

# Australian government announces more pro-business concessions on carbon trading

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15 May 2009

Labor Prime Minister Kevin Rudd last week announced a series of changes to his government's carbon emissions trading scheme, including additional public subsidies to the major polluters and a one-year postponement of the scheme's start-up date. The latest changes, announced after a series of lengthy behind-closed-doors discussions with leading corporate figures, demonstrate, once again, how the government's climate change policies are driven by the interests of big business rather than any concern for the earth's environment.

Rudd's emissions trading scheme will now begin operations in July 2011, rather than 2010. The carbon credit price will be capped in the first year at \$10 per unit, down from the \$40 initially planned. Many of the largest corporate polluters—those most vulnerable to trade competition—will receive 95 percent of their carbon pollution credits for free, up from the previously planned 90 percent. Other businesses will have the ratio of free permits increased from 60 percent to 70 percent. These measures are reportedly worth \$2.2 billion in additional public funding to the big polluters.

The Rudd government made no bones about the fact that the latest reforms were dictated by big business. Announcing the measures alongside the prime minister on May 4, climate change minister Penny Wong declared: "We have negotiated, or we have consulted, extensively with business groups and also with various individual companies, and that's resulted in the package that you have before you today."

The government's announcement helped push the Australian share market up by three percent on May 4, with major energy, mining, and airline stocks leading the rally. The Business Council of Australia and the

Australian Industry Group welcomed the new measures and called on the Liberal-National opposition parties to support the carbon trading legislation when it reaches the senate later this year.

The Labor Party won office in 2007 after appealing to mounting public concern over the climate change crisis and the former Howard government's refusal to take any action. Rudd's policies, however, were primarily aimed at creating new prospects for Australian big business. The Labor government's ratification of the Kyoto Protocol, while not involving any additional commitment to reduce national carbon emissions, opened up lucrative opportunities in the rapidly growing \$160 billion global carbon market, to which Australian businesses and financial operators previously had limited access.

The Australian emissions trading scheme (or "Carbon Pollution Reduction Scheme" as the government calls it) will be the key mechanism for connecting domestic businesses to the world carbon market. Australian carbon permits will later be able to be traded internationally, including in the European Emissions Trading Scheme, the world's largest. Carbon trading supporters also hope to position Australia as a regional hub for the potential Asian-wide carbon market, which may emerge in the next decade and include major economies such as Japan, China, and India.

The entire conception of carbon trading is a fraud. Inherently incapable of delivering the cuts to carbon emissions advocated by climate scientists, emissions trading in Europe and elsewhere has resulted in huge state subsidies to emissions-intensive industries, while raising the price of fuel and heating for ordinary working people. In reality, carbon trading is an attempt to utilise "free market" mechanisms to fix a crisis created by those same

mechanisms.

No solution to the climate change crisis is possible without first breaking the stranglehold of the corporate polluters, especially in the mining, energy, and transport sectors. In Australia, as in the US and other advanced capitalist countries, the profit interests of these conglomerates take priority over all other considerations, including the environment.

Since taking office, the Rudd government has made one concession after another to the fossil fuel industry. Each stage of the development of its emissions trading scheme—from the policy “Green Paper” released in July last year, to the “White Paper” last December, and now the latest proposals—has featured new concessions and corporate handouts.

In an effort to maintain at least some of its “green” credentials, the Labor government has offered a potential increase in national carbon cuts. It proposes to reduce emissions by up to 25 percent of their 2000 levels by the year 2020—10 percent more than previously promised. As a result of this announcement, Rudd secured the backing of several environmental groups (including the Australian Conservation Foundation and the Climate Institute) for his emissions trading scheme proposal.

The announced 25 percent cut, however, is entirely bogus. Firstly, a 25 percent reduction is not sufficient to prevent carbon dioxide atmospheric concentration levels reaching dangerous and potentially irreversible levels. In 2007, the UN’s Intergovernmental Panel on Climate Change concluded that advanced economies would need to cut emissions by 25 to 40 percent by 2020. But scientific data collected since the release of this report indicates that the situation is even worse than was understood two years ago, making a 25 percent cut inadequate.

Secondly, the government’s 25 percent cut is conditional on an effective international climate change agreement being reached this year, involving commitments by every major economy to substantial emissions cuts. Rudd’s plans are predicated on the assumption—explicitly stated in last year’s White Paper—that such an agreement will not be reached, and that its 25 percent offer will therefore never have to be met.

In any event, Rudd’s attempt to justify his latest pro-business concessions on the basis of the economic crisis serves to undermine ongoing negotiations on an international agreement. “The worst global recession since the Great Depression means we must adapt our climate change measures but not abandon them,” he declared. “It is in Australia’s fundamental national interest to provide business certainty and investment certainty for the future.”

Rudd’s is the first national government to use the global meltdown to water down previously announced climate change policies. While not a major player in international negotiations, Australia is the world’s largest per capita polluter, as well as the leading exporter of coal, and its domestic climate policies are closely followed. The Labor government’s argument will no doubt soon be imitated by other major polluters in negotiations for a post-Kyoto agreement, set to culminate in a December 2009 summit in Copenhagen, Denmark.

The ongoing wrangling between the various national governments underscores the impossibility of resolving the global warming crisis within the framework of the capitalist system. Any effort to lower carbon emissions by the necessary levels founders on the rocks of the vested interests of corporate polluters, and the strategic and economic rivalries of nation states. Climate change is a global issue that can only be addressed through an internationally coordinated mobilisation of the scientific resources and technological capital of humanity as a whole, as part of a rationally planned world socialist economy that aims at satisfying the social needs of ordinary people, including a sustainable environment.



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