On the day of his second Inauguration, in January, Barack Obama delivered an address of unabashed liberal ambition and promise. As recently as early April, before the realities of the world and the House of Representatives made themselves painfully evident, the President retained the confidence of a leader on the brink of enormous achievements. It seemed possible, even probable, that he would win modest gun-control legislation, an immigration-reform law, and the elusive grand bargain with Republicans to resolve the serial crises over the federal budget. And he seemed determined to take on even the most complicated and ominous problem of all: climate change. The President, who had a mixed environmental record after his first term, vowed that he would commit his Administration to combatting global warming, saying that “failure to do so would betray our
children and future generations.”

The President flew to San Francisco on April 3rd for a series of fund-raisers. He stopped in first at a cocktail reception hosted by Tom Steyer, a fifty-six-year-old billionaire, former hedge-fund manager, and major donor to the Democratic Party. Steyer lives in the city’s Sea Cliff neighborhood, in a house overlooking the Golden Gate Bridge. As the President’s motorcade headed to the party, several hundred activists were assembling along the route to his second event—a dinner hosted by Ann and Gordon Getty, in Pacific Heights, on a street known as Billionaires’ Row. The protesters held banners that represented various causes, but most of them held professionally printed two-toned blue signs that said, “STOP THE KEYSTONE XL PIPELINE.” The “o” in “Keystone” replicated the Obama campaign logo.

The environmental movement was testing Obama. Would he stand by his own Inaugural Address? During the past two years, environmentalists have coalesced around opposition to the seventeen-hundred-mile Keystone pipeline, which would carry oil from northern Alberta, Canada, to the Gulf of Mexico. Because the project crosses an international border, it requires the approval of the State Department and the President; a decision is expected in the coming months. Supporters of Keystone consider it essential to reducing the United States’ reliance on oil from the Middle East and unstable countries like Venezuela; its critics view it as Obama’s best chance to make a clear stand against one of the dirtiest fossil fuels contributing to climate change. “What do we want from our Pre-si-dent?” the protesters yelled. “No pipeline for the one per cent!” One marcher led the crowd in a call and response: “When I say ‘pipeline,’ you say ‘kill’! Pipeline! Kill!”

At the reception in Sea Cliff, Steyer, an ardent environmentalist, was no less relentless with his guest from Washington, pressing Obama on the issue of the pipeline. In 2004, Steyer raised significant funds for John Kerry, and in 2008 for Hillary Clinton. In 2010 and 2012, he wrote large checks for statewide ballot initiatives in California that addressed environmental concerns. Last fall, he announced that he was stepping down as head of his investment firm, Farallon Capital Management, to devote himself full time to politics, especially to the issue of climate change. He has spent generously to boost pro-green candidates in the Massachusetts Senate race and the Virginia governor’s race. This month, he is appearing in a series of ninety-second, self-financed television ads in which he argues against Keystone. In October, he is launching a major bipartisan initiative on climate change with Mayor Michael Bloomberg and former Secretary of the Treasury Henry Paulson.

Steyer, hoping for greater political influence, also has flirted with the idea of buying the Los Angeles Times, and is considering running for office in California. His brother Jim is a law professor and the founder and C.E.O. of Common Sense Media, which rates movies, books, apps, and video games to help parents find age-appropriate material for their kids. Jim Steyer told me that a friend had asked him if he and Tom were aspiring to be the Koch brothers of the left. “Yeah, I like that!” Jim
replied. Tom dismissed the analogy. “I completely disagree, because what they’re doing is standing up for ideas that they profit from,” he said of the Kochs. “We think we’re representing the vast bulk of citizens of the United States. We’re not representing our pockets.” Bill McKibben, the environmental writer and advocate, who has met extensively with Steyer to discuss the strategy against Keystone, said, “After years of watching rich people manipulate and wreck our political system for selfish personal interests, it’s great to watch a rich person use his money and his talents in the public interest.”

Steyer is, at first glance, an unlikely leader of the environmental movement. He is rangy and square-jawed, and he has exquisite establishmentarian credentials, to say nothing of a vast pile of money. He honed his raffish sense of humor at Phillips Exeter Academy, and went on to get degrees from Yale and Stanford business school. Before starting his own fund, he worked at Goldman Sachs and Morgan Stanley. According to a *Forbes* estimate, Steyer’s net worth is $1.4 billion, although one of his aides says, “The general assumption is it’s a lot more than that.”

Steyer’s goal, at his fund-raiser for Obama, was not so much to berate the President, he said, as to “do the old F.D.R. thing,” showing Obama that the green movement was growing, and that supporting its goals was good politics. President Roosevelt is said to have once told labor leaders who were asking him to support major reforms, “I agree with you, I want to do it, now make me do it.” The story may be apocryphal, but Obama sometimes recounts it as a way of explaining to liberals that they need to build popular movements for their policies. When California Representative Nancy Pelosi, the top Democrat in the House, asked Steyer to hold the fund-raiser, to help Democrats running for Congress in 2014, he agreed, with one proviso: he would tell potential guests that they could lobby the President about the folly of approving Keystone.

Steyer’s pitch to the donors was simple: “This is the best deal I’m ever going to give you. You should want to give this money, period, even if you never got anything. You can go and speak to the highest people in the Democratic congressional leadership. And we’re throwing in the President of the United States as a gimme. So you should be begging me to come.” To insure that the event left an impression on Obama, Steyer invited fifteen top donors to join him for an intimate conversation with the President before the reception for a hundred. Jim Steyer said, “Tom really hammered Obama on the pipeline.”

