

Climate change, Kyoto, and carbon trading

Part 2: The orientation of Labor and the Greens

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The following is the second of a two-part series. Part 1 was published yesterday, Wednesday November 8.

Labor and the prospect of an Asian carbon market

The Labor Party has cynically attempted to appeal to the concern felt by millions of ordinary people over climate change, and their hostility towards the Howard government's stonewalling. But its real audience is big business.

"The issue of foregone economic opportunity is critical," Labor's environment spokesman Peter Garrett told the Lowy Institute in July. "The failure to ratify [Kyoto] has meant Australian companies have been unable to directly participate in the growing carbon markets—the Clean Development Mechanism (CDM) of the Kyoto Protocol and the largest individual scheme, the European Emissions Trading Scheme. In 2007 it is estimated the CDM market will be worth €4.3 billion, while the total international carbon market will be worth €23.6 billion—\$A37 billion. Business has been clear about the consequences of the government's approach."

Even more lucrative profit opportunities are likely to emerge when Kyoto expires in 2012 and a new and extended international protocol is negotiated. The "post-Kyoto" agreement is widely expected to include China and India in the global carbon trading market. Speculation has already begun about which city will reap the benefits of being the hub of a future Asian carbon market. London plays this role in relation to the European market, resulting in approximately 68 percent of the world's carbon revenues passing through that city last year. A major factor in establishing the British capital's dominance was the Blair government's decision to gain "first mover" advantage by establishing a national carbon market in 2002 ahead of the European ETS.

Corporate Australia has begun calculating the potential profits from an Asian carbon market. According to *Ecos* magazine: "under the 'Sydney Carbon Group', more than 20 large Australian companies are already planning to position Sydney as the leading centre of carbon finance, trading and services in the Asia-Pacific region". The article quoted Michael Molitor, the former director of climate change services at PricewaterhouseCoopers and now CEO of a carbon offsetting company: "California has a 'Silicon Valley'; Australia could be the world's only 'Carbon Harbour.'"

It is this prospect that underlies the Liberal and Labor parties' commitment to the creation of an Australian carbon market.

Howard decided to back carbon trading after business leaders made clear they wanted a change in government policy. Last December, the prime minister formed a "taskforce" to investigate the prospects for an Australian carbon market. Executives from BHP Billiton, the coal

exporter Xstrata, Alumina Limited, and National Australia Bank were included in the group. The Business Council of Australia, Rio Tinto, and BHP Billiton were among those issuing submissions to the taskforce that demanded emissions trading. The taskforce recommendations were then adopted wholesale as government policy.

The shift within the Australian corporate elite was no doubt bound up with the experience of the European ETS. The costs involved in establishing the scheme were borne by the working class, as companies simply passed them on to consumers by charging higher fuel and energy prices. This will soon be repeated in Australia. Howard implicitly foreshadowed such a hike in the cost of living during his debate with Labor leader Rudd, when he announced that a fund would be established to help pensioners pay their energy bills.

For his part, Rudd has appealed for corporate support by declaring he will introduce an Australian carbon market by 2010, rather than 2012 as the government proposes. He has also promised to help establish an Asia-Pacific scheme to generate carbon credits through the prevention of deforestation, a move that would mark a first step towards aligning the as yet unrealised Australian and Asian carbon markets.

The critical issue, as far as most sections of big business and the media are concerned, is not Kyoto but what follows Kyoto, and above all, whether China, India, and other rising Asian powers will be included in the next agreement. This preoccupation is driven by the concern that without the involvement of these countries, there is little prospect of an Asian carbon market. After all, a stable carbon trading scheme depends on the establishment of national emissions targets that will provide investors with a definite "cap"—which forms the basis of the "cap and trade" carbon market. Without binding emissions targets, the major industries are free to pollute as much as they wish, making carbon credits worthless.

This is why Labor's Peter Garrett found himself being denounced on the front pages of the *Australian* recently for suggesting that Labor would sign a "post-Kyoto" agreement even if it failed to set binding targets on China, India, and other developing countries. The Murdoch press ridiculed Garrett's position as a terrible blunder that raised questions about his suitability and the overall reliability of a Rudd government. The campaign soon achieved the desired effect. Within 24 hours of the first critical headline, Rudd and Garrett were adamantly disavowing their previous position. Labor is now in full agreement with the Howard government's stance that a new agreement must include the developing Asian economies.

The Greens and the profit system

The Greens are presenting themselves in the 2007 election campaign as the only genuine protectors and defenders of the environment. "We are

the only party that will take the action the others avoid,” claims Greens leader Bob Brown in his YouTube election statement. The Greens “speak out” on climate change, he says, and have set clear carbon emissions targets well above those of the other parties.

But the Greens have never mounted any political challenge against the corporate polluters. To do so would raise embarrassing questions about the real causes of climate change which the Greens prefer to keep suppressed. This is because the Greens are a capitalist party that defends the profit system.

While the Greens support the creation of an Australian carbon market, they do not campaign openly for it, largely because emissions trading has been widely discredited among the better informed ranks of the environmental movement. The Greens’ policy documents euphemistically refer to utilising “a range of market-based and regulatory mechanisms”. They have no reluctance, however, in declaring their support for the Kyoto Protocol. Their central demand on climate change is that this bogus agreement be ratified.

The Greens specifically pitch their program towards those sections of business that have been marginalised by the Howard government and Labor Party. When Howard formed his emissions trading taskforce last year, Greens’ leader Bob Brown criticised the lack of representation for non-fossil fuel business groups. “We need people from the wide range of businesses in Australia who are way ahead of the pack,” he declared. “[Those] who recognise that there’s business advantages in the age of climate change, that Australia’s environmental technology, not least its solar power technology, ought to be at the forefront.”

