

[Robert Falkner](#)

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Report

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Getting a Deal on Climate Change: Obama's Flexible Multilateralism

Dr Robert Falkner is Senior Lecturer in International Relations at the LSE. He is an associate of the Grantham Research Institute on Climate Change and the Environment and an associate fellow of Chatham House's Energy, Environment and Development Programme. His most recent book, *Business Power and Conflict in International Environmental Politics* (Palgrave Macmillan), was published in paperback in 2009.

'It will be as different as night from day', is how Senator John Kerry described the impact of Barack Obama's election victory on America's stance in international climate politics. Kerry made this prediction in December 2008 at the fourteenth Conference of the Parties (COP-14) to the UN climate convention in Poznan, Poland, which he attended on behalf of the President-elect. For a short while, the imminent political change in the White House seemed to lift the otherwise downbeat mood among delegates in Poznan, and a renewed sense of optimism set in about reaching compromise on a new climate deal by the end of 2009, at COP-15 in Copenhagen.

The US presidential election of 2008 is still rightly seen as a turning point in international climate policy. However, questions remain about the depth of America's policy shift and its significance for international politics. Copenhagen proved to be the first international test for the Obama Administration's new approach to climate policy, and the outcome – a non-binding political statement without numerical commitments for emission reductions – failed to live up to expectations. Originally billed as the most important factor shaping the global approach to tackling climate change, Obama's Presidency has left some observers feeling underwhelmed. Yet Obama himself managed to broker a deal in the final hours of the doomed Copenhagen conference, and 2010 could be the make-or-break year for domestic climate action in America. Has Obama done enough to prepare the ground for a new international climate regime?

FROM GREEN RHETORIC TO INTERNATIONAL ACTION?

Few would doubt that the US has firmly re-engaged in international climate diplomacy, and that this has boosted the chances of a treaty to replace the Kyoto Protocol. On entering office, Obama reversed eight years of obstructionism under George W. Bush and committed the US to playing a constructive role in the international process. This alone has removed one of the most important obstacles to successful climate negotiations, for America, historically the world's biggest emitter of greenhouse gases, possesses veto power in global climate politics which it has been willing to use.

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Political rhetoric and substance have then changed. At the same time, American diplomats remain constrained by the lack of firm domestic policies for reducing greenhouse gas emissions, and particularly the absence of a legally binding carbon emissions trading scheme. Has the Obama Administration done enough to revitalise US climate policy? And can the US once again hope to claim a leadership role in global environmental politics, as it did in the 1970s and 1980s?

Questions have also been raised about America's role in the controversial conclusion of the Copenhagen climate summit, which culminated in the Copenhagen Accord, a non-binding political agreement that was agreed among a small circle of heads of state and that was merely "noted" by the final COP-15 plenary session. Did Obama's efforts to clinch a deal in Copenhagen save the conference from collapse? Or did he betray the hopes of environmentalists at home and abroad by settling for the lowest common denominator in last-minute bargaining with a select group of emerging economies, most notably China?

The answer to these questions is not straightforward. It is less about whether or not Obama is committed to tackling climate change – most indications suggest he is, as are key members of his Administration. Instead, the answer must address the peculiar difficulties faced by the Obama Administration, and indeed by any US Administration, in developing a proactive and convincing international climate strategy. The President, although in charge of foreign environmental policy, faces two powerful constraints at the domestic level: the political coalitions in Congress that determine the pace and direction of domestic legislation on climate change; and the efforts by interest groups – business and NGOs – to shape events in Congress and on the international scene. In other words, US climate policy flows from the domestic to the international, and global environmental leadership that is credible requires, first and foremost, strong domestic action. Obama's record in international climate policy should therefore be judged in terms of how effectively he has navigated and shaped Congressional politics on this issue, and how successfully he has exploited the opportunities that have arisen from a resurgent environmental movement and shifts in business attitudes to climate action. On this, the Administration's first-year record suggests some notable successes but also room for improvement. Obama's climate policy got off to a flying start but is at risk of being bogged down in Congressional committees and battles with key industries. 2010 promises to be a critical year.

