



## Waking up and catching up

AUSTIN, CHICAGO, LOS ANGELES AND WASHINGTON, DC

**Belatedly, and for many reasons, America is embracing environmentalism**

WHEN Jim Webb, the new Democratic senator from Virginia, replied to George Bush's state-of-the-union message, he could bear to endorse only one of the president's proposals. This was the idea of cutting America's petrol (gasoline) consumption by 20% in ten years, by increasing ethanol production to 35 billion gallons a year and raising fuel-efficiency standards for cars.

Such a plan would reduce America's dependence on imported oil from dangerous places (as would Mr Bush's plan to double the country's petroleum reserves). But it would address global warming only tangentially. The Democrats in Congress are weighing much more dramatic measures, including across-the-board cuts to the greenhouse gases that are heating up the planet. At the state level, politicians of all stripes are already taking more radical steps. Even big business is coming round. Mr Bush may be dragging his feet, but America is greening fast.

The Democrats' victory in last year's

elections means that Congress's stance on environmental issues has changed dramatically. In one race for the House of Representatives, a Democratic consultant on wind power defeated a Republican ally of the oil industry. Barbara Boxer, an ardent advocate of firm action on climate change, has taken over the chairmanship of the Senate Environment Committee from James Inhofe, who often described global warming as "the greatest hoax ever perpetrated on the American people".

Since Congress convened earlier this month, the Democrats have got to work fast. The House has passed a bill that would eliminate a tax break for oil production in America, and would impose penalties on firms that refuse to renegotiate the absurdly generous leases the government accidentally granted them in the late 1990s. The proceeds—perhaps \$15 billion over the next decade—would be used to fund renewable energy schemes.

Nancy Pelosi, the new speaker of the House, is now turning her attention to

global warming. She is setting up a committee to address both that issue, and America's dependence on imported fuel. She wants to see legislation before July 4th, so that she can declare "energy independence" on the same day that the founding fathers severed political ties with Britain.

Meanwhile, some half-dozen bills on global warming are circulating in the Senate. Several propose cap-and-trade schemes, whereby the government would create a fixed number of permits to produce greenhouse gases and then auction them or allocate them to businesses. Firms without enough permits to cover their emissions would either have to pollute less, or buy up spare ones from firms that had managed to cut back.

John McCain, a leading Republican presidential candidate, and Joe Lieberman, a former Democratic one, are behind the most prominent cap-and-trade scheme. Barack Obama, one of the Democrats' current presidential aspirants, is a co-sponsor. It is the most ambitious of the bills with serious backing: it would cut carbon emissions to 2004 levels by 2012 and then mandate further reductions of 2% a year until 2020. Although these targets are less onerous than those of the Kyoto protocol, the United Nations' treaty on climate change, most analysts reckon they will prove too exacting for Congress.

An alternative cap-and-trade scheme, sponsored by Jeff Bingaman, chairman of ▶▶

▶ the Senate Energy Committee, suffers from the opposite problem: excessive modesty. His plan would aim to slow the growth of emissions, and ultimately stabilise them at their 2013 level by 2020. It includes a safety valve, under which the government would automatically issue more permits to pollute if the price of those permits rose too far. The economic impact would be much smaller than under the McCain-Lieberman plan but so, too, would the reductions in emissions.

Dianne Feinstein, a Democratic senator from California, is proposing a third approach. She wants to create cap-and-trade mechanisms within industries rather than across the economy as a whole. She has, for instance, proposed legislation that would cut power companies' emissions by 25% of their projected levels by 2020.

All these initiatives face an uphill battle. The previous Senate rejected the McCain-Lieberman plan twice—by a bigger margin the second time around. Any bill that involves mandatory caps on greenhouse-gas emissions would need 60 of the chamber's 100 votes to succeed, since Mr Inhofe has pledged to filibuster all such measures. In the House the Energy Committee is chaired by John Dingell, a Democrat from the carmaking hub of Detroit who has long opposed mandatory caps. Mr Dingell, who says Ms Pelosi's new committee is "as useful as feathers on a fish", will still have a big say in any legislation. And even if a bill overcomes all these obstacles, it would risk a presidential veto.

