

Australian Labor government's 2020 carbon emissions target: a declaration of impotence on climate change

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The Labor government's target of reducing greenhouse gas emissions to 5 percent below their level in the year 2000 by 2020 constitutes an admission that it has no effective solution to the climate change crisis. Refusing to reduce emissions in line with what climate scientists estimate is required, the government is preoccupied with satisfying the demands of big business.

Announcing the measures in a speech delivered on December 15, Prime Minister Kevin Rudd paraded a potential 15 percent reduction by 2020, but deliberately made this conditional on a series of international developments unlikely to ever eventuate—*every* major economy, including China and India, would have to agree to substantially restrain emissions for the higher Australian target to be applicable.

The 2007 UN Intergovernmental Panel on Climate Change (IPCC) report estimated that advanced economies would need to cut emissions by 25 to 40 percent of 1990 levels by 2020 to avoid dangerous global warming. A number of scientific studies published after the IPCC paper—highlighting accelerating atmospheric greenhouse gas concentration levels and severe changes in the Arctic and other regions to current warming—indicate that significantly greater cuts than 25-40 percent may be ultimately required.

Buried in the government's "White Paper" was the statement: "The government also accepts the findings of the Garnaut Climate Change Review Final Report that achieving global commitment to emission reductions of this order [i.e. 450 parts per million atmospheric carbon dioxide] appears unlikely in the next commitment period." Professor Ross Garnaut, the government's climate change advisor, concluded earlier this year that intractable rivalries between national governments meant that dangerous and potentially irreversible climate change was all but inevitable. (See: "Climate change, the Garnaut report, and the profit system")

For all the reams of media coverage of various aspects of the Labor government's climate policies, no journalist or commentator has noted that Rudd's entire agenda is predicated on the assumption that there will be no effective international agreement to reduce carbon emissions by the necessary levels.

It is now clear that the government is opposed to any such

agreement. At international negotiations for a post-Kyoto treaty in Bali, Indonesia in December 2007, Rudd lined up with the Bush administration to block any inclusion of carbon emissions targets in the final communiqué. The Labor government then insisted it could not commit to any target until Garnaut completed his report. Rudd and his minister for climate change, Penny Wong, promised to announce Australian targets before the next major meeting, held this month in Poznań, Poland. But they reneged on this promise, no doubt seeking to evade international censure, and Rudd cynically withheld announcement of the 5 percent by 2020 target until three days after the Poznań meeting had finished.

The real purpose of the Rudd government's measures is to better position Australian big business to take advantage of the lucrative opportunities opening up in the burgeoning world carbon market. "No longer can Australia's business miss this opportunity," Rudd declared when announcing the 2020 targets.

"Free market" mechanisms such as carbon trading are to be the central instruments for achieving the 5-15 percent 2020 target. Rudd plans to introduce a national emissions trading scheme (ETS) in 2010. The ETS will be linked to the Kyoto-backed world carbon market, including the so-called Clean Development Mechanism. This scheme is supposed to provide an incentive for advanced economies to make environmentally friendly investments in underdeveloped countries by generating carbon credits for doing so. The Clean Development Mechanism has long been rife with fraud and corruption, with many of the credited investments doing nothing to reduce carbon emissions. (See: "Climate change, Kyoto, and carbon trading")

But enormous profits are on offer for those businesses involved. Rudd's signing on to the Kyoto Protocol (which involved no additional obligations for reduced national emissions) allowed Australian businesses to have full access to the Clean Development Mechanism for the first time. The mechanism also allows governments to claim the purported emissions reductions achieved overseas as national reductions. So, if it proves more profitable for Australian businesses to invest in the Clean Development Mechanism than to marginally lower their greenhouse gas pollution, the government's 5 percent reduction by 2020 could be achieved without any actual reduction in carbon emissions within Australia.

Carbon trading is now a vast international racket. The Australian

ETS is being eagerly awaited by various banks, investment firms and other operators. "The experience of Europe has been that its carbon trading scheme to date has acted as little more an accounting process and a trading tool, albeit a highly symbolic one," Giles Parkinson noted in *Business Spectator*. "So it has been good for accountants, lawyers, investment bankers and consultants, creating many billable hours, and a hobby for trading desks."

