

[Print](#) | [Close this window](#)

## "Carbon army" hopes to grab slice of New Deal cash

---

Wed Oct 29, 2008 9:57pm EDT

By Gerard Wynn

LONDON, Oct 30 - A growing "carbon army" of environmentalists, bankers and investors has seized on official backing last week for major public spending announced in Britain and the United States.

They see it not just as a way to boost flagging economies, but also as an opportunity to promote investment in green energy projects.

In times of downturn, spending on infrastructure can prime demand, provide work and avert depression, a lesson learned from U.S. President Franklin Roosevelt's New Deal in the 1930s.

Green projects that would be candidates include wind and solar farms, efficiency programs to curb demand for carbon-emitting fossil fuels, and "scrubbers" to absorb carbon dioxide from smokestacks of coal-burning plants.

"You're going to have a classic green stimulus, and when you talk about infrastructure it's about renewables, it's the power grid, the water sector, buildings, energy efficiency and public transport," said Mark Fulton, global head of climate change investment research at Deutsche Bank.

A \$3.3 trillion bank bailout pledged by governments in the past month contrasts with the lower costs of measures that could dent the world's energy demands and cut carbon emissions at a time of dwindling resources and rising populations.

The narrow time-frame to create jobs and spur the economy, however, does not match the long lag time to develop large-scale renewable energy projects, where colossal investment is required. These would include technologies such as off-shore wind, tidal power and carbon scrubbers, which are still being tested or require planning consent.

Energy efficiency projects, for example to insulate homes, may fit the bill.

A program to halve global energy demand growth by 2020 would cost \$170 billion per year and knock \$900 billion off annual fuel bills by then, say researchers McKinsey.

"There could be thousands of jobs in the UK generated over the next 12 to 24 months by simply reducing the carbon footprint of buildings," said Achim Steiner, executive director of the United Nations Environment Program (UNEP).

"It doesn't take billions of dollars."

Steiner was in London for the launch last week of the UNEP "Green New Deal," meant to stimulate the use of economic tools to promote investment in the environment, such as carbon pricing under Europe's emissions trading scheme launched in 2005.

On Monday, British Prime Minister Gordon Brown advocated an increase in borrowing to shore up the economy, backing efficiency spending.

U.S. Federal Reserve Chairman Ben Bernanke last week supported a second fiscal stimulus plan to add to the bank bailout.

## LOW-CARBON PROJECTS

About 60 percent of all greenhouse gas emissions stem from energy production, according to the International Energy Agency which advises 28 countries on energy policy.

Supporters of low-carbon energy projects say they are the ideal way to avert catastrophic climate change and encourage alternatives to imports of oil -- costing the United States more than \$200 billion a year -- from unstable suppliers.

A brief conflict in August between Russia and its energy-transit neighbor Georgia highlighted Europe's dependence on Russian gas.

"In the European context it makes a lot of sense to have a pan-European super grid which connects different regions with different technologies, wind, hydro, solar," said Henner Gladen, co-founder of German firm Solar Millennium.

The timing is good too, they say. The developed world is replacing aging energy infrastructure, installed more than 50 years ago, while emerging economies are making energy choices now that will last another half-century.

However, far from backing a green wave of investment, some politicians want to reconsider support for climate targets that will add to fuel bills, by effectively taxing carbon emissions and thereby harming industry and alienating voters.

Italy said last week it had the support of 10 European Union member states to delay approval of ambitious EU climate measures.

When tens of billions of dollars are available, there is no shortage of needy projects. In Britain that may mean schools and hospitals. In the United States, it could be roads, bridges and healthcare -- under U.S. governors' pleas renewed on Monday for the federal government to back an economic recovery package.

Some economists dispute whether spending during bad times is a good idea, arguing that a lag effect means it contributes to inflation and adds to the tax burden just as a country is emerging from recession under its own steam.

Finally, an efficiency drive also implies a society less obsessed with consumption, perhaps the last remedy to revive a flagging economy.

(Reporting by Gerard Wynn; editing by Andrew Dobbie)

© Thomson Reuters 2008. All rights reserved. Users may download and print extracts of content from this website for their own personal and non-commercial use only. Republication or redistribution of Thomson Reuters content, including by framing or similar means, is expressly prohibited without the prior written consent of Thomson Reuters. Thomson Reuters and its logo are registered trademarks or trademarks of the Thomson Reuters group of companies around the world.

---

Thomson Reuters journalists are subject to an Editorial Handbook which requires fair presentation and disclosure of relevant interests.