

John D. Podesta
The Great Transformation: Climate Change as Cultural Change
Essen, Germany
June 9, 2009

Good evening. Thank you, Michael, for that kind introduction.

I'd also like to thank Mr. Leggewie and the Institute for Advanced Studies in the Humanities for inviting me to speak this evening, and for bringing us all together tonight to hold such an important conversation. It's truly an honor to be here.

When it comes to climate change, moments of optimism have been few and far between. But I believe now is a time for measured optimism. Over the last eight years—as the findings of climate scientists became more precise, more accepted, and more worrying—the United States refused to recognize our responsibility to future generations of this planet. Our government played politics at home, and deliberately blocked progress abroad. Just about the only moment of fleeting celebration during those long years was when Kevin Conrad, the chief climate change negotiator for Papua New Guinea, famously told U.S. negotiators: “If, for some reason, you're not willing to lead, leave it to the rest of us. Please get out of the way.”

Now, with the historic election of President [Barack] Obama, with strong climate policy advocates in both houses of Congress, and with an American public that is engaged and ready to make progress, the United States can do better than just getting out of the way. I can say with great confidence that the new American president sees climate change as the challenge of our time, and is committed to putting the full weight of America's leadership towards building a new clean energy future. Without a doubt, change has arrived.

And not a moment too soon. A few weeks ago, the Massachusetts Institute of Technology published a new study that found that, without policy action, the effects of climate change will be twice as severe as was estimated just six years ago—the median probability of surface warming is now 5.2 degrees Celsius, compared to a finding of 2.4 degrees Celsius as recently as 2003. Warming, even at this lower range, will result in millions of environmental refugees, violent resource conflicts, and pronounced human suffering, especially for the world's most vulnerable populations, ironically those whose contribute least to the problem. A new report by the Global Humanitarian Forum found that 300,000 deaths a year are already attributable to climate change-related weather, food shortages, and disease.

The international community must embark on a path that will reduce global emissions and capitalize on the chance to achieve a best-case climate scenario. The silver lining of the MIT study I just mentioned is that, with aggressive policy action, warming can still be kept below two degrees Celsius. But we must act now.

With a new Democratic administration in the White House, I'm confident that the United States can take a strong negotiating position in Copenhagen and be a constructive force in the fight against climate change in the crucial years to come. The president has been very

focused on energy issues since taking office, and has engaged in a wide range of policy actions that demonstrate his commitment to taking a multi-pronged approach to climate policy. His continued attention to this issue—especially in light of all the other pressing policy matters currently on his plate—gives a strong signal that the United States will be extremely active in international negotiations. I think it's fair to say that, even though it has only been in office for less than five months, the Obama administration has already made more progress on energy than has been made in the past eight years.

During the presidential campaign, then-candidate Obama elevated energy and climate change to a critical campaign issue, promising to transform the nation's economy from one that relies overwhelmingly on fossil fuels to one that is driven by clean, low-carbon energy sources. He outlined how this transition would promote growth, create good jobs, and secure America's role as a global economic leader. His message resonated with wide swaths of the American public, who voted him into office in a landslide victory last fall.

Since his inauguration, the urgency and complexity of creating a low-carbon economy have driven President Obama to make energy transformation not only the centerpiece of his environmental policy, but also his economic program to produce broad based growth and produce jobs. He began by appointing a team that shared his priorities and possessed the expertise to turn his campaign ideas into sound policy. Dr. Steven Chu—a Nobel Prize winner and Secretary of Energy, Carol Browner—to run the White House office on energy and climate change, Lisa Jackson as Administrator of EPA, John Holdren, the President's Science Advisor. All deeply committed to emissions reduction. On the diplomatic front, Secretary Hillary Clinton's first trip abroad as Secretary of State was to China, where climate change held top billing on her agenda, in league with the global economic crisis. The Secretary was accompanied by Todd Stern, who holds the newly-created position of Special Envoy for Climate Change, is responsible for forging international cooperation ahead of the Copenhagen meeting, and is my former colleague at the Center for American Progress.

The president's landmark stimulus bill is an additional indication of his commitment to combating climate change and supporting clean energy. Seventy-one billion dollars were dedicated to clean energy funding, with an additional \$20 billion for loan guarantees and tax incentives to support clean energy projects—a huge upfront investment, equal to about 800 dollars per American household. The Center for American Progress study, which helped shape that package, found that a \$100 billion dollar investment in six energy efficiency and renewable energy strategies would create 2 million jobs in the United States.