Obama listened politely to Steyer, his wife, Kat Taylor, and their guests, then told them that climate change was one of many big issues he intended to address before he left office. “He was extremely impressive in terms of understanding the issue,” Steyer told me. “But he was saying, ‘I need to put this in the context of a whole program that I’m trying to get to. This isn’t the only thing I care about.’ ” Taylor said, “We didn’t get the answers we wanted.” At the larger reception, Obama joked about how the Republican Party’s miserable showing with Latinos in the 2012 election had been “clarifying” and
said that passing immigration reform was a real possibility in the next few months.

On the issue of climate change, he was far more pessimistic. He reminded his audience that many Americans don’t share the views or the culture of Steyer’s guests. “The politics of this are tough,” he said. “Because if you haven’t seen a raise in a decade; if your house is still twenty-five thousand, thirty thousand dollars under water; if you’re just happy that you’ve still got that factory job that is powered by cheap energy; if every time you go to fill up your old car because you can’t afford to buy a new one, and you certainly can’t afford to buy a Prius, you’re spending forty bucks that you don’t have, which means that you may not be able to save for retirement.” He added, “You may be concerned about the temperature of the planet, but it’s probably not rising to your No. 1 concern.” To some in the room, it seemed that the President was speaking for himself. He never mentioned Keystone. “The clear takeaway for Tom was that the President issued us a challenge,” one of Steyer’s political aides said. “Go out there and make the public-policy case as to why this pipeline is not in our country’s best interest.”

One afternoon in early August, I met Steyer for lunch at a Greek restaurant in San Francisco’s financial district. Steyer’s voice turned grave when he talked about his embrace of climate change as a political issue.

“In every generation, there’s an overwhelming issue that people may not recognize at the time, but that becomes the issue that is the measure of what you did,” he said. “In World War Two, if you look back, everybody was measured by what they said in the thirties and what they did in the forties. Charles Lindbergh was the biggest hero in the United States of America, and he went wrong on the biggest issue of the day, and that was the end of him. Look back to where people came out on civil rights in the fifties and sixties: maybe you were right about economic policy then, but, if you blew it on the big issue, then that’s the measure.” Climate change, Steyer insisted, “is the issue we’ll get measured by as a country and a generation. If we blow this, it will be because we were very focussed on the short term, on our pocketbooks, and we had no broader sense of what we were trying to do and what we were trying to pass on.”

According to Steyer, the opposition to Keystone emerged from the President’s failed efforts to tackle climate change early in his Administration. Obama had some limited successes. In 2009, in one of his first acts in office, he ordered the Department of Transportation to implement higher fuel-efficiency standards for cars; in 2012, the rules were finalized, and they are his single most significant climate-change policy.

The Environmental Protection Agency, led by Lisa Jackson, a chemical engineer, also issued a stringent rule on mercury emissions, forcing some coal plants, one of the largest sources of carbon
emissions, to close down or switch to natural gas, which releases about half the carbon content of coal when burned. But Obama comes from Illinois, a coal state, and often has campaigned as a friend of the coal industry. As President, he didn’t confront the fossil-fuel industry in the way that many environmentalists and some advisers had hoped. “He’s been oil- and gas-friendly,” John Podesta, Bill Clinton’s former chief of staff and an adviser to the Obama White House, said.

In December, 2009, Obama left an international climate summit in Copenhagen without a binding agreement to deal with global emissions or even a deadline to reach one. In April, 2010, after BP’s Deepwater Horizon drilling rig exploded, spilling some two hundred million gallons of oil into the Gulf of Mexico, a debate ensued within the Administration. The E.P.A and other agencies wanted to use the event to vilify BP and drive an environmental agenda that would take on the fossil-fuel industry. They found little support at the White House, where Obama’s senior staff believed that such an approach was either wrong on the merits or politically dangerous.

“We were told to stand down,” a former senior Administration official who argued for taking a more confrontational approach said. During the cleanup, the Administration focussed on working constructively with BP while pursuing an ambitious climate bill that would have effectively put a price on carbon emissions, the starting point for moving away from fossil fuels. The bill passed the House in 2009, but the following summer, with Democrats from coal states opposing it and the White House unable to find enough votes to overcome a filibuster, it died in the Senate. In November, Republicans won back the House of Representatives, eliminating the prospects for any climate-change initiative. The incoming class of Tea Partiers included a number of climate-change deniers, and Obama abandoned serious work on the issue.

“I think that in the first term he was hiding his light under a bushel,” Steyer said. “Barack did a good job on the regulatory side, but he made the decision that it was going to be somewhere between extremely unlikely and impossible to get a big energy bill. He obviously didn’t make it his top priority.”

Opposing Keystone is just one item in Steyer’s new portfolio of political interests. After lunch, we headed to his offices at Next Generation, part of his growing network of energy and climate organizations, which include a political arm, a policy think tank, three clean-energy investment funds, and two research centers that he has financed at Stanford University. Steyer’s top policy adviser on climate is Kate Gordon, who previously worked at the Center for American Progress, an influential liberal think tank in Washington. After the summer of 2010, she said, the environmental movement, which had been unusually united in support of Obama’s climate bill, fractured. “Everything crashed and burned, and immediately all those groups retreated to their corners,” Gordon said. As Obama grappled with the Republican ascendancy in Congress, he dropped from his agenda any mention of
climate change. Podesta, who is now an adviser to Steyer, said that Keystone filled the policy vacuum left by the President’s silence: “People were beginning to doubt the President’s commitment.” Keystone “became the test of the question: Are we going to do anything long term about climate change?, as he had promised in the 2008 election.”

Gordon told me that until recently she thought that Obama was likely to approve the pipeline and that it was not wise for the movement to stress the issue. “I thought that it would be putting all of our eggs in one basket,” she said. “And, to continue with the egg metaphor, if we lost it would be a major loss and we’d have a lot of egg on our face.” She did see the benefits of the campaign, however: “The goal is as much about organizing young people around a thing. But you have to have a thing. You can’t organize people around a tipping point on climate change.”

