiastic exhortations of potential winners. The OECD, the rich countries' club, has just published a report calling for 'removal of environmentally harmful subsidies'. Among such subsidies are the many billions annually conceded to oil and coal, despite their impact on climate. But the oil and coal industries will not yield this bonanza without a furious battle;

Nevertheless, the structural shift in economies is happening anyway, and not only in the US. One of the most striking manifestations, of course, is in electricity; and even here the shift, dramatic already, is still in its infancy. For electricity in particular, government climate policy could make a rapid and sweeping difference. Active policy to foster innovative options with lower impact on climate, such as cogeneration, renewables, and decentralized electricity with optimized local systems, could create a whole portfolio of new business opportunities. It could encourage enlightened companies to move beyond risky short-term commodity transactions, selling anonymous units of electricity in a cutthroat competitive market, to energy service business - an investment, infrastructure and asset-management business founded on long-term stable contractual relations between companies and customers.

Such government policy would be not just climate policy but real 'energy policy', as distinct from the so-called 'energy policy' of the past which is merely a shorter way to say 'fuel and power policy'. Real energy policy must address the whole energy infrastructure of society - not just the infrastructure that delivers fuel and electricity, but also the infrastructure that delivers the energy services humans actually want. Viewed in this light, the climate issue becomes not a cost nor a burden but a cornucopia of opportunities, for those prepared to recognize and seize them. If the US does not want to seize them, so much the better for the EU, its governments, its companies and its people. If the EU has the vision and the courage to take some entirely feasible initiatives, and to do so quickly, the interaction between climate and energy might even become the key to breaking US domination of the world economy.

If so, future historians may consider the Bush rejection of Kyoto as one of the worst decisions a US president has ever made.

© Walt Patterson 2001