President Obama's budget extends these commitments, investing \$150 billion over ten years in clean energy and efficiency programs. And clean energy job creation is one of the central tenets of the Administration's new Middle Class Task Force, chaired by Vice President [Joe] Biden. Together, these measures show that the president strongly believes transforming the way America produces and consumes energy is critical not only for the sake of the climate, but also for creating sustainable, long-term economic growth.

The administration has also moved forward with a suite of important executive actions over the past five months that make more progress on climate change than we've made in

the last eight years. Within two weeks of his inauguration, President Obama directed the Department of Energy to set strong, new efficiency rules for a broad range of appliances, which will save \$500 billion in energy costs and the equivalent of two years' worth of U.S. coal emissions over the next three decades. The administration retracted an Environmental Protection Agency memo that prohibited taking account of CO2 emissions in permitting new power plants; it canceled Bush administration oil drilling leases on 130,000 acres of protected land; just a few weeks ago, the president announced an agreement on strict new auto fuel efficiency and tail-pipe emission standards, with auto company executives and environmental advocates at his side. These new national fuel efficiency targets will save almost 2 billion barrels of oil, and decrease greenhouse gas emissions by the equivalent of taking 170 million cars off the road.

But the boldest shot across the bow comes from a recent EPA decision to classify carbon dioxide emissions as a threat to public health—the so-called endangerment finding. This ruling has enormous implications, since it makes CO2 emissions eligible to be regulated under the Clean Air Act, as substances like SO2 already are, under a smaller cap and trade program. Although it would be difficult for the EPA to enact a CO2 cap and trade without congressional cooperation, the finding means that legally, the Administration has the authority to regulate carbon emissions under existing law – which is not a message gone unheard by opponents of climate change policy.

My reason for listing these accomplishments—and it is not an exhaustive list—is to support three broader points that I want to make today. First, I believe the United States can pass comprehensive climate legislation by the end of the current Congressional session. As I'm sure you're all aware, there is currently a breakthrough energy bill sponsored by Congressmen Henry Waxman and Edward Markey that will come to the House floor this summer and place a hard cap on carbon emissions, set renewable energy standards, and mandate efficiency improvements. It has thus far moved quickly through the legislative process, and I'm optimistic that it will be signed into law within a reasonably brief timeframe. Although the Waxman-Markey bill is not a panacea, it represents a very big step forward and will no doubt kick-start the low-carbon transition in the United States.

The second point I want to make is that the United States is ready, willing, and able to negotiate an aggressive international climate treaty at Copenhagen, in 2009. I want to be clear—we are not tied, and the outcome of Copenhagen is not tied, to the timeline on any single piece of domestic U.S. legislation. The administration has a variety of tools at its disposal and, as I have demonstrated, is clearly keen to use them. Those that try to pin a successful outcome in Copenhagen to the U.S. legislative process are mistaken, and should focus on ways to move forward and find solutions rather than focus on ways to hang up the debate.

This brings me to my third point. It is important to keep our broader goals in mind and avoid getting lost in the weeds, so to speak—especially at this crucial juncture in the negotiating process. That's why I strongly support the development of a comprehensive gauge of emissions reduction progress—so measures ranging from efficiency improvements to fuel economy standards to cap and trade programs are all included in a country's overall emissions profile. I support the idea of “Carbon Cap Equivalents”—a

proposal recently put forward by my organization, the Center for American Progress—which builds on a similar approach to one put forward by the Australian government. We need to find a way to organize and account for a variety of emissions reductions actions to which a country could commit. Just as a cap and trade makes sense because it allows the market to identify the most efficient means of emissions reductions, quantifying *all* greenhouse gas reduction measures allows countries to make meaningful progress within the unique confines of their political and economic situations. I think this idea could hold the key to unlocking the standoff between developing and developed countries as we all move towards an increasingly carbon constrained world.

