

Bottom-up governance is the way to go to fight climate change

By Lawrence Loh

WHEN I lived in the US some years back, I just loved watching The Weather Channel on cable TV. There was always a new story even when I loaf around mindlessly, glued to the old-fashioned tube, imbibing the ever-changing climatic patterns, and seeing where the next hurricane is hitting. But there is an abysmal feeling of helplessness as it is not possible for me, at least, to change the flow of winds and water.

Indeed an American writer, Charles Dudley Warner, famously said: "Everybody talks about the weather, but nobody does anything about it."

Yet it is with a deep sense of empowerment that I witnessed first-hand the serious collective commitment to tackle the perils of climate change at the Ecosperity 2017 conference convened by Singapore's Temasek Holdings just this month. This event was held in conjunction with the World Environment Day.

Never mind that US President Donald Trump had days earlier dumped the Paris Agreement of the United Nations Framework Convention on Climate Change (UNFCCC). Dealing with greenhouse gas emissions mitigation, adaptation and finance from 2020, this agreement had been signed by 195 countries, including the US, as well as the European

Union which itself comprises 28 countries.

Never mind that the US is currently the world's second largest greenhouse gas emitter, surpassing even the entire European Union. And it is probably the largest cumulative releaser of greenhouse gases by country in the entire history of mankind.

Never mind that President Trump had made an about-turn to stop contributing to the Green Climate Fund of the UNFCCC after the country had committed to be the largest provider of US\$3 billion. This fund aimed to raise US\$100 billion annually by 2020 as the centrepiece effort to fight global climate change.

At the Ecosperity caucus, it was heartening that there were key executives of private sector companies such as Unilever and Olam International who made passionate pitches about the criticality of corporates to take the lead in driving the agenda of sustainability.

It is especially noteworthy that investors themselves are throwing their hats into the ring. One panel discussion that stands out at Ecosperity is entitled "Better Finance: A Quest for New Value". This was moderated by a leading expert in impact investing – Dave Chen, chairman of the US-based Equilibrium Capital.

It is interesting to realise that the hitherto unidimensional objective of investments – economic returns – is increasingly becoming bi-dimensional, through impact investing, to

embrace the social and environmental goals as well. The current climate conundrum, purportedly caused by a singular obsession with old-style finance has now a silver lining in the new strain of finance – impact investing. The problem has itself turned into a solution.

The concomitant launch of a milestone report of the Business and Sustainable Development Commission at Ecosperity brings more than just new rays of hope. It is about a whole new sunrise of new opportunities for businesses. Asia itself, in particular, will have some 230 million jobs created by 2030 from these opportunities which are valued at a staggering US\$5 trillion.

TRADING PLACES

Back to President Trump when he pulled the plug on the Paris Agreement – it is revealing that many top leaders of big corporations are not with the president. In fact, they further reinforced their commitment to persevere in the battle to combat climate change.

And these companies are not small names. They include Apple, BP, Disney, Exxon Mobil, Facebook, General Electric, Goldman Sachs, Google, JPMorgan, Microsoft, Tesla and so on.

We have a historic role reversal here. Whereas it is always the corporates that have to be coerced by the government to fall in line to save the environment, it is now the other

way round. It is the companies, paradoxically, that are asking the government to fall into place.

When President Trump reversed US participation in the Paris Agreement, he said: "I was elected to represent the citizens of Pittsburgh, not Paris."

In a fascinating sequel, the mayor of Pittsburgh Bill Peduto, who is incidentally a Democrat rather than a Republican, distanced himself from the country's president. Probably taking a leaf from Trump-style executive orders, he told CNN that he would issue an order to pledge that Pittsburgh would honour the carbon reduction goals.

Mr Peduto proclaimed that it is really up to cities, not the federal government, to ensure that emission guidelines are followed. As a developing trend, many city mayors and state governors are taking it in their stride to stay with the commitments of the Paris Agreement.

The new sense of grounded empowerment is overwhelming. Despite the national withdrawal from the climate accord, we are seeing that organisations are assuming direct responsibility to mitigate the perils of environmental degradation.

For the record, the US had never even ratified the Kyoto Protocol, an earlier compact within the UNFCCC framework for countries to fulfil reduction targets in greenhouse gas

emissions. Yet, the country has actually performed quite well in the actual emission outcomes.

It is the committed appreciation of all stakeholders that will drive the climate goal attainment even if the hit is not so direct. As Robin Hu, head of the sustainability and stewardship group at Temasek, noted in a commentary in *The Business Times*: "We may not feel a half degree Celsius increase, but it makes a monumental difference."

The current battle cry is not about Pittsburgh. It is not about Paris. It is about the planet as the source of everything for corporates and people alike.

After the Trump reversal, not all is doom and gloom. It is not the top-down centralised mandate that is often instrumental to get results. What is more important is the bottom-up decentralised actions that make or break the success of reducing greenhouse gas emissions.

Maybe an adapted Marx-Engels quote is apt: "Companies of the world, unite, you have nothing to lose but your carbon footprints."

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