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Politics-as-Usual While the Planet Burns

Cap(italize) and Trade(Off)

By BRIAN TOKAR

A palpable sense of triumph accompanied the passage last week of a first-of-its-kind global warming bill in the US House of Representatives. Rep. Henry Waxman of California, one of the bill's two main sponsors, called it a "decisive and historic action," and President Obama described the bill as "a bold and necessary step." Fred Krupp of the Environmental Defense Fund, among the most corporate-friendly of the major environmental groups, called it no less than "the most important environmental and energy legislation in the history of our country." After twenty years of congressional inaction on the worldwide threat of catastrophic climate changes, there was a palpable sense of anxiety underlying the view that any step in the direction of regulating carbon dioxide and other climate damaging greenhouse gases is better than nothing.

But is it? Throughout the 2 1/2 months that the current bill meandered its way through various congressional committees, groups like Friends of the Earth, Public Citizen, and Greenpeace issued sharp critiques. Even more scathing were analyses from smaller independent groups such as Chesapeake Climate Action and the Arizona-based Center for Biological Diversity (CBD). The bill falls far short of international standards in mandating a meaningful level of reductions in global warming pollution, and seeks to implement decades of emissions cuts through the market-based device known as "cap-and-trade." It also contains a number of Trojan Horse provisions that could ultimately forestall, rather than encourage, genuine climate progress. While low expectations and politics-as-usual continue to impede progress in the US, activists in Europe and throughout the global South are raising far more forward-looking demands in the lead-up to the next global UN climate summit, to be held in Copenhagen in December.

To those who may not have followed all the legislative play-by-play since this bill was first released by Waxman's House Energy and Commerce Committee in early April, the loopholes are staggering to behold. An international consensus is emerging that reductions in greenhouse gas emissions on the order of 30-40 percent are needed in the next decade or so to prevent a slide toward uncontrollable global climate chaos, with reductions on the order of 85-95 percent required by mid-century. The Waxman bill—cosponsored by Rep. Ed Markey of Massachusetts, and known as the American Clean Energy and Security Act, or ACESA—first attempts to shift the terms of the discussion by measuring emissions relative to 2005 levels rather than the accepted Kyoto Protocol benchmark of 1990. It promises a 17 percent reduction by 2020, relative to 2005, which only translates into 4 or 5 percent less global warming pollution than the US produced in 1990. The much-touted cap-and-trade provision of the bill accounts for about a 1 percent reduction by 2020, according to the Center for Biological Diversity's analysis, with the remainder coming from regular, old-fashioned performance standards for smaller pollution sources, including automobiles, and from a controversial USAID effort to reduce deforestation in poorer countries. For comparison, most wealthy countries agreed over a decade ago in Kyoto to reduce their emissions by 2012 to 6-8 percent below 1990 levels.

Cap-and-trade, of course, is the latest catch phrase for attempting to control pollution by establishing an artificial market in permits to emit carbon dioxide. Since George Bush Senior's Acid Rain Program of the early 1990s, advocates have aggressively promoted the idea that the most efficient pollution reductions come from the government setting a cap, and then allowing companies to freely trade pollution permits in order to nominally encourage development of the most cost-effective technologies. The Acid Rain Program succeeded modestly, but mainly because still-regulated electric utilities (this was the pre-Enron era) were mandated by state officials to hold true to their obligations and actually reduce their output of acid rain-causing sulfur dioxide. Trading contributed only marginally to the 50 percent pollution reductions from that program. An effort to reduce air pollution in southern California by a similar scheme appears to have mainly delayed the installation of emission controls, and the region still has the dirtiest air in the country. In Europe just three years ago, the value of tradable carbon dioxide allowances plummeted and the carbon trading system almost collapsed under the weight of excess permits that were freely granted to favored industries.

Under ACESA, some 7400 facilities across this country would be given annual allowances to continue emitting carbon dioxide and other greenhouse gases. As many as 85 percent of the allowances would initially be given to polluting companies for free, reversing Obama's campaign pledge that they should mainly be auctioned off. Meanwhile, the quantity of available allowances would actually increase through 2016, only falling gradually thereafter, and companies would be allowed to indefinitely "bank" them for future use, borrow from their future allowances, and finally trade them with other regulated companies as well as with Wall Street firms and an emerging cadre of brokers in carbon futures. If all this reads a little too much like the financial machinations that nearly brought down the world's financial markets in 2008, consider that carbon market boosters are projecting a worldwide trading system ultimately valued at $10 trillion a year—perhaps launching the next financial bubble. All this potential for increased financial fraud and manipulation is for a mere 1 percent in CO2 reductions over the next decade, and a questionable promise of 70 percent by mid-century.

Many argue that, for all their uncertainty, these highly manipulable financial dealings are worth the risk because they facilitate the phase-in of an enforceable cap on global warming pollution. But the ACESA legislation replicates another of the most egregious features of the largely failed Kyoto Protocol: a virtual "hole in the cap," in the form of an offset feature that allows companies to meet their obligations by investing instead in pollution control projects anywhere in the country, and even overseas. Companies could satisfy their full obligation to reduce CO2 by buying offsets until 2027; those familiar with ACESA's fine print suggest that companies could stretch this out for 30-40 years.