Let me address my first two points together, the ones addressing the progress of U.S. climate legislation and its effect on the negotiations in Copenhagen this December. There is a prominent line of thinking making its way through Washington and world capitals that ties the strength of the U.S. position in Copenhagen to the fate of domestic climate legislation, particularly the Waxman-Markey cap-and-trade bill. Since cap and trade will have a tougher time passing the U.S. Senate with a super majority requirement than the House, and regardless of the eventual outcome, it will be extremely difficult to navigate through the full legislative process by December—the United States, according to this rationale, will have an extremely weak hand at the table. This lack of U.S. leadership will then supposedly doom Copenhagen to failure.

This argument is misguided on several counts. First, it is wrong on premise; I don't believe complete cap-and-trade legislation must be through Congress and on the president's desk within the next six months in order for Copenhagen to be successful.

I also think it short sells the possibility of significant progress on cap-and-trade legislation at its peril. Although full passage is a tall order, passage in the House this summer is likely and the bill can be on the president's desk before the Congressional session ends.

Finally, an administration that was hesitant to take a leadership role at Copenhagen because of the unsure state of domestic legislation on cap and trade would not lay down such a strong marker by organizing the Major Economies Forum and rebuilding and strengthening the process started by the Bush administration at the end of his second term. A serious, well-constructed dialogue proceeds from the idea that mitigation of greenhouse gases requires a much smaller consensus than is represented at the UNFCCC. The United States has thus focused significant attention to forging an agreement among the major emitters.

Obama's Major Economies Forum should not be seen as a replacement to the UNFCCC process, but as a complimentary diplomatic path to success at Copenhagen. So far the results have been encouraging. After the first preparatory session in April, Germany's Environmental Minister Sigmar Gabriel and Britain's Climate Minister Ed Miliband met separately with staff from the Center for American Progress after the meetings to say how pleased they were with the Forum, especially in terms of reasserting American leadership on this issue.

A second important point about the MEF process is that we must take the entire diplomatic spectrum into account—not simply the UNFCCC forum—to work toward a

global solution to climate change. We should be pressing for action through the G-20 and the G-8, particularly by pushing hard on economic recovery focused on green, sustainable growth. Right now, countries with carbon profiles like China, India, and Brazil principally negotiate in the UNFCCC process through the “Group of 77”—meaning their diplomatic positions are not disaggregated from countries like Togo, Suriname, and the Bahamas. This organizational arrangement is far from ideal and we should continue to pursue more specified agreements through the Major Economies Forum and similar diplomatic processes.

I believe we could take this one step further and craft bilateral and multilateral agreements with China and other major emitters in the developing world. As you all are well aware, one of the longstanding problems in reaching a comprehensive international agreement is the sequencing dilemma between developing and developed countries, especially when it comes to the two largest emitters: China and the United States. Especially now that China recently surpassed the United States as the world’s largest emitter of greenhouse gases, American policymakers often object to taking strong domestic action on the grounds that it will hurt our economy but won’t make a dent in global warming if China’s emissions continue at their current pace. China’s leadership argues that their per capita emissions, on the other hand, are much lower than America’s, and millions of people benefit from the rapid economic growth that has caused such a rapid rise in emissions.

This is a logjam that must be resolved quickly. High-level Chinese and American officials are already discussing climate change policies through the U.S.-China Strategic and Economic Dialogue. U.S. Special Climate Envoy, Todd Stern and the president’s Science Advisor, John Holdren, are in Beijing as we meet working to construct a bilateral agreement on clean energy.

Devoting significant resources towards resolving this disagreement is not only politically advisable, since the fate of developed countries’ commitments to continue with strong actions will depend on reciprocal, but differentiated commitments from China and India, but also physically necessary given what the state of the science is telling us. If all of the developed countries in the world zeroed out their emissions today, and China continued to move forward on its current path of carbon heavy development, then we would still see increases in atmospheric CO₂ rise to unacceptable levels.

These attempts to make progress on our relationship with China must not be seen as antagonistic to the framework convention process, but complimentary to it, and this dialogue with China should include Europe as well. If we arrive in Copenhagen with a handful of in-principle agreements with other major emitters then we may be able to achieve a better outcome in Copenhagen than could be achieved otherwise.

It’s also important to keep in mind that for the past eight years, many countries that would not be supportive of a robust international treaty on climate change have been protected by U.S. intransigence. Now that the United States has elected new leadership, these actors will likely come forward to weaken the treaty under the provisions of the consensus rules of the framework convention. The best insurance against such an outcome is finding alternative pathways to the same goal: an international agreement that

will get us where we need to go with mitigation of, and adaptation to, climate change, and avoiding deforestation.

