

Offsetting Democracy

by Kevin Smith
Monday, 03 March 2008

(first published in March/April 2008 Resurgence Magazine)

Carbon trading and offsets distract attention from the wider, systemic changes and collective political action that needs to be taken in the transition to a low-carbon economy. Promoting more effective and empowering approaches to climate change involves moving away from the blinkered reductionism of free-market dogma, the false-economy of supposed quick fixes, the short-term self interest of big business.

THE CONCEPT THAT underpins the whole system of carbon trading and offsetting is that a ton of carbon here is exactly the same as a ton of carbon there. That is, if its cheaper to reduce emissions in India than it is in the UK, then you can achieve the same climate benefit in a more cost-effective manner by making the reduction in India.

But, the seductive simplicity of this concept is based on collapsing a whole series of important considerations, such as land rights, North-South inequalities, local struggles, corporate power and colonial history, into the single question of cost-effectiveness. The mechanisms of emissions trading and offsetting represent a reductionist approach to climate change that negates complex variables in favour of cost-effectiveness.

So when the Dutch FACE Foundation plants trees in Kibale national park in Uganda to offset consumer flights, it ignores the fact that the land has been the site of violent evictions in the recent past and is still hotly contested by the people who once lived there. When companies buy carbon credits in the EU Emissions Trading scheme, the cheapness of the supposed emissions reductions is all that is important. But, any offsetting in Southern countries to justify emissions in Northern countries completely bypasses the issue of the extreme disparity in the levels of per capita carbon consumption and assumes that emissions reductions in the South can be treated like another colonial commodity to be extracted and traded.

Even within the cost-obsessed logic of the market, the use of carbon trading and offsetting goes against common sense. The point of the system is to provide opportunities for Northern companies to delay making the costly transition to low-carbon technologies. This is indeed, "cost effective"™ in the short term, as its easier and cheaper to buy carbon credits rather than go about the complicated business of making those changes, but studies have shown time and again that the longer we delay making those changes, the more expensive and difficult it will be, in terms of society enmeshing itself even further in the web of fossil-fuel dependency, and of even more costly adaptation to the exacerbated impacts of climate change.

There has already been some documentation of how offsetting can be used by countries to avoid taking responsibility for meeting their Kyoto targets, and how fundamentally unsustainable companies like Land Rover, BP and BA can use offsets in an attempt to garner undeserved environmental legitimacy. What is more disturbing are the new ways in which offsets are being creatively applied by the corporate sector in order to further their agenda.

THE CORROSIVE INFLUENCE of offsets illogic is now not even restricted to the sphere of climate change and carbon emissions. Coca Cola has been the subject of sustained campaigns by social justice groups all over the world, but its business practices in India have received particular attention. In 2003, the Delhi-based Centre for Science and the Environment issued a report on laboratory tests that showed pesticide and insecticide levels of between eleven-times and seventy-times the maximum set by the European Union for drinking water, in a number of soft drinks being sold by Coca Cola in India. The US-based India Resource Centre has made numerous allegations against the company, saying that it causes severe water shortages for local communities, and that its bottling facilities pollute the surrounding soil and groundwater. In March 2004, officials in Kerala, a state in Southern India, shut down one of Coca Cola's™ bottling plants over claims by local communities and activists that it had drained and polluted local water supplies.

In August 2007, while he sipped a can of Diet Coke in front of the distinctive World Wildlife Fund (WWF) panda logo, the CEO of Coca Cola, Neville Isdell announced a \$20 million dollar partnership with WWF that would aim to “replace every drop of water we use in our beverages and their production.” Aside from plans to reduce and recycle the water being used, the third component of the package was to replenish. This replenishment wouldn’t be taking place at the sites of the water depletion, but through a series of projects taking place in other parts of the world “effectively water offsets.

This \$20 million sum (which represents less than 1% of Coca Cola’s enormous \$2.4 billion annual advertising budget) is being used to counteract the huge amount of negative publicity that Coca Cola has received through its practices of water depletion and pollution in countries like India. The company has maintained a vigorous campaign of denial of responsibility for any of the devastating impacts that such communities have suffered, so by using water offsets, it can play the corporate good guy in other parts of the world without having to even acknowledge the damage it has caused elsewhere.

The potential for water offsets isn’t limited to just individual acts of corporate greenwash. Some commentators, like John Regan, a carbon credit-supplier on the Chicago Climate Exchange, sees Coca Cola’s water offset scheme as “an encouraging sign of the nascent need for a water-credit trading scheme.” The idea is that if one company didn’t control water pollution sufficiently, it would have to purchase credits from another company that had controlled its water pollution beyond its target.

Like carbon trading, such a scheme would provide ample opportunity for obscure accountancy procedures and the flurry of market activity to give the impression of activity and mask the fact that very little happens in reality to address the fundamental issues of environmental degradation and social injustice.

MANY OTHER SCHEMES to commodify and trade away environmental problems have been proposed or are in development, including landfill trading, endangered species trading and wetlands banking. The irony is that it is the perpetual expansion of market economies that has created such pressure on natural resources and threatened all manner of ecosystems with the soaring levels of industrial pollution. Now, those same market forces are being put forward as the panacea to our multiple environmental ills. This commodification agenda has little to do with public interest – it’s more about the opportunities for businesses to capitalise on the transactions of such new markets. What is claimed to be a cheaper solution for industry to meet environmental standards transforms a political and social issue into a market issue, thus offsetting democracy.

If we are to properly grapple with the issue of climate change, we need to develop and apply a systemic analysis that goes beyond the fixation with cost or even carbon dioxide, and promote synergies with other important struggles in the areas of trade, finance, human rights, biodiversity, environmental justice and democracy.