**A matter of security**

But whatever the fate of these proposals, the political climate is changing faster than the weather. Almost all the leading presidential candidates favour emissions caps. One of them, Hillary Clinton, has condemned the Bush administration's failure to act as "unAmerican". That is a remarkable change since 2000, when Al Gore toned down his environmental rhetoric during his presidential campaign for fear of sounding pious and obsessive. Indeed, activists are so convinced that the next



His other car's a Hummer

president will be greener than Mr Bush that they are debating whether to settle for immediate but modest measures on global warming, or wait for a new administration to take bolder steps.

The Democrats have always been the greener party, but environmentalism is budding among Republicans too. Take Saxby Chambliss, a moderate senator. He voted against the McCain-Lieberman bill in 2005, but changed his mind after visiting Greenland to view the melting ice cap. "There really is something to it," he now says.

Many factors lie behind the party's shift. Most have to do not with sudden sentimentality in the face of Nature, but with national security (a motivation that lies, too, behind Ms Pelosi's new committee and Mrs Clinton's patriotic posturing). Fiscal hawks fret about the impact of growing oil imports on the dollar. Military types fear global conflict for dwindling resources in the event of catastrophic global warming. Neoconservatives worry about America's dependence on oil imports from unstable if not openly hostile countries in Latin America and the Middle East. Some think the solution is simply to pump more oil at home, but others argue that America needs to move away from oil altogether. One such figure, Jim Woolsey, a former director of the Central Intelligence Agency, pointedly drives a Toyota Prius, a famously fuel-efficient car.

At the same time, a growing number of evangelical Christians are beginning to see global warming as a moral issue. They argue that mankind, as steward of God's creation, has a duty to protect the environment. One outfit, the Evangelical Climate Initiative, encourages prominent pastors and theologians to sign a "Call to Action". Another group, the Evangelical Environmental Network, runs a website called "What would Jesus drive?" Last year Pat Robertson, a prominent televangelist, told

his flock "We really need to address the burning of fossil fuels."

The Republican Party has a strong, albeit fitful, tradition of environmentalism. Teddy Roosevelt expanded America's national parks. Richard Nixon created the Environmental Protection Agency (EPA). Mr Bush's father, when he was president, signed off on America's first nationwide cap-and-trade scheme to control emissions of the gases that cause acid rain.

But the strongest force propelling environmentalism among Republicans is self-preservation. Arnold Schwarzenegger, the decidedly green governor of California, was one of the few luminaries in the party unaffected by last year's electoral meltdown. Republicans in other western states, where a Democratic tide is rising and a pristine landscape is a major tourist attraction, are following Mr Schwarzenegger's moves with interest. They fear the party may lose ground with moderate middle-class types who dislike urban sprawl and unfettered oil-drilling.

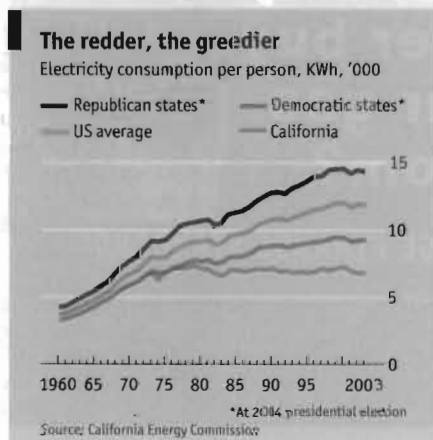
The destruction wrought by Hurricane Katrina in 2005 had a big influence on voters, according to Jonathan Lash of the World Resources Institute. Americans seem to view the increasing incidence of freakish weather as proof that climate change is real. Many of them paid to see Mr Gore's film on the subject, making it the third-most-successful documentary of all time (and now a candidate for an Oscar). Polls show that Americans are gradually growing more exercised about global warming, although they are still less anxious than Europeans or Japanese.

