Carry On Polluting

by Larry Lohmann
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Far from being a solution to global warming, carbon trading is little more than a licence for big polluters to carry on business as usual, says Larry Lohmann in the 02 November 2006 issue of New Scientist magazine.

With scientists warning that the climate may be tipping toward catastrophe, consensus is growing that a lot more has to be done about carbon dioxide emissions than is being done now. The question is what.

The most prominent current approaches to the problem â€“ including the Kyoto Protocol and the EU Emissions Trading Scheme (EU ETS) â€“ depend on pollution trading, an idea developed in the US in the 1980s and 1990s to cut the cost of emissions control to business. If you can reduce emissions more cheaply than I can, the theory goes, then if I can pay you to make reductions for both of us, we both come out ahead. By giving greenhouse gases a price, trading is also supposed to encourage business to invent new, lower-emitting technologies.

But there is a growing feeling that this approach wonâ€™t work with global warming. One problem is that carbon trading encourages the industries most addicted to coal, oil and gas to delay shifting away from fossil fuels. Why make expensive plans for long-term structural change if you can get by year to year by buying pollution rights from operations that can cut their carbon easily?

Global warming requires a different kind of solution: reorganising society and technology so that fossil fuels can be left in the ground. It is a false economy to try to set up a market system that requires enormously complicated, centralised carbon accounting merely in order to save corporations a bit of money in attaining unambitious, near-term targets. Time and brainpower would be better spent in laying enduring foundations for an entirely new regime of energy use.

Carbon trading schemes, moreover, have relied so far on the â€˜polluter earnsâ€™ principle rather than the â€˜polluter paysâ€™ principle. High-polluting industries and nations are being granted nearly as many free pollution rights â€“ which they can then trade lucratively â€“ as they need to cover their current emissions. Under the EU ETS, some of the worst greenhouse offenders, like Germanyâ€™s RWE, have garnered hundreds of millions of pounds in windfall profits for pursuing business as usual, while ordinary citizens suffer higher electricity prices and developers of renewable energy go begging.

The Kyoto Protocol and the EU ETS are weakened further by loopholes allowing big polluters to buy cheap â€˜offsetâ€™ credits from abroad to â€˜compensateâ€™ for any emissions not covered by free pollution permits. A British cement firm or oil company lacking enough permits to cover its emissions can make up the shortfall simply by buying credits from, say, a â€˜carbon-savingâ€™ wind farm in India, a scheme to destroy globe-warming HFC refrigerants in Korea, an energy efficiency programme in South Africa, or a project to burn landfill gas to generate electricity in Brazil.

The domestic inaction that this arrangement enables might be justified if it were part of a larger revolution in the way energy is used and produced worldwide. But it isnâ€™t. The foreign carbon projects being used to license industryâ€™s continued emissions at home are supplementing fossil fuel use; they are not replacing it. The institutions most active in setting up â€˜offsetâ€™ projectsÂ â€“ ranging from the World Bank to Tokyo Power â€“ are precisely those most committed to b up more and more coal, oil and gas. The logical endpoint of this approach is a landscape covered in the carcasses of wind farms, solar stations and biofuel plantations â€“ all baking in a greenhouse atmosphere that can no longer support human civilisation.

Many ordinary people in the South have more immediate concerns about carbon trading. Our international Durban Group for Climate Justice has documented how carbon credits are being generated almost exclusively by local environmental offenders, while communities preserving local forests or defending their lands against oil exploitation or coal-fired power plants are being ignored. It is big polluters, after all, who tend to be in the best position to hire carbon consultants, liaise with officials and pay money to get projects registered with the UN carbon market.

In Brazil, locals are up in arms against a land-grabbing plantation and pig iron firm that tried to peddle credits on the ground that without the carbon money it would have to replace its charcoal fuel with mineral coal. In India, the notoriously polluting, water-guzzling sponge iron industry of Chhatisgarh was among the first to try to sell carbon credits for being â€˜greenâ€™. Worldwide, many communities interviewed had no idea that their local corporate bad citizens were getting extra cash from the carbon market â€“ but were not happy to hear it.

Historians of science like to tell how the old European cosmology that placed the earth at the centre of the universe kept adding ad hoc refinements, or â€˜epicyclesâ€™, to its calculations in order to account for planetary movements. Only in the 16th century was the whole creaky apparatus and its elaborate epicycles finally replaced by a more elegant, sun-centred model.

The carbon market is like one of those epicycles. It helps keep an oppressive fossil-centred industrial model going at a time when society should already be abandoning it. There are better ways of tackling climate change than by privatising the earthâ€™s carbon-cycling capacity. Public investment; shifting subsidies away from fossil fuels toward renewables; conventional regulation; support for the work of communities already following or pioneering low-carbon ways of life â€“ all are more direct ways of bringing about structural change.

Nine years ago, the US wrote carbon trading into the Kyoto Protocol before abandoning the treaty to its fate. The sclerotic market apparatus that resulted does not serve the best interests of either South or North. A lot of time has been wasted that is not available to waste. It is time for a change.

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