Canada has the third-largest reserve of oil in the world, behind Venezuela and Saudi Arabia, and the United States imports more oil from Canada than any other country does. Ninety-nine per cent of the oil that Canadians export—roughly 2.7 million barrels a day—comes here to be refined into petroleum products, which are sold domestically and abroad. The overwhelming majority of Canada’s reserves are in the form of bitumen, a viscous oil, attached to a mixture of sand, water, and clay, that is found under pristine boreal forests across fifty-four thousand square miles in northern Alberta.

It’s the most controversial oil deposit in the world. Oil sand has the texture of soft asphalt; twenty per cent of it lies close to the surface, and the area is effectively strip-mined. The bitumen-rich sand is removed, mixed with water into a slurry, and spun in centrifuges until the oil is separated, leaving behind vast black tailings ponds that are hazardous to wildlife. The mining operations sprawl ruinously for miles. The remaining eighty per cent of the oil sands lie hundreds of feet down beneath a layer of hard rock. Steam is injected deep belowground until the oil naturally separates and is drawn out. The extra energy required to extract the oil from the sand makes it a more carbon-intensive fossil fuel—averaging seventeen per cent more, according to the State Department—than conventional oil. Even the name of the oil fields of Alberta is contested. Most industry and government sources use the term “oil sands”; environmentalists and other opponents prefer “tar sands.”

The oil sands also are the only major reserve of crude in the world that is completely landlocked. Canadian oil companies, with tacit support from the U.S., have long sought to connect the facilities in Alberta to the Gulf Coast, the site of several large refineries, such as that of the oil company Valero, in Port Arthur, Texas, which are designed to handle heavy crude oil. The industry argues that although rail and other pipeline projects hold some potential, the Keystone pipeline is the simplest, most cost-effective, and most direct way to get Canadian oil to market.

Keystone is actually the name for a system of pipelines. An existing line runs east from Alberta and
then cuts south through the Dakotas and Nebraska, where it divides in two. One leg turns east and terminates at refineries in Illinois. The other leg runs south to Cushing, Oklahoma, a crucial oil-market hub. Much of the oil that the U.S. imports from Canada already passes through these pipelines. But the major controversy is over the Keystone XL, a proposed “bullet” pipeline connecting Alberta to Nebraska and a new southern leg that runs from Cushing to the Gulf. The southern project didn’t require Presidential approval and is nearing completion, despite some local efforts to stop it. Keystone XL would increase Canada’s oil exports to the U.S. by as much as eight hundred and thirty thousand barrels a day, and, environmentalists argue, it would increase the speed at which the oil sands are exploited.

“The pipeline would completely change the rate at which the oil comes out of the ground,” Steyer said. “It would enable a much faster development, three times as fast. This is the size of Florida. . . . This is going to go on for decades. It’s not like we’re enabling a Shell station to be open after midnight.”

Anti-Keystone activists believe that, if they can prevent Canadian crude from reaching Texas, they can dramatically slow the development of the oil sands. The industry concedes the point. In February, a pro-oil Canadian think tank issued a report called “Pipe or Perish: Saving an Oil Industry at Risk.” It noted that without Keystone XL the amount of oil produced in northern Alberta, which is projected to double by 2030, will soon outpace the industry’s ability to export it: “If this happens, investment and expansion will grind to a halt.”

The construction of Keystone XL seemed like a foregone conclusion until the spring of 2011, when the climate scientist James Hansen posted an article online. The title of his post, which was really a short note to other climate researchers and activists, was “Silence Is Deadly.” The message was alarming: “The U.S. Department of State seems likely to approve a huge pipeline to carry tar sands oil (about 830,000 barrels per day) to Texas refineries unless sufficient objections are raised.” Hansen argued that catastrophic climate change could be averted if coal was phased out in the next few decades, even if known deposits of conventional oil continued to be exploited. But, as the easily accessible deposits of oil have diminished, industry has focussed increasingly on unconventional deposits, like the oil sands.

“Phase-out of emissions from coal is itself an enormous challenge,” Hansen wrote. “However, if the tar sands are thrown into the mix, it is essentially game over.” If the carbon locked underground in Alberta is exploited, he insisted, there is no chance of preventing runaway global warming.

One of Hansen’s readers was Bill McKibben, a former staff writer at The New Yorker, who first started writing about climate change in the nineteen-eighties; he now runs an advocacy group called
350.org. (The name is a nod to Hansen’s calculation that once the level of atmospheric carbon dioxide exceeds three hundred and fifty parts per million, climate change could become uncontainable.) Like many climate-change activists, McKibben, after Obama’s legislative failure, was struggling to bring focus to the movement. He became seized by the pipeline issue. “This is like a Rube Goldberg machine producing global warming and other environmental catastrophes,” he told me. “You couldn’t figure out a grosser way to wreck the planet than what they’re doing. If we’re going to do anything about global warming, it’s the poster child for the kind of stuff that’s going to have to stay in the ground.”

In June, 2011, McKibben and several fellow-activists, including Hansen, the poet Wendell Berry, and the actor Danny Glover, circulated a letter urging people to join a protest against the pipeline, to take place in Washington that August. Over two weeks, McKibben and twelve hundred and fifty-two others were arrested in a civil-disobedience demonstration outside the White House gates. (Most were arrested for “failure to obey a lawful order,” after police asked them to move.) McKibben spent three days in a D.C. jail. He helped to persuade ten large environmental groups, ranging from Friends of the Earth and Greenpeace to the Environmental Defense Fund and the League of Conservation Voters, to write a joint letter to Obama opposing Keystone and supporting the demonstration. Later, the Sierra Club, which has always kept its distance from environmental radicalism, made an exception to its hundred-and-twenty-year-old tradition of using only “lawful means” to protect the environment, in order to allow its leadership to take part in future actions. McKibben had successfully made Keystone the most prominent environmental cause in America.

