

## Opinion

# Perhaps Obama can convince the holdouts



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**P**olling before the US presidential election showed that Australians supported Barack Obama over John McCain by a margin of about 5 to 1.

Among environmental and green groups the support was even stronger. Obama was the green candidate in that election who strongly supported carbon reduction and an emissions trading system. So perhaps it is timely to see where the Obama Administration is going on this issue.

In a televised address in November to a bipartisan summit of US governors organised by California's Governor, Arnold Schwarzenegger, Obama pledged "a new chapter in America's leadership on climate change". He pledged to introduce a federal cap and trade system with annual targets to "reduce emissions to their 1990 levels by 2020".

That is one way of putting it. Another way of explaining that target is to say that by 2020 the US aims to make no reduction in the levels of emission measured against 1990. That's right, Obama's 2020 target is a reduction of zero per cent.

Australia is pledging to cut 5 to 15 per cent depending on what happens in the rest of the world. Europe, on the other hand, is pledging a 20 per cent cut from 1990 levels.

Have you ever wondered why 1990 is the base year for measuring emission reductions? It sounds unlikely, but it's because that's the year communism collapsed.

When communism collapsed all those state-owned steel mills and other inefficient heavy manufacturing plants that were never economical were closed down in the former communist states of eastern Europe. As a result Europe cut

its emission levels – not for greenhouse reasons – but as part of privatisation. By choosing 1990 as the base year Europe counts the emission reduction from closing all those factories. The fall of communism delivered an enormous environmental yield.

Britain gets a great benefit from that base year, too. In the mid-1980s Margaret Thatcher fought a pitched battle with the coalminers' union to close uneconomic coal pits.

I was reminded of this recently when I watched the musical *Billy Elliot*, which tells us what a terrible heartless person Thatcher was. But those closures led to a dramatic fall in carbon emissions.

These days Margaret Thatcher would be lionised as a greenhouse hero. Although it opposed her, British Labour can now use her efforts to boast about how much it reduced greenhouse gases against 1990 levels.

Under an emissions trading system our electricity – largely produced from coal-fired power stations – will become more expensive. Which means countries that stay out of such systems will get a comparative advantage by having cheaper energy than Australia – countries like China.

Last week there was great community concern that Pacific Brands had decided to relocate to China. We should expect many more of these relocations in the lead-up to the Government's emissions trading scheme.

You can be for coalmining jobs and manufacturing based on cheap energy or you can be for ambitious reduction targets. You can't be for both.

Senator Kim Carr can rail all he likes about the importance of manufacturing, but if he is determined to make energy more expensive his actions will belie his words.

The Government's favourite employer association, the Australian Industry Group, seems to have figured this out. Back in 2007 it was applauding the Government's "effective action on climate change." Last week it said that starting a scheme in 2010 was "neither necessary or realistic".

Which brings me back to President Obama. He is focused squarely on his own country's national interest. He has long-term goals for emissions reduction by 2050. But we all know reaching these targets will depend entirely on technological breakthrough.

This still represents the best hope for long-term emission reduction. In the shorter term – in the period that he will really influence – Obama has a target reduction of zero.

There was one other part of Obama's address to the US governors' summit that really caught my eye. Just after promising to invest in solar, wind and biofuel he said: "We'll tap nuclear power, while making sure it is safe."

This, I thought, shows he really is serious: serious enough to embrace the obvious proven alternative to base load coal-fired power – nuclear energy.

When Australia's environmental movement allows itself to admit this is an option we will know that it is really serious about reducing greenhouse emissions. It can be done on today's technology.

France is doing it and Japan and Britain and the US. Our activists will not find it easy to change a lifetime of loathing for nuclear energy.

Perhaps they will be more persuaded if this suggestion does not come from me, the Liberal Party, John McCain or the Republicans. This is President Obama speaking.