CAP-AND-TRADE LEGISLATION: DELAYED, NOT DEFEATED

Fighting global warming and America's reliance of foreign oil had been important issues on the campaign trail on which Obama and his rival John McCain were largely united. Once in office, Obama lost no time to announce swift and drastic action on both objectives. As early as January 2009, Obama introduced the first measures to raise fuel efficiency standards and reduce emissions from vehicles, in a clear sign of his willingness to take on the powerful car industry. The Administration's first budget proposal in February included predictions of a \$150 billion revenue stream from a future greenhouse gas emissions trading scheme that would fund investment in clean technologies over 10 years. And in May, the Administration passed the first hurdle in its effort to introduce emissions trading, when a key House of Representatives committee on energy and commerce voted in favour of proposals for a domestic cap and trade bill.

But for much of the remainder of 2009, climate change appeared to slip down the political agenda, as the financial and economic crisis, health care reform and military operations in Iraq and Afghanistan consumed most of the Administration's attention. The Administration could take relief from the fact that the House of Representatives passed the American Clean Energy and Security Act (Waxman-Markey bill) with a 219 to 212 majority in June. This was only achieved after many key elements had been watered-down or abandoned, such as the White House's proposal for a 100 percent auction of carbon permits. Once the Senate began considering similar legislative proposals, the move towards a national emissions trading scheme began to slow down even further. Two different versions of the climate bill have so far passed important Senate committees, most recently the Environment and Public Works Committee in November 2009. But with climate legislation still to be discussed in four more committees and the existing proposals to be amalgamated into one comprehensive

Senate bill before reconciliation with the House version can begin, hopes are dwindling that a final bill can be passed before the Congressional elections in November 2010.

Advocates of strong climate action have become increasingly frustrated with the President's hands-off approach in the Congressional debates. As in health care reform, Obama pronounced broad objectives and principles on climate policy, but left the more detailed policy questions to be resolved by Congress. This has become a question of political style as much as of political prioritization. Clearly, getting health care agreed trumped climate change as the Democratic leadership's number-one objective for 2009. And with many of Obama's Democratic supporters showing hostility to costly climate action – 44 Democratic Representatives in the House voted against the cap and trade bill – the Obama team felt it could not drive the debate as forcefully as it might have wished.

Still, in spring 2009 the Administration started to prod Congressmen into action by threatening to use the Environmental Protection Agency's statutory powers to regulate carbon dioxide. This step was finally taken in December in the run-up to the Copenhagen conference, when EPA declared carbon dioxide to be a pollutant under the Clean Air Act. This now allows the Administration to impose carbon regulations on carbon-intensive industries even if Congress fails to pass a bill. As yet, Obama seems determined to give Congress the time it needs to find a compromise, but time may be running out as the mid-term elections in November could change the political arithmetic of domestic climate politics.

DOMESTIC INTEREST GROUPS: TWO STEPS FORWARD, ONE STEP BACK

Although environmental issues played a prominent role in Obama's electoral campaign back in 2008, the President cannot be assured of broad popular support for a strong climate strategy. Over the last year, public opinion has shown little movement in favour of tougher action on greenhouse gas emissions. The economic recession and rising energy prices have if anything undermined popular support for climate policy. In contrast, the environmental movement has been revitalised by Obama's victory, after eight years of marginalization during the Bush Presidency, and is now faced with the first tangible opportunity for national climate legislation since Clinton's failed effort to introduce carbon taxation in 1993. But the environmental camp is divided over whether to offer strong support to a Congressional bill that many consider not ambitious enough and full of concessions to industry.