That fall, McKibben and some of his colleagues sat down at a computer in his office at Middlebury College, and examined Google Earth images of downtown Washington. For the next action, he wanted to build a human chain around the White House. The route was about a mile and a half long; he figured that he would need three thousand people. The movement was growing, especially on college campuses. In November, some fifteen thousand people showed up for the demonstration, which they called a “solidarity hug.” Many carried signs that quoted Obama’s statements from the 2008 campaign on climate change and his commitment to reduce the country’s dependence on fossil fuels. “We want him to live up to what he said he was going to do,” McKibben said.

The anti-Keystone movement had seemed like a fringe cause. Now it was generating front-page headlines. Four days after the human-chain stunt, the Administration announced that the State Department would need another year to study the pipeline. In July of 2012, McKibben wrote an article for Rolling Stone called “Global Warming’s Terrifying New Math.” The piece explained the difficulties of tackling climate change if unconventional oil resources such as the Canadian oil sands were exploited. Tom Steyer admired the article so much that he called McKibben, whom he didn’t know, to congratulate him.
Steyer grew up on the Upper East Side of Manhattan. His father, from a Jewish family in Bedford-Stuyvesant, became a Wall Street lawyer, and his mother, an Episcopalian from Minnesota, was a journalist and a teacher. He and his older brothers, Jim and Hume, a lawyer in New York, attended Buckley, a boys’ school near their apartment. Tom often spent his summers outdoors. He worked on a cattle ranch in Nevada, picked fruit in Oregon, and travelled around Alaska as an adviser to the state, scouting projects that the government could fund with its oil revenues. After graduating from Yale, he worked for two years on Wall Street, and then Jim helped persuade him to move to California to attend business school at Stanford, where Jim went to law school. Tom, in his second year, met his future wife, Kat Taylor, also a Stanford law student. She runs a community bank and TomKat Ranch, a two-thousand-acre cattle ranch in Pescadero, an hour south of San Francisco, on the Pacific Coast.

In 1983, after finishing business school, Tom returned to New York and worked in the risk-arbitrage division of Goldman Sachs under Robert Rubin, Clinton’s future Treasury Secretary. Goldman had made money through the most difficult economic years of the nineteen-seventies. Steyer wanted to learn how to invest, but he was also interested in politics, and he was attracted to Rubin, partly because he was one of the few prominent Wall Street figures with ties to the Democratic Party. “I knew that I was going to be taught how to be a careful and successful person in investing by people who had done it in really, really hard times,” Steyer said.

Steyer was seen as a future leader at Goldman, but his relationship with the company ended abruptly when, less than three years into the job, he told Rubin that he was considering moving to California to manage his own investment fund. “They demand loyalty,” Steyer’s wife, Taylor, said. “He went to talk about leaving to possibly run some money in San Francisco, and Goldman basically said, ‘Fine, see ya.’ ” The move led to a temporary falling out between Steyer and Rubin. “I remember thinking we were losing a superstar,” Rubin said.

In San Francisco, in February, 1986, Steyer started Farallon Capital Management, and he married Taylor a few months later. The new hedge fund applied the methodology he had learned at Goldman to a broader range of investment activities. He raised about ten million dollars to start the firm. When he left, he said, he was managing “about twenty B”—twenty billion dollars.

After securing his fortune, Steyer spent his forties turning to God and politics. “I am very religious,” he said. “I go to church every Sunday. I think about everything I’m doing now from a religious perspective. My midlife crisis was thinking about the purpose in living, and my reaction was to figure out that I believe in God.”

Steyer became a philanthropist and wrote occasional checks to Democratic politicians in
California, but the Bush Presidency galvanized him. “In 2002, I was, like, ‘O.K., this guy’s a historic mistake,’” he said. “I can’t tell my grandchildren, ‘We really screwed it up, but I was making a lot of money so I didn’t have time to do anything about it.’ I thought, Win, lose, or draw, I have to put everything I can into defeating this guy because he’s going to be terrible for the United States if he gets reëlected. So I went to work for John Kerry.”

In 2007, Chris Lehane, a former Clinton and Gore operative nicknamed the “master of disaster” for his work at the White House responding to Whitewater and the Lewinsky affair, learned that Republicans in California were attempting to change the rules for allocating electoral votes in Presidential elections. Under the proposed plan, the Republican nominee for 2008 would have gained some twenty extra electoral votes. Lehane approached Steyer, who had become well known in Democratic donor circles, about funding a campaign to defeat the proposal. It was a battle of hedge-fund managers. Paul Singer, an investor close to Rudolph Giuliani, who was running for President, largely funded the Republican effort, and Steyer, spending nearly a million dollars, funded the counter-campaign. Steyer won.

Three years later, Steyer and Lehane teamed up again, to defeat a ballot proposition financed by two Texas oil companies that would have overturned a California law to reduce greenhouse-gas emissions. Unlike the 2007 effort, in which Steyer’s role was not well-known until afterward, Steyer co-chaired the 2010 campaign with George Shultz, Ronald Reagan’s Secretary of State. Arnold Schwarzenegger, who was governor and also opposed the oil companies’ proposition, recruited him. The unlikely pair of Steyer and Shultz became the public faces of the effort. Shultz, who is now ninety-two, said of Steyer, “He likes to win—big.” Steyer spent five million dollars, and the proposition was defeated by a margin of sixty-two to thirty-eight.

Last year, Steyer funded a California proposition to close a tax loophole that benefitted out-of-state corporations. The money would be directed instead to education and environmental initiatives. Steyer spent more than thirty million dollars on the initiative, which passed by sixty-one per cent; it will add an extra billion dollars of revenue to the state budget every year for the foreseeable future. He considers it one of the best investments he ever made. “I would do that every year for the rest of my life if I could,” he said. At the end of the campaign, he established a political arm of Next Generation, which he is using to replicate the successful California strategy across the country.