**The business view**

Even big business, which stands to lose most from stricter environmental regulation, is beginning to accept that change is in the air. Exxon Mobil, led until recently by a fierce sceptic of global warming, now concedes that there is a problem, and that its products are contributing to it. Last year four-fifths of utility executives polled by Cambridge Energy Research Associates, a consultancy, expected mandatory emissions caps within a decade.

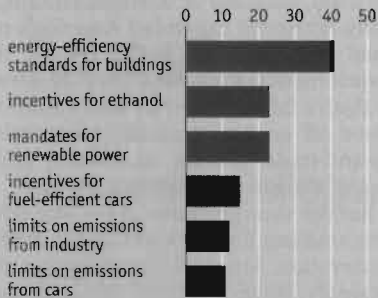
If regulation is indeed on its way, many firms would like Congress to fix the rules sooner rather than later, to help them plan investments in factories and power plants with long lifespans. Earlier this week ten companies, including Alcoa, Caterpillar and DuPont, called for Congress to set up a cap-and-trade system for greenhouse gases as quickly as possible. Since most of the firms involved produce clouds of emissions, they would obviously like to influence future legislation.

But the firms' bosses claim to see emissions caps as an opportunity, not a threat. GE, a member of the group, wants its executives to use their "ecomagination". By the same token Rick Wagoner, the head of GM, ▶▶



**Green at heart**

Number of states with:



Sources: American Coalition for Ethanol; Alliance to Save Energy; The Economist

▶ the world's biggest carmaker, recently hoped aloud that oil prices would remain high, so that his firm would keep its incentive to develop fuel-efficient cars. Wal-Mart, America's biggest retailer, hopes to double its sales of low-watt lightbulbs.

Lots of firms are growing healthily on the back of America's sudden enthusiasm for alternative energy. Americans invested almost \$30 billion in the sector in 2006, according to New Energy Finance, a research firm. American venture capitalists lavish seven times more on greenery than their counterparts in Europe. Ethanol production was expected to double in the next few years, even before the latest boost from Mr Bush. Wind and solar power are also booming. And the bigger green firms become the more influence they will have over politicians.

**States to the fore**

At the very least, businesses want to avoid a patchwork of conflicting local regulations on environmental matters in general, and greenhouse-gas emissions in particular. There is already a bit of a muddle, since several states have taken much bolder and more experimental steps than the federal government. California, the boldest of all, has taken on carmakers, electricity companies and the EPA, to name a few. Its politicians vie to out-green one another. Some 40 of its legislators drive hybrid cars. Mr Schwarzenegger, not to be bested, has converted one of his fuel-swaggering Hummers to run on hydrogen.

Congress may be thinking about tackling greenhouse-gas emissions, but California has already done it. Its Global Warming Solutions Act, which was passed last year, aims to cut them to 1990 levels by 2020—an ambitious target for a state that has grown rapidly in the past 15 years and will probably continue to do so. The details have yet to be fleshed out, but the reductions will come from both a cap-and-trade scheme for industry and regulations of various sorts.

Mr Schwarzenegger issued the first such regulation earlier this month, oblig-

ing producers of petrol and other fuels to cut the emissions of carbon dioxide from their products by 10% by 2020—presumably by mixing in more ethanol and other biofuels. It is not California's first attempt to reduce emissions from transport: its legislature voted for stringent cuts in 2002. That move has become snarled in a court battle over whether states have the right to set fuel-economy standards. Meanwhile, the politicians keep trucking. In September, the state showily sued six car manufacturers, alleging they had damaged its climate. It is also suing the EPA, for failing to regulate greenhouse-gas emissions.

California's politicians are keen on renewables too. State law requires utilities to generate 20% of the power they sell from sources such as windmills and biomass plants by 2010, and 33% by 2020. Solar power has won even greater favour: under the "million solar roofs" scheme, the state plans to spend more than \$3 billion over the next decade subsidising the installation of solar-power panels.