This brings me to a final important point that I want to get across today. Part of the success of the next international treaty will depend on enacting an accounting practice to verify that countries are actively reducing their emissions below their Business As Usual scenarios. At the Center for American Progress, we have long argued that in addition to a carbon cap and trading scheme, a complimentary suite of policies is necessary to achieve adequate levels, particularly in the near and midterm of emissions reductions. Complementary policies are not merely complementary, as the term suggests—they are central to reducing emissions to adequate levels.

As I've mentioned, the United States is already making progress in eventual reductions in CO₂ below BAU through everything from new energy efficiency standards to improved fuel economy. If we were to look at the combined reductions that would be achieved from all provisions of the Waxman-Markey bill, then they go beyond the stated targets for the cap and trade system—which is only one part of an enormously comprehensive bill. Although the cap will bring U.S. emissions down to 17 percent below 2005 levels by 2020, if we include all the complementary requirements in the legislation, and strong implementation, the World Resources Institute estimates that we can get to 28 percent below 2005 by 2020—not just a small improvement. If we take 1990 levels as our base, as the EU suggests, the cap plus other Waxman-Markey provisions bring emissions down to 17 percent below the 1990 rate. This is significant, and should be taken into account. The U.S. profile at Copenhagen should not simply be assessed only from cap and trade-related reductions, but should include all complimentary requirements, from renewable energy standards to building and appliance efficiency improvements, and if Congress fails to enact comprehensive cap and trade legislation, from the direct regulation of CO₂ emissions by the EPA that would result, particularly from coal fired power plants.

We should approach our negotiating position with the major emitters in the developing world with a similar mindset. China, by way of example, is already ahead of schedule to achieve a 20-percent improvement in energy intensity by 2020 using 2005 levels as a benchmark. Chinese stimulus spending is the equivalent of 12 million U.S. dollars an hour on clean energy. They are doubling wind production year over year and have just made a massive commitment to expanding solar power. When members of the U.S. Congress or the media claim that China is doing nothing to solve this problem, they are simply wrong—although China still must do much more. Yet, because we have framed the solutions to global warming almost exclusively in terms of national carbon caps, we don't generally count other improvements in a country's carbon profile in our assessment of their commitment to the process or of their real improvements. This needs to be changed in order to get a fair comparison of what everyone is doing.

At the Center for American Progress, we propose the idea of “Carbon Cap Equivalents” as a way of profiling a country's commitment to meeting emissions reductions. This would entail adding up the full range of supplemental and complimentary proposals to each country's carbon cap, and converting this into one comparable figure of what these emissions reductions would effectively amount to if they had been the result of a carbon

cap alone. While the modeling will be complex, the hope for Copenhagen treaty needs to create the mechanism through measureable, verifiable, and reportable carbon cap equivalents—representing the full range of their policy profile to reduce greenhouse gas emissions—above and beyond their formal cap. I'd like to underline that this is not an attempt to sidestep the goals of the UNFCCC process. The United States must take on ambitious midterm and mid-century caps that are measurable and verifiable. President Obama is taking actionable steps that will commit the United States to cutting emissions 80 percent below 1990 levels by 2050. I raise this approach rather to provide a more honest comparison of what we are all doing in ways that are not only appropriate for our particular economic histories, but also are compatible with the restrictions and opportunities provided by our individual policy frameworks.

I'd like to conclude by underscoring that the challenge we face, as an international community, is unprecedented in size and scope. Global cooperation and commitment are the only paths to creating a safer, more sustainable future.

That said, we also face an enormous opportunity—one that has the potential to revive our global economy, improve the lives of millions of the world's inhabitants, and save our fragile ecosystems from climate-related disasters. Inaction at this juncture would be the worst possible solution. Rather, we must come to the table with bold, innovative ideas and a cooperative spirit to address this challenge. We need a revolution of technological innovation in the energy sector, and we need a profound change in our culture and ethics that emphasizes our connectivity and global common good. We must reevaluate our old assumptions about what is possible, and I appreciate that conferences like these assist with that process. And I'm pleased to say that, once again, the United States is prepared to be a leading voice in the discussion.

Thank you.