Last summer, in his first phone call with McKibben, Steyer suggested that the two go hiking in the Adirondacks. By the time they descended Giant Mountain, Steyer was prepared to dedicate himself to Keystone full time.

“He understood the math of everything,” McKibben told me. “Not surprisingly, because I guess
that’s what you do when you’re a hedge-fund guy, or whatever it is he does—you sit around figuring out the mathematical implications of things. He instantly understood why Keystone was important both in science terms and in political terms—that it would be the moment when the President would make or break his place in this particular history.”

That October, Steyer officially stepped down from running Farallon. He no longer has an ownership position in the company, but the firm still invests his money and he’s the equivalent of a limited partner. After being criticized by some Republicans for holding some investments in the fossil-fuel industry, including stock in Kinder Morgan, which has proposed extending a rival pipeline to Keystone, Steyer said that he would fully divest his portfolio of its “dirty energy” holdings within a year. After leaving Farallon, he convened a two-day “Big Think Climate Meeting” to plot his future in politics. He held the retreat at the TomKat Ranch. Two dozen top environmentalists attended, among them McKibben, Hal Harvey, and Tara McGuinness, who now works at the White House. Also present were Steyer’s closest political advisers, including Lehane and Podesta, and some friends from the venture-capital and high-tech worlds, among them some young executives from Twitter.

The news about climate change was particularly grim. The Scripps Institution of Oceanography had reported that the atmospheric concentration of carbon dioxide was three hundred and ninety-one parts per million, well above the safe limit of three hundred and fifty. Obama was favored to win reëlection, but he had hardly mentioned climate change in the campaign. Mitt Romney, the Republican nominee, avidly supported Keystone, promising to “build it myself,” if necessary. “We wanted to get as many people who know stuff but weren’t part of the existing climate-energy establishment to think about this problem,” Steyer said. Between sessions, which took place at a long table in the TomKat kitchen, some attendees played around outside on a mechanical bull.

There was no debate about the science and little debate about the policy prescriptions. The planet was warming and greenhouse-gas emissions had to be curbed. The problem was that the political system wasn’t responding fast enough. “If you’re driving a car at a hundred miles an hour toward a cliff,” Steyer said, “you can’t wait until the last inch and go, ‘You’re absolutely right, that is a cliff!’ ” Given the inevitable consequences to the environment, Lehane said, climate will become a top issue for voters. “The social-theory question Tom basically settled on was: How do we accelerate that process?” Lehane said.

The group broke into three camps. The participants from Silicon Valley were deeply influenced by how activists in the Arab Spring had used cell phones, text messages, and social media to organize. “They talked about liberation technology, and how that could be used and deployed around this movement and this issue, particularly given how strongly young people feel,” one of Steyer’s aides said. (Young voters overwhelmingly support climate-change policy.) Podesta, who was skeptical,
described them as the “all we need is the killer app” camp.

McKibben represented the second faction, which Podesta described as a “human-rights kind of strategy.” McKibben talked about civil disobedience, of the sort that he and his followers engaged in, and about his latest effort, a campaign modelled on the anti-apartheid divestment movement. He believes that major institutions can be pressured to divest themselves of fossil fuels. He is at work enlisting what he says are huge numbers of young people—his organization has thousands of volunteers—including an extensive network on college campuses.

Podesta and Lehane argued that, to change policy, one had to change the politics. They cited immigration reform and gay marriage, issues on which national politics had changed quickly in the Democrats’ favor. “Right now, there’s no pain in being a weasel on climate change,” Podesta said. “What’s the safest political thing to do? Don’t piss off the fossil-fuel industry, because they’ll come after you if you do. And then the other group is ‘Say the right thing, but don’t do much.’” Republicans have been able to claim that the science is unclear and that there hasn’t been appreciable warming in the past ten years and not “pay any price for it.” Podesta and Lehane urged Steyer to spend his money on electoral politics, to force politicians to pay a price.

After Obama won reelection, he began to talk again about global warming. “We will respond to the threat of climate change, knowing that the failure to do so would betray our children and future generations,” he said in his second Inaugural Address. In his State of the Union Message, he declared that if Congress didn’t send him a plan to reduce carbon emissions he would act on his own, through the E.P.A.’s regulatory process. Obama likely would have quietly approved the original pipeline-permit proposal, submitted by TransCanada, the company building Keystone, to the State Department in 2008. But in December, 2011, congressional Republicans inserted language in an economic package that demanded a decision within sixty days, and the State Department said that that wasn’t enough time to review the proposal. TransCanada submitted a new permit application in May, 2012, the one now under review. Activists have used the interim to lobby against the plan. “This thing was rolling toward approval,” Podesta said, arguing that the Republican effort to force Obama’s decision backfired. “All they did was put off the decision long enough so that you could mount a serious campaign against it.”

In February, a few days after Obama’s State of the Union address, McKibben helped organize a major rally on the Mall. Tens of thousands of people showed up. Steyer addressed the crowd, along with the country’s leading anti-Keystone activists. McKibben had asked Steyer to join him and Hansen and a few dozen others in tying themselves to the White House gates and getting arrested, but Jim, among others, talked him out of it. “Tom, that’s not who you are, that’s who Bill McKibben is,” he told him. “It’s important to have a voice like Bill McKibben, but that’s not your voice. Your voice is as
A
ter this incredibly smart, thoughtful business guy who’s looking at the economic implications and going, ‘This is a disaster.’ ”

Steyer wanted to test Lehane’s theory that traditional campaign politics—the world of Super PACs and field organizations and TV ads—was the best way to spend his money. “Once politicians start to become aware that this issue can either help them or hurt them, you begin to change the conduct and behavior of those who are in elected office,” Lehane insisted. “Politicians very rarely lead, despite the fact that they talk about leadership in every speech. They typically follow.”