An entirely new global mythology has arisen around the idea of carbon offsets. Nearly every time you buy tickets for an airplane flight, or for some major cultural events, someone is out to sell you offsets to alleviate your contribution to global warming. Carbon offsets have become the postmodern version of the indulgences the Catholic church used to sell in the Middle Ages to buy your way out of sin. But on a global scale, with corporations instead of individuals as the main players, they have become a scam of gigantic proportions. Rather than promoting innovative measures to reduce energy use in poor countries, as they are usually advertised, carbon offsets are subsidizing the already routine destruction of byproducts from China's rising production of ozone-destroying hydrofluorocarbons, minor retooling of highly polluting pig iron smelters in India, and methane capture from a notoriously toxic landfill in South Africa. One of the most notorious cases is that of the French chemical company, Rhodia, which is anticipating a billion dollars in offset credits in exchange for a $15 million investment in 1970s-vintage technology to destroy the potent greenhouse gas nitrous oxide in its facility in South Korea. A German study of UN-approved carbon offset projects in 2007 reported that as many as 86 percent of offset-funded projects would likely have been carried out anyway.

Allowing companies to postpone their own greenhouse gas reductions by buying offsets is one Trojan Horse provision in the climate bill that could forestall future progress against the continued disruption of the climate. Another such measure largely prohibits the EPA from using the Clean Air Act to impose future regulation of greenhouse gas emissions. Recall that it was a 2007 Supreme Court decision allowing the EPA to regulate greenhouse gases as a pollutant that forced the Bush administration to finally start talking about global warming. Removing this authority represents a massive concession to polluting industries, one that would essentially remove the teeth of enforcement from future measures to forestall climate chaos.

Along with these systemic measures to weaken the climate bill, politically powerful industries wrote in further concessions of their own. (The Center for Public Integrity reported in February that some 2340 lobbyists are working in Washington on this issue.) The coal industry gets until 2025 to have to comply with the bill's mandated pollution reductions, with ample means for gaining further extensions. Agribusiness, which is responsible for as much as a quarter of US greenhouse gas emissions, is exempt from the bill's provisions, but large scale farmers who, for example, reduce tillage by growing crops genetically engineered to withstand megadoses of herbicides, may be eligible for offset credits. Assessments of ethanol's eligibility as a "renewable fuel" are to exclude its effects on land use, a factor that researchers from Princeton and the University of Minnesota proved decisive in a pair of landmark studies last year, which showed that industrial biofuels are actually net contributors to global warming. Finally, the nuclear industry promises to be a leading beneficiary of the bill's free allocation of emission allowances; a memo leaked to the Huffington Post reports that Exelon, currently the largest US nuclear power company, expects a $1-1.5 billion annual windfall from the bill.

With horse-trading continuing on the House floor right up to the time of the vote, the bill ultimately included "billions of dollars in special interest favors," according to the New York Times. On the positive side, this included $1 billion for green job creation job training in low income communities, but the biggest concessions were clearly to oil and gas producers. Requirements for utilities to invest in renewable energy were severely curtailed to satisfy some southern Democrats. Still, despite all these concessions, Senators beholden to major polluting industries are already jockeying for much more, threatening to hold up the bill indefinitely if they cannot win even bigger concessions. A bill that passed the Senate's Energy and Natural Resources Committee just a week prior to the ACESA vote in the House would open large new tracts of the Gulf of Mexico to oil and gas drilling, fund a new gas pipeline in Alaska, and increase funds for scientifically dubious efforts to permanently capture and store CO2 emissions from coal-burning power plants.

The current debate on climate policy is even more disturbing in light of international developments. The US, which still produces a quarter of the world's global warming pollution, is still seen as one of the main obstacles to a meaningful climate treaty being approved in Copenhagen at the end of the year. The other is Japan, which recently announced that it would only aim to reduce its greenhouse gas emissions another 2 percent beyond its Kyoto Protocol obligation over the next decade. Negotiators meeting in Bonn in early June sought to begin hammering out the details of an agreement. Instead, according to Martin Khor of the Malaysia-based Third World Network, a decades-long participant in the UN process, “not only is the climate in crisis, the climate talks are also in crisis.” With corporations hovering like vultures to shape the future of the global carbon market, and the World Bank jockeying to control the funds to curtail deforestation, hopes are waning for a deal in Copenhagen that is adequate to the task of preventing a worldwide climate catastrophe.

In response, European activists are planning major demonstrations to coincide with the Copenhagen talks. At a meeting earlier in June, they agreed on a comprehensive five point agenda, reaching well beyond the increasingly corporate-dominated UN process. Their priorities include leaving fossil fuels in the ground, socializing and decentralizing energy production, relocalizing food systems, respecting indigenous peoples' rights, regenerating ecosystems, and repaying the ecological and climate debts owed by the richest countries to those who are most affected by resource extraction and climate-related disasters. Environmental justice advocates based in communities of color across the US are joining with indigenous activists and representatives of affected communities around the world to articulate a climate justice perspective that rejects carbon trading and seeks a just transition to a non-polluting economy.

In the US, activists are focusing on several dates in the fall for coordinated actions demanding a more effective response to the climate crisis. Indigenous groups (see ienearth.org) have called for actions around the annual commemorations of Indigenous People’s Day on October 12th, and environmentalists such as Bill McKibben and David Suzuki (see 350.org) are calling for an international day of climate actions on October 24th. A nationwide Mobilization for Climate Justice (see actforclimatejustice.org) is aimed at linking the climate crisis “to the financial crisis, the food crisis and the extinction crisis, as well as to militarism and war,” and seeking to illuminate the root causes, promote the voices of those most affected by climate changes, and challenge corporate-friendly false solutions. They are focusing on November 30th, the tenth anniversary of the mass demonstrations that successfully confronted the World Trade Organization in Seattle in 1999 as a day of action, with ongoing events leading up to the December meetings in Copenhagen. Hopefully, these diverse grassroots mobilizations will help refocus the world’s attention away from politics-as-usual and toward more meaningful and effective solutions to the global climate crisis.

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