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Analysis

After the Coronavirus, Two Sharply Divergent Paths on Climate

Some policy experts are optimistic that victory over the coronavirus will instill greater appreciation for what government, science, and business can do to tackle climate change. But others believe the economic damage caused by the virus will set back climate efforts for years to come.

By Fred Pearce • April 7, 2020

A year from now, how will the battle to slow global warming look in a post-coronavirus world? That's a question being asked a lot these days by policy experts and activists, and it's one with huge implications. Some hope it will bring out the best in us and our leaders, and that the resurgence of government action during the pandemic offers a way forward for fighting climate change. Others fear the worst, that the rush to resuscitate a badly battered global economy will push climate back down the international agenda.

Optimists side with Bill Gates that fighting the pandemic and climate change are, in policy terms, two peas in the same pod. He says they both require “innovation and science, and the world working together.” Optimists say that the sudden transformation of our lives by Covid-19 will teach us about the virtues of mutual aid, and that it will shock policymakers into being more precautionary in the face of future risks — more inclined to believe the warnings of experts, and less inclined to imagine that the worst may never happen.

And they hope that society as a whole will recognize the power and ultimate duty of governments to act decisively in the common interest, whether enforcing lockdowns or moving aggressively toward zero emissions. “Governments have the critical central role in maintaining our health and safety in times of crisis,” says Mark Maslin, a climatologist at University College London. “We need to harness this new acceptance of government dominance of our lives and shift national and global economies to a more sustainable footprint.”

Optimists are encouraged by people such as the director of the Paris-based International Energy Agency, Fatih Birol, who last month called the crisis an “historic opportunity today to steer [energy] investments onto a more sustainable path.” With G20 governments already pledging around \$5 trillion to stimulate their economies in the wake of the shutdown, Birol called on them to “put clean energy at the heart of stimulus plans to counter the coronavirus crisis.”

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If they do, it could be a turning point. With pollution dramatically reduced during the current shutdown, Glen Peters, research director of the Center for International Climate Research in Oslo, Norway, predicts that “with good planning, 2020 could be the year that global emissions peak.”

But there is a pessimistic narrative, too. It warns against hyping the environmental benefits of the short-term shutdown. Most analysts agree that the reduction in emissions will be very short-lived. In China, carbon dioxide emissions fell by around 25 percent in February, as many coal-fired power stations shut. But according to Lauri Myllyvirta of the Center for Research on Energy and Clean Air, an independent research institute based in Finland, coal burning was back to normal by the end of March.

Globally, the drop in carbon dioxide emissions in 2020 overall is likely to be very small – probably between 0.5 and 2.2 percent — say Zeke Hausfather and Seaver Wang, climate scientists at the Breakthrough Institute, a research institute in Oakland, California. Most likely, atmospheric carbon dioxide concentrations — the planet’s thermostat — will continue to rise. “The Covid-19 crisis appears likely to cost us more time to act on climate than it buys us,” he says.

Politically, pessimists fear a leap backward rather than forward. Public fear and desperate measures by governments and bankers to kick-start economic growth will combine to encourage political short-termism and nationalism. The economic stimuli will prop up the old energy-intensive and fossil fuel industries, and give a green light to ransacking natural resources such as rainforests, the pessimists warn.

“The virus has created an economic crisis, and people will be less willing to pay for saving future generations,” says Dieter Helm, an energy economist at the University of Oxford and advisor to successive British governments. He wonders if the arrival of the virus might “mark the point of passing peak net-zero,” meaning the moment when the newly accepted target of achieving net-zero carbon emissions by mid-century disappears from political discourse.

This pessimistic narrative also foresees a scramble to cut “red tape” by eliminating or refusing to enforce environmental standards. And it expects that the “war” to conquer the virus will eclipse strategies to reduce other existential risks, such as climate change.

“If handled badly, the pandemic could suck the energy out of public action and public policy,” says Andrew Norton, director of the London-based International Institute for Environment and Development. With trillions of dollars spent on propping up business as usual, “we will not have the financial muscle to invest in a low-carbon future,” agrees Martin Siebert, co-director of the Grantham Institute for Climate Change at Imperial College London.

So which way are things going?

The United States has not made a good start. The Environmental Protection Agency has already announced that to help industry in troubled times it is suspending most of its enforcement activities. The \$2.2-trillion stimulus package agreed by Congress may have avoided sinking taxpayers' dollars into a rescue plan for the country's already beleaguered coal industry, but it also failed to make any environmental requirements on those industries that were bailed out. That included aviation, whose lobbyists succeeded in removing from the draft package a requirement for airlines to halve emissions by 2050 — even though this was a target the industry had previously committed to achieving.

After the economic crash in 2008, President Obama was able to introduce a stimulus package stacked with incentives for green investment and tougher environmental regulation. But the politics are different now. As Ted Nordhaus and Alex Trembath at the Breakthrough Institute noted, "It became clear to Democrats that holding up a desperately needed economic-rescue package in the name of climate action was an untenable proposition."