There aren’t usually many significant electoral races in the year after a Presidential election, but in December, with Hillary Clinton stepping down, President Obama nominated Massachusetts Senator John Kerry as Secretary of State. Kerry, a longtime advocate for addressing climate change and a co-author of the failed 2010 legislation, was now in charge of reviewing TransCanada’s application to build the pipeline extension, and the special election in Massachusetts to fill his Senate seat gave Steyer an ideal test case. Edward Markey, a longtime Massachusetts congressman and another co-author of climate legislation, opposed Keystone. His Democratic primary opponent, Representative Steve Lynch, supported it. Steyer’s group spent $1.8 million attacking Lynch and backing Markey. Lehane said they used the same “formula” that had been successful in California: an “enemy” oil company pursuing its own self-interest was hurting the state. Markey won, and went on to victory in the general election. Steyer began looking for his next opportunity.

Alberta is the Texas of Canada, a fact that Canada and the U.S. have appreciated for some time. In 2005, when Vice-President Dick Cheney visited, the U.S. Ambassador to Canada sent him a cable about his destination: “Considered the ‘most Americanized’ province in Canada, attributable in part to the oil and gas boom that drew U.S. firms to the province in the early 1900s, Alberta maintains a relatively pro-American, free market sentiment.” U.S. entrepreneurs spent decades trying to help Canada figure out how to profitably exploit the oil sands. “The old joke there was that Canadians sold life insurance and Americans drilled for oil,” David Manning, Alberta’s lobbyist in Washington, said. “My friends growing up were from Oklahoma and Texas. A lot of the expertise and a lot of the early investment came from the U.S.”

For many years, interest in the oil sands spiked only when crude prices rose enough to justify the high costs of extracting the petroleum from the sand. Mired in debt, Alberta lacked the ability to fully develop the resource. Its industry was saved by a prolonged spike, from 9/11 until the recent recession, when the price of oil jumped from twenty-five dollars a barrel to more than a hundred and thirty. Canada began advertising its vast oil resources to the world.

The Bush Administration saw Canadian oil as a cornerstone of its energy policy, and in 2005
Alberta opened an office in Washington to help solidify American backing. Revenues from oil erased Alberta’s debt. In 2006, Prime Minister Stephen Harper, an Alberta politician who started in the petroleum industry in Calgary in 1978, declared Canada an “emerging energy superpower.” Today, one-third of the Canadian economy is tied in some way to the oil sands.

The impact is most immediately visible in Calgary. The skyline is dotted with construction cranes and new glass towers built by oil and gas companies: the Bow, the newest and tallest building, built by the energy companies Encana and Cenovus; the Shell Centre; the Home Oil Tower; the sprawling Suncor Energy Centre, home to one of the largest operators in the oil sands; and the TransCanada Tower, which houses the pipeline company’s headquarters and the control room it uses to pump oil from Alberta to the U.S. through the existing Keystone pipeline.

Many of the energy executives, regulators, and politicians I spoke to in Calgary seemed baffled that their industry and province had become the face of global environmental ruin. Jim Ellis, who was a commander in Bosnia in 1994 and ran the Canadian military in Afghanistan in 2005, now directs the Alberta Energy Regulator, which oversees environmental compliance for the oil sands. In 2009, he was greeted as a pariah at the Copenhagen climate summit. “We had no idea,” he said. “We were just little Alberta. We wandered in and went, ‘Holy crow, what is going on here?’ We came back, and one of the ministers said, ‘You know what, I don’t think some people like Alberta and Albertans.’ We’ve never seen that before! We’re nice people!”

Industry officials point out that the amount of carbon emitted to extract the oil in Alberta has declined by about one per cent every year for the past two decades. They note that Hansen’s dire warning about Canada’s unconventional oil deposits was based on the assumption that every ounce of oil in the sands would be burned. (Only a small fraction of the total estimated reserves is recoverable, and doing so will take decades.) Alberta even instituted a carbon tax for its heaviest emitters, a policy that has never gained traction in the United States. The tax is only fifteen dollars per ton of carbon dioxide, but the money goes into a fund to pay for research to lower the amount of carbon used to extract the oil. To many critics, however, focussing so much attention on reducing the carbon footprint of oil-sands oil to the levels of, say, Saudi Arabian oil, which has a lower carbon profile, is like telling a morbidly obese patient to lose weight by eating Quarter Pounders instead of Big Macs.

Obama’s approach to Keystone is characteristically technocratic. In June, he delivered a major speech about climate change in which he declared that Keystone XL would be approved “only if this project does not significantly exacerbate the problem of carbon pollution.” The State Department has been studying the issue, and in March it released a draft environmental-impact statement. It concluded that building the pipeline would not “significantly impact the rate of extraction in the oil
sands,” and noted that, without Keystone XL, oil from Alberta would be shipped to refineries on the Gulf by rail, which is more carbon intensive, or to foreign markets through new pipelines that Canadian companies are trying to build to their east and west coasts. There are regulatory hurdles and local opposition to those projects. But in a market analysis the State Department concluded that, one way or another, the Canadians would find a way to sell their oil.

Lisa Jackson, frustrated by Obama’s inaction on climate change, left the E.P.A. in February. In April, the agency, under attack by congressional Republicans who were delaying the confirmation of its next administrator, Gina McCarthy, scrambled the Keystone debate: it challenged the State Department’s analysis of the oil market, suggesting that Canada might find it difficult to ship its oil without Keystone. “We think it is important that it be as complete and accurate as possible,” the E.P.A. assessment noted, adding that the State Department’s report, “while informative, is not based on an updated energy-economic modeling effort.” The fate of Keystone now depends on the outcome of this bureaucratic fight. “If State sticks with its original analysis, Keystone will probably be approved,” a former State Department official said.

