



By Robert N. Stavins

Action and Inaction in the Second Term

In his inaugural address and state of the union message in January, President Obama surprised many people — including me — by the intensity and the length of his comments on global climate change. Although I was surprised by what the president said, it did not change my thinking about what we should expect from his second term.

It is easy to be pessimistic, given the unprecedented degree of political polarization that has paralyzed both houses of Congress. But one need not necessarily be pessimistic about the prognosis for meaningful climate policy action. In fact, I am confident that there will be climate policy, because there already is.

What remains most likely to happen over the next four years is what I have been saying for at least the last three years, namely that despite the apparent inaction by the federal government, the official U.S. international (and Waxman-Markey) commitment — a 17 percent reduction of CO₂ emissions below 2005 levels by 2020 — may well be achieved.

First, CO₂ regulations are nearly in place for new sources, and will have to be developed for existing sources, because of the Supreme Court decision that freed EPA to treat CO₂ like localized pollutants under the Clean Air Act. Also, there are new fuel and

energy efficiency standards. And let's not forget five other rules that are making their way through the regulatory pipeline on SO_x, NO_x, coal fly ash, particulates, and cooling water withdrawals, all of which will further retard the use of coal to generate electricity.

And Assembly Bill 32 in California includes a CO₂ cap-and-trade system that is more ambitious than Waxman-Markey was at the national level. Add to that the economic downturn, which reduced emissions, and, finally, the development of new, unconventional sources of natural gas in the United States. This has led to impacts on the supply, price, and price trajectory of natural gas, and the consequent movement that has occurred from coal to natural gas for generating electricity.

In other words, there will be actions having significant implications for U.S. CO₂ emissions, but most will not be called climate policy, and virtually all will be within the regulatory and executive order domain, not new legislation.

Will this set of actions and developments put the U.S. on a path to the long-term Waxman-Markey target of an 83 percent reduction below 2005 by 2050? Of course not. For that, a legislated, economy-wide, national carbon pricing regime will be necessary — either cap-and-trade or a carbon tax.

So, can we rely upon bottom-up demand from the country to lead to the enactment of such a carbon-pricing regime in the future? Some historical reflection suggests that the answer is no.

Nearly all our major environmental laws were enacted over the past 40 years in the wake of highly publicized environmental disasters, including the spontaneous combustion of the Cuyahoga River in Cleveland in 1969. But note that the day after the Cuyahoga caught fire, no

article in the *Cleveland Plain Dealer* commented that the cause was uncertain, that rivers periodically catch on fire from natural causes. On the contrary, it was immediately apparent that the cause was waste dumped into the river by adjacent industries. A direct consequence of the observed disaster was the Clean Water Act of 1972.

But climate change is distinctly different. Unlike the environmental threats addressed successfully by past U.S. legislation, climate change is essentially unobservable to the general population. We observe the weather, not the climate.

So, notwithstanding last year's experience with Superstorm Sandy, and despite some minor changes in polling numbers on climate change, it remains true that until there is an obvious, cataclysmic event, such as a loss of part of the Antarctic ice sheet leading to a dramatic sea level rise, it is unlikely that public opinion in the

United States will provide the tremendous bottom up demand that led to congressional environmental action in the past.

Because of the degree of political polarization, the magnitude of a perceived threat needed to force bipartisan congressional action is now much greater than it was before.

That need not mean that there can be no truly meaningful, economy wide climate policy until disaster has struck. But it does mean that bottom up, popular demand may not come in time, and that instead what will be required is inspired leadership at the highest level that can somehow begin to bridge the debilitating partisan political divide.

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