California has also pioneered the practice of "decoupling", which deprives power firms of their incentive to sell as much electricity as possible. Instead, the local regulator has devised a formula to reward firms whose sales are lower than expected, and to allow the recovery of the costs of energy-efficiency schemes.

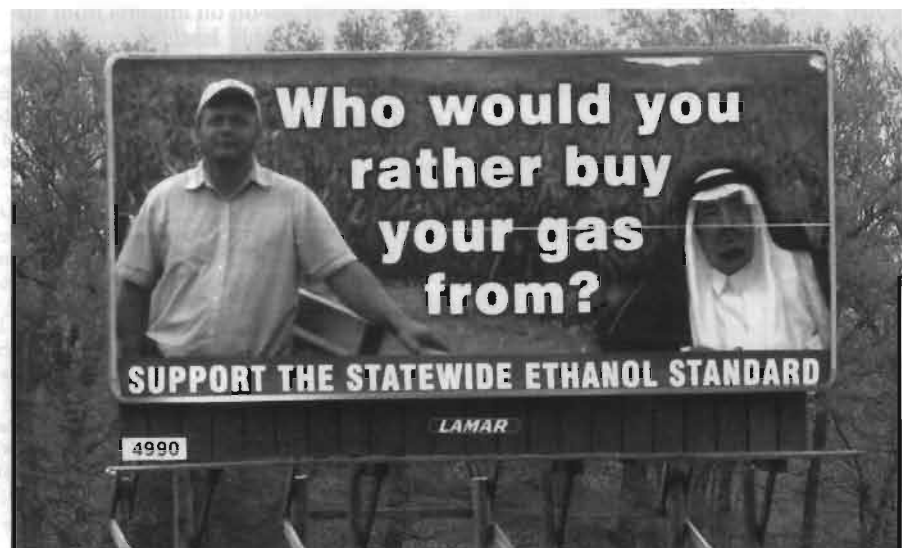
Such measures (along with high power prices to pay for them) have helped California rein in its electricity consumption—although lovely weather and a relative lack of heavy industry have also played a part. Power use per person has remained roughly stable in the state since the 1970s, even as it has doubled in the rest of the country (see chart on previous page). As a result, California's greenhouse-gas emissions per person are on a par with those of Denmark. Relative to the size of its economy, they are lower.

But California is not America's only green enclave. Nine states in the north-east have combined to reduce emissions from power generation through a cap-and-trade scheme. Two of them plan to auction all the permits, unlike the countries in the European Union's Emissions Trading Scheme, which handed them out for nothing. Ten states have signed up to follow California's standards on car exhaust, including its requirements on greenhouse gases. Many more promote ethanol, or renewables, or energy-efficient buildings (see chart).

On the whole, left-leaning states are keener on greenery than right-wing ones, which tend to be more energy-intensive. But politicians of all stripes in the Midwest are keen to promote ethanol for the sake of local farmers, who grow the corn from which it is made. And Texas recently overtook California as the country's biggest generator of wind power.

Greenery is also popular at the local level. Almost 400 cities have devised plans to curb or reduce their greenhouse gas emissions. Many buy only fuel-efficient cars for their municipal fleets. Laura Miller, the mayor of Dallas, has spoken out against the plans of local utilities to build 17 new coal-fired power plants. What is the point of her city buying police cars fuelled by natural gas, she asks, when they will soon be overshadowed by clouds of soot?

Despite all this grassroots environmentalism, America remains the biggest contributor to global warming, accounting for roughly a fifth of all the world's emissions. The federal government's recalcitrance on the subject remains the biggest obstacle to an effective global scheme to tackle the problem. But whereas in Europe or Asia new ideas often flow from the centre to the regions, in America the states are the incubators of big shifts in policy. This means that change is coming—fast. ■



A no-brainer in Missouri