

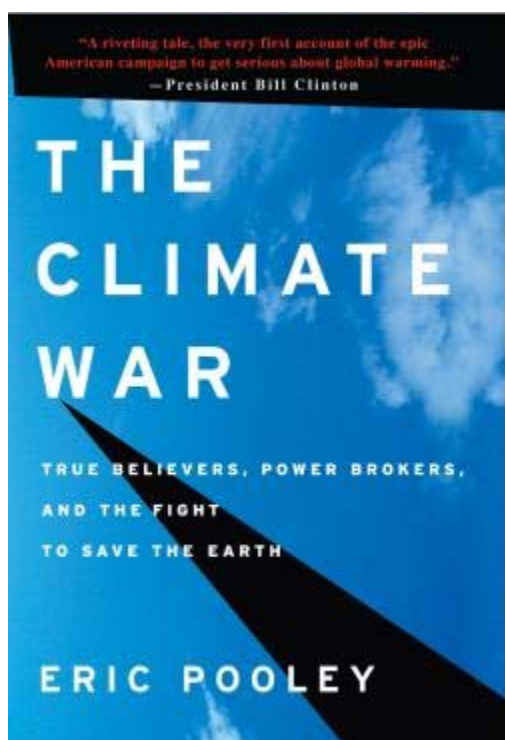
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FINANCE, POLICY

DRAMA CONTINUES ON THE FRONTLINES OF ERIC POOLEY'S THE CLIMATE WAR



BY STACY CLARK ON AUGUST 24, 2010



Environmental Writer and Energy Boom Contributor, Stacy Clark, interviews Eric Pooley in Manhattan about his political thriller, *The Climate War*.

Clark: In your book, *The Climate War*, you describe Environmental Defense Fund's (EDF) leader, [Fred Krupp](#), as one of the original architects of a market-based solution for limiting greenhouse gas emissions. I take it that Krupp would like the market to reflect the comprehensive costs of energy exploration, production, distribution, and consumption?

Pooley: That's right. By placing a value on factory and power plant emissions, Krupp has long advocated harnessing the power of the free market to clean up the planet. There's actually nothing radical about it. Establishing a price for industrial emissions, and, in particular, carbon dioxide, would attract an enormous amount of private investment into the energy market that is presently sitting on the sidelines.

Clark: In researching your book, you enjoyed a rare and enviable view of the machinery at work behind American energy policy negotiations. In all of your discussions and observations, were you surprised by the number of industries that actually support a market-oriented solution to lowering carbon dioxide emissions?

Pooley: U.S. companies recognize that China is now investing nine billion dollars a month in renewable energy development, and they want a piece of

that market. Duke Energy's CEO, [Jim Rogers](#), for example, believes that climate action is necessary, but his views on how to best proceed, and how priorities should be assigned may differ from many of the top scientists and environmentalists I interviewed.

Nevertheless, Rogers fundamentally agrees that pricing carbon is an essential component of building a sustainable energy infrastructure. He's been working hard to "de-carbonize" his own business. [GE](#) and [DuPont](#) that invest in carbon capture technology or wind turbine production, for example, are also pushing for a market where their energy products can compete on a level playing field.

Clark: For a company like GE, within which there are many business sectors that have long benefited from the absence of a Cap and Trade system, how could an updated economic model that includes carbon pricing be successfully integrated throughout their operations?

Pooley: General Electric (GE) (NYSE:GE) is a good example of a company in the process of [reinvention](#). They realize that [investing in clean energy sources](#) will let them compete in the 21st century. As you can imagine, though, there are powerful influences at work to block Cap and Trade because a more realistic marketplace means that traditional energy producers will finally have to pay for the privilege of spewing carbon dioxide into our shared atmosphere.

Clark: Do mainstream economists view [Cap and Trade](#) as an economic instrument that can be adapted without too much discomfort for the consumer?

Pooley: Yes. The cap would impose short-term costs and a wholesale price signal, but the policy makers have figured out how to cushion consumers from most of the retail cost increases. And the effect of the cap is to [reward companies for going green](#).

Imagine, for example, that a retrofitted coal-fired electrical power plant was able to sell its trading permits because it successfully lowered its emissions. It would benefit economically, and this market-driven incentive to compete and profit will lead to what I call “[The Great Energy Transition](#).” Industry is rewarded for its technological improvements, society benefits from the resulting power-evolution, and the U.S. reduces its demand for foreign oil and emerges as a more productive, self-sufficient global force.

Clark: So, creating a trading platform for carbon emissions can actually benefit business and communities?