Kerri-Ann Jones, the Assistant Secretary of State for Oceans and International Environmental and Scientific Affairs, who is in charge of that analysis, told me that she is taking the E.P.A.’s critique seriously. “We’re looking at any new information regarding the market analysis, any changes we’re seeing,” she said.

The E.P.A.’s rebuke to the State Department has energized environmentalists and unsettled the Canadians. Gary Doer, the Canadian Ambassador to the U.S., is a former premier of Manitoba who has a good record on climate-change policy—one of the reasons that the Harper government sent him to Washington in 2009. Doer is tanned, with a sweep of white hair. When I spoke with him last month, he said that he took umbrage at being lectured on climate change by the U.S. “We have regulations well in advance of the United States,” he said.

I mentioned that I had recently been in San Francisco with Tom Steyer. “California thermal oil, outside the San Francisco areas that you were in, has higher greenhouse-gas emissions than oil sands!” he said. “When we have California celebrities commenting on oil, it’s a little rich, in its full sense of the word. We have a different culture. You can’t own five homes and drive around in a corporate plane and then claim to be some Buddhist purist.” He added, “It is an interesting thing when you have people going to Copenhagen saying, ‘I’ve weaned myself completely off of all fossil fuels,’ which begs the question, How long is that kayak ride from Malibu to Copenhagen?”

On August 15th, Steyer was standing in shirttails and a pair of blue-and-white striped boxers on the deck of a pontoon boat as it navigated an inlet along the Texas-Louisiana border in the Gulf of
Mexico. His boat crept toward the Mariposa, a hulking gray tanker in front of Motiva, a refinery owned jointly by Royal Dutch Shell and Saudi Refining. Jim Margolis, a political ad-maker best known for producing most of Obama’s Presidential-campaign commercials in 2008 and 2012, was pacing the deck, directing the captain. The Mariposa’s two forward anchors looked like torpedoes protruding from the bow. “If we get in any closer, Tom, and they figure out it’s you, I think they’ll probably drop an anchor on you,” Margolis said, as he handed Steyer some clothes.

Steyer had asked Margolis to help him produce a series of television ads making the case against Keystone. In August, Lehane had produced an ad that featured an actor, portraying the C.E.O. of TransCanada, hurtling down a pipeline as if it were a waterslide while he bragged about selling Keystone to the American public using an “old-fashioned lie.” Lehane wanted it to air in Washington during an appearance, on August 6th, by Obama on the “Tonight Show,” but the local NBC affiliate said that the commercial didn’t meet its standards. Lehane “was delighted when that happened,” Steyer said, noting that the decision only gave the ad more attention.

The ad was largely a stunt, but Margolis came up with a million-dollar campaign consisting of four ninety-second commercials that will appear sequentially over four weeks, starting on September 8th, during the Sunday-morning political chat shows. He and Steyer call it the Keystone Chronicles. Each week, Steyer will appear in a new location. After the Gulf, he’ll go to Arkansas, near the site of a recent spill of Canadian crude. Then he’ll appear at a clean-energy manufacturing plant to discuss jobs. The series will end with Steyer in New York, on the Brooklyn Heights Promenade, with the Manhattan skyline behind him, speaking about Hurricane Sandy and the impact of climate change. “It gives it a more documentary feel, in the sense that each one is different and you have to watch each week to see what he’s doing next,” Margolis said.

Steyer put on a pair of khakis, changed into a blue shirt, and read his script aloud. “I’m Tom Steyer, I evaluate investments and help grow companies,” he said. “Being successful means learning the difference between a good investment and a bad deal. Today, we look at who profits when Keystone is built. Here’s a hint: it’s not America. We’re on the Gulf Coast at one of the largest refineries in the world, owned by Royal Dutch Shell and Saudi Refining. It’s where tar-sands oil piped from Canada will be refined and loaded on ships to be sold overseas to countries like China.” While Steyer studied his lines, Margolis and his crew watched the Mariposa, which seemed to be leaving port. Filming in the path of a moving vessel carrying some six hundred thousand barrels of oil seemed unwise.

Steyer’s boat motored through the inlet in search of another backdrop, and stopped at a refinery owned by Valero, the Texas company that happened to be his opponent during his California proposition fight in 2010. The Sanko Amity, a green-and-red tanker, was sitting idle in front of the
refinery. Its ballast tank was largely empty, so the ship towered above the water. After anchoring and setting up the shot, Margolis’s partner, J. Toscano, looked into a monitor and was thrilled. “It’s so good, it’s going to seem like Green Screen,” he said.

A makeup artist touched up Steyer’s face, and he stood in front of the Valero tanker reading the script from a teleprompter, as Margolis shouted instructions. “Less angry, more factual,” he said. “More in sorrow than in anger.” After two dozen takes and some B-roll of Steyer floating past the refineries looking at pipelines, they were finished. The ad followed Steyer and Lehane’s California formula: foreign oil from Canada was being sold to foreign refiners in the Gulf and shipped to China, while the oil companies profited.

As political theatre, it was a pretty good ad. Steyer appeared honest and confident. But, as a lesson in global-oil economics, the ad lacked context. Back on shore, I met with Greg Gentry, Valero’s general manager in Port Arthur. As he explained the process of turning crude oil into gasoline, diesel, kerosene, and jet fuel, he pointed out of the window at a distillation tower with tubes running from it. Inside the tower, crude oil was heated at various temperatures and turned into vapor, which was then collected and condensed. The higher up the tower, the lower the temperature. Heating crude oil toward the bottom, at four hundred degrees, made kerosene. Farther up, at two hundred degrees, made gasoline. I noted that it wasn’t much different from distilling alcohol. “That’s exactly what it is,” Gentry said.