The Labor government has made every effort to ensure that no section of big business is burdened by the cost of implementing the ETS. As a result of sustained lobbying by various industries and branches of business, Rudd's announced concessions to the various corporate interests were even more generous than those initially proposed in the preparatory "Green Paper" released earlier this year.

The heaviest corporate polluters receive the biggest windfalls. Private operators of coal-fired power stations will receive public funding of \$3.9 billion over 5 years, while industries classed as emissions-intensive and trade-exposed will receive annual assistance of at least \$2.9 billion in its first year, possibly rising to more than \$6 billion by 2020. These industries will receive 25 percent of total carbon credits or permits for free. By 2020 it is expected that 45 percent of all carbon credits will be given away to the major greenhouse gas emitters—a commodity which these firms are then free to trade on the open market, potentially reaping enormous profits.

Rudd's largesse proved too much for his senior climate change advisor, Ross Garnaut, who has repeatedly warned against corporate "rent seekers" who will undermine the viability of the ETS by demanding too many concessions. In a *Sydney Morning Herald* column published on December 20, Garnaut wrote: "There is no public policy justification for \$3.9 billion in unconditional payments to generators in relation to hypothetical future 'loss of asset value'. Never in the history of Australian public finance has so much been given without public policy purpose, by so many, to so few."

The Labor government has also offered compensation payments to people who will be hit with substantially higher energy prices under the ETS. According to the government, 90 percent of low-income households will receive payments covering 120 percent of the increase in inflation, and 97 percent of middle-income households will receive some compensation. But these figures are based on the expected energy price hikes caused by an anticipated carbon credit price of \$25 per tonne of carbon dioxide. In the first five years of the ETS, a price ceiling of \$40 per tonne will be imposed; after this, there is no limit to how high the carbon price—and therefore working people's electricity and gas bills—may soar due to the activities of the various carbon traders and speculators.

In a column "Diabolically clever politics" published on December 17, the *Australian's* Paul Kelly hailed Rudd's initiatives as a political masterstroke, recalling previous pro-business economic reforms whose real impact were temporarily masked by limited one-off "compensation" payments. "This is a deft policy in which Kevin Rudd is [former PM John] Howard," Kelly declared. "Put precisely, Rudd is a green Howard. He has made climate change into a magic pudding. It is a work of political genius that would make Howard proud... All the parts of this political machine are stolen from John Howard Incorporated. No wonder the Coalition is tight-lipped."

Defending his meagre emissions reductions targets against the criticism of climate scientists and others, Rudd insisted that on a per capita basis, the targets were equivalent to those of the European Union because Australia's population is growing much faster than Europe's. The prime minister chose not to point out that Australia has the highest per capita emissions of any country, something which, on the face of it, would indicate the need for higher not lower emissions targets.

More fundamentally, however, the discussion over the merits of "per capita" emissions levels underscores the distorted framework of the entire official climate change debate.

Climate change is a planetary problem, whose resolution is only conceivable through a globally integrated plan. But within the capitalist system—historically rooted as it is in the development of the nation-state system—any potential global agreement on climate change founders on the rocks of the diverging interests of rival bourgeoisies. Each national government, representing its own corporate elites, is driven to do its utmost to evade any commitments to reduce emissions which impact on its "international competitiveness".

None of these realities are ever publicly addressed. Instead both sides of the argument—those who think Rudd has promised too much and others who think not enough—accept the nation-state and the profit system as an immutable reality. The fossil fuel industries and their supporters note that Australia is responsible for only a small percentage of global emissions and conclude that the country should therefore not impose upon itself costly measures which, by themselves, will do nothing to address climate change. Others, such as the Greens, argue that Australia should voluntarily accept large emissions targets in order to act as a beacon inspiring other national governments to do likewise. For the Greens, this strategy amounts to a combination of abstract moralism and wishful thinking. Meanwhile they support all the "free market" mechanisms, carbon trading included, which are being hailed as the way to resolve an ecological catastrophe caused by the capitalist market.

The latest scientific evidence indicates that the various components of the world economy—including industry, agriculture, transport, urban planning, and, above all, energy generation—must be rationally reorganised in order to lower carbon emissions to a sustainable level. This reorganisation is incompatible with the nation-state system and the entrenched corporate interests in the fossil fuel industries, and requires the establishment of a socialist world economy in which humanity's resources are utilised in the long-term social interests of ordinary people.



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