

The Green New Deal raises the political stakes for businesses

Blog post by Practice Lead Matthew Duhan, 20 February 2019

New York congresswoman, Alexandria Ocasio-Cortez (widely known as AOC), has once again captured headlines with a resolution in the House of Representatives calling on the US government to undertake a “10 year mobilization” to create a ‘Green New Deal’ (known by its own initials GND). Two weeks on and the resolution is now scheduled to go to the floor of the Senate where it was proposed by Democrat Senator Ed Markey. It will fail, but it has reinvigorated the debate on climate action within the Democratic Party. And in its alignment of climate action with a radical agenda of economic transformation it is raising the political stakes for business climate activism.

The GND calls for the US to become net-zero emissions by 2050, targeting 100% electricity from renewable and zero-emission sources in ten years’ time, as well as the overhaul of the transport system and upgrading of all existing buildings. Its surplus of ambition is matched by its deficit of detail and attempts to cost the programme have run to annual figures of trillions of dollars. But that is barely the point. The GND is a political statement, not a programme for government, with Ocasio-Cortez referring to it as “the Great Society, the moon shot, the civil rights movement of our generation.”

On the surface, the GND should be a positive for climate-conscious companies. But many are in fact likely to see it as something of a dilemma, posing as it does a two-part challenge. First, it raises the bar for what ambitious climate activism looks like. For companies where this is aligned with their corporate values and public brand this may prove an opportunity. But many will understand that the ambition and scope of the GND threatens to make whatever climate efforts they undertake seem very insignificant - which is of course the point.

But secondly, the GND is re-politicising climate change in a way that is going to be problematic for much of corporate America. Alongside its climate ambition, it calls for the provision of universal healthcare, and calls out wealth inequality, the racial wealth divide, the gender earnings gap and erosion of bargaining power of US workers. AOC has been clear that she sees tackling climate change and tackling the dominant economic system as two sides of the same late capitalist coin. By placing the GND at the heart of their political ideology and aspirations for “economic transformation”, the Democratic Party’s left wing, the self-labelled democratic socialists, have saddled the programme with political baggage that will worry many business leaders, either in its substance or in its capacity to cause backlash among customers, employees or shareholders.

The result is a dilemma for climate conscious corporates. Back the GND and join the revolution, or stay silent and be part of the problem, not the solution. The salience of racial and identity politics in the US mean that US businesses are increasingly either being forced or choosing to take stances on controversial issues according to their brand. For example, Nike embraced controversy by featuring NFL quarterback Colin Kaepernick in its advertising after he knelt during the national anthem in protest of the treatment of racial minorities. But the GND has been embraced with

enthusiasm elsewhere by parties of the left, notably by the German Greens - who demanded their own Green New Deal in 2008 - and the British Labour Party that plans to step up rhetoric on its own “green jobs revolution” in 2019. With the American political cycle beginning to gear up, the pressure on US businesses is only likely to increase as these issues are debated regularly through the primaries. European businesses should be watching developments closely.

For AOC and the Democrats, the politicisation of climate change in this form has clear risks. Both the ‘Green’ and the ‘New Deal’ labels of AOC’s plan will have immediately turned off significant parts of the electorate and may play into the hands of a White House that has already sought to paint the Democrats as captured by ‘socialists’. The Green New Dealers will argue that a Trump re-election makes 2020 an all-or-nothing election for federal climate policy anyway. They have a point and look ready to gamble. Businesses will need to take care placing their bets.