Most early American refineries were built to refine lighter crudes produced in the U.S. As America began importing more foreign oil, newer refineries were designed to process heavy crudes. The refineries best situated to buy oil-market crude were the ones on the Gulf Coast, Gentry said. “They’re sitting on the water, so they upgraded to run the world’s heavier crudes.”

Much of the gasoline, diesel, and other fuels produced at Valero is sent north by pipeline. “If you’re consuming product anywhere in the Northeast United States, the majority of that product is made on the Gulf Coast,” he said. The rest is sold in foreign markets, a fact that Steyer and other opponents of Keystone have seized upon to argue that Canadian oil would do little to achieve oil independence for America. But there’s a world market for refined products, and American refiners sell according to market demands, no matter what country they buy their crude oil from. Keystone wouldn’t change that basic fact of the international oil market.

Gentry favors approval of the Keystone XL. He said that he needs three hundred and forty-five thousand barrels of oil a day, and having a pipeline of crude that would terminate up the road would be ideal. He currently buys his foreign oil from Venezuela, Mexico, and Russia, and the reliability of a pipeline beats the costs and potential delays associated with tankers. “When the weather kicks up, or there’s a hurricane in the Gulf, ships get delayed four or five days,” he said. He laughed when I said
that the Canadian Ambassador to the U.S. had told me that Keystone was being built at the request of Gulf refiners. “Is that right?” he said. Gentry’s main concern was in receiving a reliable supply at the best price. He also disagreed with the State Department’s claim that, without Keystone, Canada would simply ship its oil by rail. Bringing Canadian oil to the Gulf by rail is too expensive, he said: “They would have to drop the price of their crude.”

This fall, five months after Obama’s visit to San Francisco, the politics of his second term have changed. His gun-control agenda is dead. His immigration bill—the legislative centerpiece of his second term—is languishing in the House, with little prospect for passage. Chances for a grand bargain with Republicans on the budget seem remote. The White House had hoped that Obama’s 2012 victory would jolt Republicans into a more coöperative mood, but Congress has thwarted his entire domestic agenda.

In recent months, Obama has been looking for ways to act without Congress. Climate change happens to be the one policy area that requires almost nothing from Capitol Hill in order for him to make a major difference. “In my State of the Union address, I urged Congress to come up with a bipartisan, market-based solution to climate change, like the one that Republican and Democratic senators worked on together a few years ago,” he said in his June climate speech. “And I still want to see that happen. I’m willing to work with anyone to make that happen. But this is a challenge that does not pause for partisan gridlock. It demands our attention now. And this is my plan to meet it.” He directed the E.P.A. to issue new rules curbing emissions from coal-fired power plants. Electricity plants running on coal produce more than a quarter of U.S. carbon pollution. Depending on the stringency of the new E.P.A. rules, they could be even more consequential than his 2012 automobile regulations.

Accounts of Obama’s private views about his second-term climate agenda suggest that he sees the E.P.A. rules as his real legacy on the issue, and that he’s skeptical of the environmentalists’ claims about Keystone. “He thinks the greenhouse-gas numbers have been inflated by opponents,” Ambassador Doer said. Journalists who discussed the issue with Obama earlier this year in off-the-record sessions said that he told them the same thing. Some of Steyer’s allies on the climate issue also remain unconvinced that Keystone is the right battle. Rubin, who will be an adviser to the climate initiative being launched by Steyer, Paulson, and Bloomberg, says he doesn’t oppose the pipeline, and Shultz, another adviser to the new effort, favors approving Keystone. “This is oil that’s going to be produced whether or not there’s a Keystone pipeline,” Shultz said. “Get over it!”

But the deterioration of Obama’s legislative agenda and the growing strength of the movement against the pipeline have convinced some that the odds are now higher that Obama will deny the
pipeline permit. “I think it’s a fifty-fifty proposition,” Podesta said.

For many activists, the opposition to Keystone isn’t really about the pipeline; they admit that no single project will tip the balance on climate change. Rather, they want Obama to use Keystone as a symbolic opportunity to move America away from fossil fuels. On the night Obama won the Iowa caucuses in 2008, he pledged to “free this nation from the tyranny of oil, once and for all.” In his second Inaugural Address, he said, “The path toward sustainable energy sources will be long and sometimes difficult. But America cannot resist this transition, we must lead it.” Speaking of Obama’s coming decision on Keystone, the former senior Administration official pointed out, “Rarely do you get an opportunity to so easily define who you are and what you think the future of this country should look like from an energy perspective.”

In Keystone, Steyer has picked an issue that enables him to win regardless of Obama’s decision. Leading the fight against the pipeline will help him in a future political campaign in his home state. “He’s now won two major ballot campaigns in California, and has an incredibly strong relationship with both labor and environmentalists, in a state where it costs fifty million dollars to be a competitive candidate,” Lehane said. “In terms of California brand and California politics, he’s in a pretty sweet place.”

The stakes for Obama are higher. There are few opportunities to influence the politics of climate change and leave a legacy on the issue. If he intends to lead an effort to write an international treaty on climate change, as he has promised, taking a stand against the oil sands would provide moral authority in those negotiations, Steyer said: “If you want a leadership position, you have to make public, hard decisions, stick with them, and lead. Everyone’s watching this around the world. Everyone knows this is his big choice. You can’t whiff on the big choices and then turn around and say, ‘But, you know, we really are leading on this—except when it’s inconvenient to us.’ ”

Whether or not the pipeline was the correct battle to wage over climate change, it is now Obama’s. “Sometimes you don’t get to pick the perfect fight,” Steyer said. “Sometimes, someone punches you in the face and you’re in the fight.” ♦
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