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Activists are angry at this failure, and hope to ramp up pressure for attaching environmental conditions to future bailouts. But Nordhaus and Trembath suggest that to make progress in the coming months, "environmentalists will need to spend more effort making the economic case for the infrastructure they want to build, and less time making the climate case against infrastructure they want to stop."

In China, Myllyvirta warns, the economic booster package agreed by the Central Committee similarly "makes no mention of the climate or environmental aspects of any stimulus measures." And in recent weeks there has been a surge in approvals for new coal-fired power stations. The only good news is that there has also been a boom in manufacturing solar panels. One Chinese company, GCL Systems, filed plans for a plant able to turn out annually enough panels to generate 60 gigawatts — half of the entire current global market.

There is more optimism in Europe. In the words of British environmental economist and UN advisor Nicholas Stern, "Now is the time to forge a new internationalism, and move from this crisis to a much more sustainable and resilient economy in closer harmony with the natural world... to build on the understanding of a common humanity and shared vulnerability."

The imagery of "closed airlines, empty roads and shopping malls, consumption reduced to the real essentials, and videoconferencing and home working, forces us all to question our previous, taken for granted, way of life," says Chris Hilson, director of the Reading Center for Climate and Justice at the University of Reading, England.

The European Union says its own economic stimulus package will be consistent with its recently announced Green Deal policy for cutting carbon emissions. But there is pushback. The Czech Prime Minister Andrej Babis called for the Green Deal to be abandoned to concentrate on fighting the virus; the Polish government said the EU's emissions trading scheme, which penalizes big carbon emitters, should be scrapped; and the European Automobile Manufacturers

Association called for delays in the introduction of planned carbon dioxide emissions-performance targets.

But the man in charge of the Green Deal, European Commission vice-president Frans Timmermans, tweeted from self-isolation: “We are rightfully making many sacrifices right now... but when the better days come — and they will — we will be more determined than ever to protect our people and planet and enjoy the nature around us.”

Such optimism may not be wishful thinking. Some market analysts are arguing that the shock of the pandemic crisis could be just what is needed to consign old energy policies to ash heap of history. They find themselves siding with environmental activist Naomi Klein’s view that “during moments of cataclysmic change, the previously unthinkable suddenly becomes reality.”

In particular, they point to oil prices falling to an 18-year low at the end of March. It is true that low prices could unleash a surge in demand as the brakes come off economies later in the year. But with low prices making many wells unviable and leaving future investment in new oil and gas fields potentially unprofitable, these analysts say the price shock could fast-track the world to reaching a peak in oil production, followed by a steady decline.

Jessica Alsford, head of sustainability research at the banking firm Morgan Stanley, published a paper last week based on interviews with investors that concluded that while there might be short-term delays in climate policy development, “decarbonization remains an attractive investment theme for the decade ahead.” Lost profitability in the oil industry “could free up cash [for] renewables.” Low prices could also encourage governments to abandon existing subsidies for fossil fuels and switch economic stimulus packages to clean energy. Overall, she wrote, “our analysis argues that the current crisis could accelerate the shift away from fossil fuels.”

“This pandemic has shown us what life would be like if environmentalists got their way,” says one conservative critic.

Valentina Kretzschmar at the energy consultant company Wood Mackenzie agrees that low oil prices mean investment returns are now better for renewables: “Capital allocation is no longer a one-way street for Big Oil. Renewables projects suddenly look as attractive.”

One straw in the wind: the biggest shale-oil operator in North Dakota, Whiting Petroleum — whose website still claims it has a “strong, responsible plan to create long-term value” — filed for bankruptcy on April 1.

But even if the economics remain encouragingly favorable for greener investment, the new politics could prove different. Optimists may argue that the uncertainty created by the coronavirus is giving the public a renewed hunger for the wisdom of experts and the power of governments that will translate into taking the warnings of climate scientists more seriously. But some pessimists fear a right-wing backlash — that, somehow, the experts will get blamed for the crisis and its fallout, rather than the virus.

We perhaps heard the early stirrings of such a narrative in President Trump's conjecture last month that "we cannot let the cure [as proposed by experts] be worse than the problem itself."

Already, environmentalists have come in for criticism from the libertarian right for celebrating how air pollution has declined as the virus drags down economies. Brendan O'Neill, editor of *Spiked*, an internet magazine partly funded by the conservative Charles Koch Foundation, claimed that "this pandemic has shown us what life would be like if environmentalists got their way."

Carl-Friedrich Schleussner of Climate Analytics, an international think tank, warned on the website *Carbon Brief*: "The narrative that the economic catastrophe caused by the coronavirus is 'good' for the climate is dangerously misleading, and could undermine support for climate action."