

Carbon trading: flying on the trapeze without a net

by World Rainforest Movement
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There is nothing like creating a problem for finding a good business opportunity. Or at least this is so for seasoned business men and women. It is thus that behind wars one can easily find the arms business. Behind citizen insecurity - largely resulting from social and economic inequity- is the business of security: insurance monitoring systems, bars, alarms and heavy-handed "saviour" politicians. Behind disease is the "health" business: the drug industry and corporate medical power. And behind climate change -as you may have already guessed- are the companies and governments that, with their extractivist, globalizing and consumption development model, have caused it. With the Industrial Revolution they opened up the Pandora's Box of fossil fuels, which had been buried underground for millions of years, releasing them in the form of greenhouse gases and causing the Earth's atmosphere to warm up. After many years, the serious negative impacts this has caused have been demonstrated. But these corporations and governments show no sign of changing and, above all, they want to make money. And here is where the flying trapeze acrobats appear on scene.

Carbon trading, adopted by the United Nations Climate Change Convention's Kyoto Protocol, is a very complex system promoted by governments, financial institutions and companies to meet climate change. It is mainly based on treating the earth's cycling capacity of carbon dioxide -one of the main greenhouse gases causing climate change- as a new scarce resource to be commodified, priced and traded for use by the highest bidder. This avoids corporations and companies from truly fulfilling the objective of reducing the emission of their greenhouse effect gases. Thus they are aiming at a "market solution," that is to say, the creation of carbon trading systems, divided up into measurable units. Supposedly the market's "hidden hand" will provide the solution. And behind it are the people on the flying trapeze, swinging on their markets, gracefully pirouetting in the air. The pirouettes are such that they end up by fulfilling the objectives of reduction without any reduction taking place at all!

Carbon trading comes under two main schemes: the mechanism known as "cap and trade" and "offsetting." (1)

Under "cap and trade" schemes, a central government authority (such as for instance the European Commission) establishes a cap on the quantity of greenhouse gases that can be released within a specific area. All the companies have specified pollution permits (carbon credits) and those exceeding the cap can buy credits from those who pollute less. To date, most of these permits have been granted for free. The number of permits granted are calculated according to present levels of greenhouse gas pollution and thus, those who most polluted in the past are today those most rewarded by the subsidy. The European Union Emissions Trading Scheme (EU ETS), presently the world's largest carbon market, operates this way.

Carbon "offsetting" is another form of carbon trading. This system authorizes companies, governments, international financial institutions and individuals -initially in the countries of the North - who carry out polluting activities, to finance elsewhere, -in impoverished countries in the South who need "development"- projects that supposedly make it possible to avoid carbon emissions. With this scheme it is supposed that they are offsetting emissions -which they continue releasing anyway. The formula is: I contribute to climate change, I pay you not to do so (supposedly), but I continue to do so! Sorry -what about reduction? This is the way that the United Nations' Clean Development Mechanism operates.

Various stock exchange agents and economists of the same school that was behind the recent financial crisis were the ideologists of carbon trading, which has turned out to be a failure in terms of its so-called objective of dealing with climate change. In fact, since its creation it has done just the opposite of encouraging and gathering funds for a transition towards a fossil fuel-free economy: not only does it enable the main fossil fuel polluters to elude their responsibility of making a dramatic structural change, but also continues to "export" this destructive model to the countries of the South. An example are the projects for large scale tree plantations as "carbon sinks," or for agrefuels, occupying territories, displacing people, and destroying ecosystems.

Furthermore, the commoditisation of carbon emissions has led to a new “climate colonialism.” Carbon trading is a way of privatizing clean air, the atmosphere and the privatisation of permission to pollute. Those who can afford to pay can purchase “permission” to pollute other peoples’ air.

Other proposals, such as the use of biochar, nuclear energy and other fanciful ideas such as those referred to in some of the articles in this bulletin, are seriously being considered by various carbon trading systems. The multimillionaire investor, George Soros spelt it out very clearly: “it is possible to speculate with the system: that is why it appeals to financial guys like such as myself – because that is where financial opportunities are to be found.”

Beyond the senselessness and irresponsibility of these acrobats on the flying trapeze to launch themselves – and launch us – blithely into the void and without a net, the tragedy is that they create entelechies such as “carbon credits” or “compensation” of emissions, and make the world believe that they operate like commodities. Or even that they do work. Thus enormous brainy structures have been set up with economists and Nobel Prize winners involved and fed by substantial amounts of money around a huge incoherency. This incoherency is to equate biospheric carbon emissions (from plants, the soil, the oceans, animals and humans), whose carbon has maintained its circulation in a balanced way since human life started on the planet, with carbon emissions from fossil fuels -the underground carbon that began to be brought into the atmosphere only some 200 years ago and altered this balance. This carbon simply cannot be returned to the depths of the earth at present. (2) And all the proposals made from carbon trading just put everything in the same bag without considering the measure of halting what is at the root of the problem: the extraction of fossil fuels.

The carbon trading solution is very distant from the true solution to climate change: that of finding for humanity a way of keeping under the ground what are left of fossil fuels and reorganizing the energy, transport and housing systems of industrialized societies!

(1) “Carbon Trading. How it works and why it fails”, Tamra Gilbertson and Oscar Reyes, Dag Hammarskjöld Foundation, November 2009, http://www.dhf.uu.se/pdf/filer/cc7/cc7_web.pdf

(2) “An Introduction to Carbon Trading”, European Youth for Action, http://eyfa.org/eyfa_newsletter/carbon_trading

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