Climate security may not have captured the public's imagination, but the climate legislation going through Congress has acted as a powerful magnet for business lobbyists. Unlike in the 1990s, when most business groups were opposed to domestic and international climate action, deep divisions are now evident within the corporate sector. The emergence of large and powerful coalitions of pro-regulatory business interests has eased the passage of the climate bill through Congress so far, and Obama and the Democrats on Capitol Hill have been able to build new coalitions with high-tech companies and the renewable energy sector. Major companies such as Duke Energy, General Electric, Alcoa, DuPont and Johnson & Johnson have publicly supported cap and trade legislation. And a whole new range of green energy interests has emerged that seeks to cash in on the market opportunities and subsidies potential of the Administration's green strategy.

Still, close links between industrial-state Democrats and traditional fossil fuel and manufacturing companies threaten to block further progress in the Senate, and the sceptical business interests have put together a powerful lobbying effort, with the US Chamber of Commerce and other groups leading a vigorous and well-funded campaign against cap and trade legislation. The number of lobbyists hired to work on climate-related legislation in Washington, DC, has shot up dramatically in the last few years. According to the Center for Public Integrity, 2430 lobbyists were active on climate issues last year, more than four lobbyists for every member of Congress. Business groups on both sides of the argument will want to make sure that their interests are taken into account, whatever happens on the legislative front.

COPENHAGEN AND AFTER

With the outlook for domestic climate legislation as yet uncertain, Obama faced a serious mismatch between the domestic and international timetables for climate action. While the UN negotiations on a post-Kyoto Protocol agreement were gearing up for the critical stage in Copenhagen in December 2009, the Administration had little choice but to offer cautious targets for emissions reductions that were conditional on future legislative decisions at home. The US put on the negotiation table a commitment to cut emissions 17 percent below 2005 levels by 2020, a figure that reflected the House bill and the state of debate in the Senate. This would then be an interim target on the path towards reaching an 80% reduction target by 2050, the target that Obama had announced earlier in the year. Given that the US had done little since Kyoto to reign in emissions, the proposed targets were disappointing if measured against the Kyoto Protocol baseline of 1990. They also fell well below what other leading industrialized economies were offering, but reflected both economic and political realities in the US.

More importantly, the US used its international influence to gather support among other critical players in international climate politics, most notably China and other emerging economies with a growing carbon footprint. In a deliberate move to break out of the UN negotiation straightjacket and open up new diplomatic channels, President Obama and Secretary of State Clinton conducted a series of bilateral and plurilateral talks to bridge the wide gap between Northern and Southern perspectives on how to cut emissions. With the launch of the Major Economies Forum on Energy and Climate in March 2009, Obama gave an early taste of the new US strategy. This approach carried over into the final days of the Copenhagen conference, when heads of state were trying to agree a political statement that would end two weeks of slow and cumbersome UN-style negotiations. In the end, the Copenhagen Accord was agreed in a small setting of just five nations, involving only the US, China, India, Brazil and South Africa. The EU and Japan, stalwarts of the Kyoto Protocol process, were merely asked to accept the deal as a *fait accompli*.

It is now apparent that what the US had started in the run-up to Copenhagen, namely to build a more flexible and manageable structure for negotiations between major economies and leading emitters, is likely to reshape climate diplomacy in the coming years. Frustrated by a formulaic and cumbersome UN process and left with only a non-binding Copenhagen Accord, many countries are now considering how to improve the negotiation format. The Obama Administration clearly favours a more selective core group of major emitters that can focus on the key elements of a global deal on emissions, as part of a more flexible multilateral setting. Obama was never likely to sign up to a modified version of the Kyoto Protocol, given the almost taboo nature of the 'K'-word in US domestic politics. For America to re-engage, therefore, a new kind of agreement was needed that was built around a core deal between the US and China.

By forcing this new approach on the rest of the world, the US and the other architects of the Copenhagen Accord may have broken with diplomatic protocol in climate politics. But if a new political structure emerges that better reflects the realities of the international system, then Obama would have provided a form of international leadership that few anticipated. Still, to claim the mantle of global climate leadership, Obama will need to deliver at the domestic level. On this, the jury is still out. ■