The “business advantages” created by climate change are enormous. They involve not only the privately-owned renewable energy sector, but a wide range of “green” products aimed at households, including carbon “offsets”, water saving shower heads, rooftop solar panels, and energy efficient light globes, fridges, and other appliances.

The Greens are at the forefront of promoting the illusion that individual action and individual responsibility is the key to resolving the climate change crisis. The reality, however, is that climate change is the outcome of a social and economic system in which the drive for private profit trumps all other considerations—including the future of the planet.

According to the most recently available government figures, households account for less than 10 percent of total carbon emissions. The rest are caused by the manufacturing, services, agriculture, and electricity sectors. In terms of electricity, households consume just 25 percent of total output, while the manufacture of metal products alone consumes 21 percent.

Several of the Greens’ policy proposals on climate change dovetail neatly with the interests of corporate Australia, because they are directly aimed at making working people pay for the problem, through higher charges on energy and water. They want to impose a “carbon tax”—a levy on greenhouse gas emissions—equally on the major corporate polluters and on ordinary people who need to drive to work and heat their homes. Such a regressive tax would hit workers who have already suffered a steady erosion of their living and working conditions. And it would do nothing to address the real source of the problem.

For all their posturing, the Greens’ program is aimed at pressuring the major parties through protests and parliamentary manoeuvres. Their entire election campaign is oriented towards winning the balance of power in the senate, with Bob Brown recently cementing a sordid preference swap with the Labor party, in anticipation of forming an effective ruling coalition with Rudd.

The socialist solution to environmental destruction

The Socialist Equality Party rejects the entire reformist and nationalist framework within which the various establishment parties, including the Greens, seek to address climate change. Their meagre market-based reforms fly in the face of the latest scientific evidence, which points to the seriousness of the threat. The SEP insists that neither moral appeals to the powers-that-be, nor parliamentarist manoeuvring, can resolve this growing crisis.

Climate change is already a reality, wreaking havoc in many countries in the form of increasing frequency and duration of drought, famine, fires, and hurricanes. The question now is not whether global warming can be prevented, but whether it can be prevented from reaching a “tipping point” that threatens to make the planet uninhabitable for the human race.

According to the UN Intergovernmental Panel on Climate Change, the atmospheric concentration of carbon dioxide equivalent in 2005 was 379 parts per million (ppm), compared to pre-industrial levels of 280 ppm. The present concentration level is rising exponentially. According to leading climatologist, Malte Meinshausen, if greenhouse gas levels reach 550 ppm there is a 63 to 99 percent chance that average world temperatures will rise by more than two degrees centigrade. Two degrees is estimated as the limit of potentially manageable global warming. Higher temperature rises are likely to see climate change become irreversible, as environmental “multipliers” trigger runaway warming. Melting ice caps in the Arctic region, for example, are beginning to thaw vast frozen stores of methane, a powerful greenhouse gas, which, if released, would further accelerate the process. Meinshausen has estimated that to ensure a relatively low risk (28 percent) of a two degree temperature rise, greenhouse gas concentration must be immediately stabilised at 400 or less ppm.

To achieve the reduction in global carbon emissions necessary to stabilise at this level, nothing less than the complete reorganisation of the world economy is necessary.

Such a reorganisation is fundamentally incompatible with the maintenance of the profit system and its division of the world into rival nation-states. Under capitalism, human and social needs, including education, health, public transport and the maintenance of a healthy environment, are constantly sacrificed to the drive for ever-greater levels of personal wealth. Moreover, the development of social infrastructure and urban planning is inevitably compromised by various corporate interests. The development of a sustainable long-term energy policy on the basis of an objective scientific assessment and democratic discussion is impossible when the privately-owned electricity, coal, nuclear, and renewable energy sectors have their own agendas, which are completely at odds with the priorities of the rest of the population.

At the same time, the major powers—the US, France, Germany, Russia, China, the UK—are organically incapable of putting aside their ferocious rivalries over vital resources and geo-strategic position in the interests of the well-being of the world’s six billion people. A telling demonstration of this fact was provided earlier this year, when news emerged of the extraordinary melting of vast ice reserves in the Arctic. Governments in the US, Russia, Canada, and the Scandinavian countries responded, not by sounding the climate change alarm, but by scrambling for control of the new sea routes and access to previously inaccessible oil and gas reserves.

The Socialist Equality Party insists that the threat of environmental catastrophe can only be resolved through the establishment of a democratically planned world economy, where social need, not the accumulation of profit and private wealth, is the guiding principle. In a report commissioned last year by the British government, former World Bank chief economist Nicholas Stern described climate change as the “greatest and widest-ranging market failure ever seen”. The only rational conclusion is that the free market must be abolished, not further extended through schemes like carbon trading.

Production must be taken out of the hands of the major polluters and placed under the democratic control of working people. A globally and

democratically planned economy would utilise the most advanced technologies and latest scientific developments to ensure the long-term health and stability of the earth's eco-system, while further developing humanity's productive forces and eliminating poverty and social inequality.

The SEP rejects all proposals aimed at turning back the clock of economic and historical development as utopian and reactionary. The solution is not to lower living standards or to hark back to a more primitive mode of existence, but to liberate the vast international productive capacities developed under capitalism from the outmoded and destructive social relations in which they are constrained.

Such a perspective can only be implemented through the mobilisation of an international movement that unites working people, students, and youth on the basis of their common class interests. The SEP insists that there are no easy or short-term solutions to the complex political and historical problems facing ordinary people today, ranging from climate change to the eruption of US militarism in the Middle East. There is no substitute for a patient and principled struggle, aimed at facilitating a conscious break with the entire political establishment and leading to the construction of a mass socialist party. The central task of our campaign in the 2007 elections is to lay the political basis for the development of the Socialist Equality Party as that party.

Concluded

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