Pooley: Yes. In pricing carbon, we enable industry to make their own choices as to how they choose to adapt to a more transparent and realistic marketplace. Cap and Trade establishes airborne carbon as a tradable commodity, just as liquid forms of carbon [heating oil and gasoline] are also a commodity. The mandatory declining limit will mean that, over time, companies will either upgrade or retrofit their older plants, or shut them down. This gives industry the time to adapt, and it also secures relatively stable energy prices for consumers.

Other advantages of pricing carbon include the geo-political rewards arising from shaping, rather than reacting to, a changing global landscape. By pricing carbon, we succeed in introducing an economic variable that has been absent from our free market model for decades. If American capitalism is to continue to thrive, the underlying costs of each energy source have to be transparent, realistic, and defensible.

Clark: In Part Four of *The Climate War*, entitled An Uneasy Alliance, you recall the 2000 Presidential campaign and Ralph Nader’s pull of over 97,000 Floridian votes, many of which were ironically cast by self-described environmentalists. Had the election outcome not been decided by the Supreme Court, but rather by a re-count, do you think [Al Gore](#) would have had a shot at pushing forward on climate action?

Pooley: The price we currently pay at the pump or when we flip the light switch at the office has yet to account for the environmental cost of burning oil, for example, or blasting mountaintops open to mine coal that then pollutes the air we breathe.

If these “consumptive,” polluting, by-product costs were factored into the prices consumers pay for the energy derived from fossil fuels, then smarter, cleaner energy sources would have a real shot of success in the market. I think Gore was committed to making the energy market more transparent. Had he done so, I think the U.S. would have accelerated the [transition to clean energy](#).

Clark: Your book offers an incomparable behind-the-scenes view of the battle between individuals who welcome a realistic assessment of climate risk and the cagey manipulators who unabashedly portray scientific inquiry as, among other things, anti-American. And, yet, as you point out, it was scientific inquiry that got America to the moon. The climate “Denialsphere” has so far achieved a truly paradoxical success. They have been able to successfully deploy their message, but one wonders, to what end?

Pooley: Change is always a tough sell, and the messenger can often be more important than the message. The well-funded cadre of climate delayers and deniers who are paid handsomely to sow confusion have succeeded in masking and/or distorting the societal benefits of energy reform.

The Obama administration has so far failed to counter their message by broadcasting the rewards of innovation and the broad array of 21st century jobs that would replace increasingly scarce 20th century jobs. The White House has yet to deploy a truly sustained public education campaign aimed at bringing everyone on board.

What surprises me most is that Obama understands that energy innovation will [grow jobs](#), so the fact that we’re experiencing a tough economic period should not keep him from sending that message. We need the administration to draw us the roadmap. Without direction, China and other countries that are pushing hard to develop smarter energy sources will continue to eat our lunch.

Clark: So is the U.S. becoming a spectator nation?

Pooley: I sure hope not. The U.S. has typically always found a way to lead with innovation and ingenuity. What we appear to be lacking now is determination. We may be paralyzed by what we think we may lose—so we have lost sight of what we have to gain by moving forward and taking new risks.

The U.S. had a tremendous head-start on prosperity over a century ago, and we now have another opportunity to stay out in front and shape new markets as they develop. What’s the point of being the leader of the free-world if we fail to lead? Taking the initiative to tackle a challenge has never stopped us before. Yet, here we are facing one of the biggest challenges in our country’s history, and we have yet to take decisive action on national energy policy.

Clark: The lack of urgency to establish a strong energy policy must be a disappointment to emerging countries that have so far expressed tremendous enthusiasm for growing their infrastructure in a climate friendly manner. They’ve been waiting for a display of leadership from a major power.



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Pooley: Admittedly, a deeper commitment by the White House to passing a climate bill was needed, and it didn't happen. Now that a market-driven solution for curbing carbon and driving innovation is off the table, at least for now, it's up to all of us to continue pushing hard for reform, and to keep making progress at the local level, where cities and states have been reducing emissions.

We need to connect the dots so that everyone understands what is at risk if we fail to take action. When people decide to involve themselves in their own government, change can really happen. The climate activists in my book have demonstrated that, even though the climate war has not yet been won.

Clark: What is your favorite part of your book?

Pooley: Its sequel. I'm counting on people to help me write a happy ending.



Eric Pooley is the deputy editor of [Bloomberg BusinessWeek](#) and has long chronicled climate science and climate policy. His work has been published in a wide variety of publications, including Time, Slate, Bloomberg News, and YaleE360. He's also appeared on Nightline, Charlie Rose, The CBS Evening News, NBC Nightly News, Larry King Live, Anderson Cooper 360, All Things Considered, and The News Hour. He can be reached at www.ericpooley.com You can also follow him on Twitter at www.twitter.com/EricPooley. *Photo Credit: Michael O'Neill*

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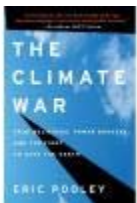


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