Federal Climate Bill Stalls Real Change in Climate Policy

By Daphne Wysham

Earlier this year, the United States House of Representatives passed the first major legislation aimed at addressing climate change—the American Clean Energy and Security Act of 2009 (ACES). Informally known as the Waxman-Markey bill—after Representatives Henry Waxman (D-CA) and Edward Markey (D-MA)—the bill faces an uncertain future in the United States Senate. But one thing that is all too likely: the aspects of the bill that address the needs of low-income workers, people of color, and indigenous peoples will be shortchanged.

As currently written, ACES will:

- Not protect the poor from price-hikes as the price of carbon gets internalized into our energy bills;
- Protect polluting industries by granting them free pollution permits;
- Encourage the creation of a huge carbon derivatives market leading to fraud, shell games, and an unprecedented carbon market "bubble" with dire economic consequences for all Americans;
- Make a mockery of our common understanding of "renewable energy" by favoring dirty smokestacks over truly clean, renewable energy;
- Strip the Environmental Protection Agency (EPA) of its authority to regulate greenhouse gas emissions from all power plants, including coal burners, under the Clean Air Act.

Cap and Trade Rewards Utilities and Wall Street

President Barack Obama campaigned against free allocations and for a 100 percent auction of permits as the only approach to "cap and trade" that's fair to consumers. Despite this pledge, the ACES bill awards upwards of 85 percent of pollution allowances—many of them good until 2030—free to the electricity sector. Consequently, little to none of the revenue from this "cap and trade" scheme will be used to protect low- and moderate-income households from energy price increases, as envisioned by Obama.

Wall Street investors, on the other hand, are guaranteed a five percent (plus inflation) rate of return per year for all carbon credits they purchase. This is likely to create an artificial market in carbon that could balloon in value to about $2 trillion by 2020 and even lead to an out-of-control carbon derivatives market that could generate volatility in energy prices. The end result might very well be a reprise of the Enron debacle in California, where speculators profited immensely from sudden spikes in energy prices brought on by artificial shortages, while the average household, hospital, school, and business suffered.

Furthermore, the ACES bill opens up a staggering two billion tons of "sub-prime" carbon offsets—half from developing countries and half from domestic sources—which represent almost 30 percent of all United States greenhouse gas emissions. (Carbon offsets take place when industries claim emissions reductions by investing in projects around the world that, in theory, reduce greenhouse gas emissions.)

The Government Accountability Office (GAO) claims it's virtually impossible to verify whether carbon offsets represent real emissions reductions. Numerous other studies have found that carbon offsets in developing countries often subsidize business-as-usual projects, such as hundreds of large hydropower dams in China. In other cases they are creating perverse incentives for dirty industries to dislocate the poorest from their land or their livelihoods.

Domestically, it is estimated that most carbon offsets would reward the agricultural sector for implementing such "climate-friendly" practices as "no-till" agriculture. Under ACES, over 80 percent of California farms would receive "carbon credits" worth billions of dollars for no-till practices that they—like most American farmers—already have in place. According to the *Wall Street Journal*, the Energy Information Administration estimates the market for agricultural offsets to go up $24 billion per year, dwarfing all other United States farm subsidies combined. While domestic farmers may be happy with the short-term payment for no change in the status quo, farmers everywhere will continue to suffer as the climate spins more rapidly out of control.

Duplicity on Renewable Energy

The ACES bill sets a target of 20 percent by 2020 for renewable energy, but up to eight percent of that target can be met with efficiency measures. Moreover, the ACES definition of "renewable energy" makes this target all but meaningless because instead of focusing on windmills, solar

Voices for Climate Justice

Unnatural Commodities: Who Owns Nature?

Rachel Smolker

Climate change has provided the perfect "disaster capitalism" storm: an excuse for expanding corporate ownership and control over the commons. The offset provisions embodied in the American Clean Energy and Security Act of 2009 (ACES) are symptomatic of a much larger, insidious trend that, in essence, "commodifies" all of life and thus seriously threatens every living being. In addition to the impacts of warming itself, low-income people and communities of color will also shoulder the burden of false solutions if the climate legislation currently in the United States Congress becomes climate policy.

The scale of this trend is little appreciated. Most of us envision renewable energy supports going to wind turbines and solar installations, but in fact the bulk of the research and development funding is being directed toward finding biomass/plant-based substitutes for virtually everything that is now achieved with fossil fuels.

This "bioeconomy" vision seeks to have us burn, refine, or otherwise process all manner of plant matter—from woodchips and grasses, to corn and vegetable oils—for heat and power, for transportation fuels, for bioplastics, biochemicals, biomaterials and bioproducts. The study sponsored by the Department of Energy promotes a world where virtually anything currently made from petroleum can be produced in "integrated biorefineries." While the promise of this vision is to replace the oil refineries of today with something-greener and cleaner, in fact the production of "feedstock" and its byproducts will directly impact the same sorts of communities already burdened by extraction, refining, and delivery of fossil fuels.

These technologies all depend very heavily on advances in biotechnology, including new GMO varieties (i.e. corn that is more amenable to being converted to ethanol, or trees with reduced "lignin," a structural material that interferes with processing) and GMO and synthetic microbes for processing.

All agricultural products, forests, in fact, virtually anything living of remotely biological origin (and the underlying soil and water resources needed for their production) are increasingly assigned a price tag as somebody's "sink" (offset for dirty emissions) or source of "renewable energy." The resulting scramble over access to land, soils, food, and water is already resulting in human rights abuses, land grabs, and hunger.

Food is likely to be the touchpoint. We have already seen the beginnings with corn ethanol impacts on food prices forcing more of humanity into starvation. Urban communities, largely reliant on the distant "food system," with little developed capacity to grow their own, and lacking resources to pay premium prices, will rapidly suffer the effects.

Unfortunately, policy measures like ACES have restricted themselves to consideration only of "solutions" that embrace market fundamentalism. Now, the ultimate commodities are up for sale: carbon—a fundamental element of all living things—plants, animals, soils, the entire biosphere and the atmosphere. If ACES becomes the basis for United States climate policy, access and control over these new markets and their financial flows will not likely land in the hands of the world's poor and marginalized communities, who most likely will be left hungry and choking on the dust. ■

Rachel Smolker is a researcher and campaigner with Climate S.O.S. and the Global Forest Coalition.

Photo:

A "Frankentree" outside of the U.N. Convention on Biological Diversity in Bonn, Germany. Genetically Engineered trees are being developed for use in monoculture plantations to be used either as an agrofuel (cellulosic ethanol) or for pulp and paper.

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panels, and geothermal plants, it duplicitously recasts municipal solid waste incinerators as "waste to energy" projects. This waste could be recycled—generating 10 times as many green jobs as an incinerator, according to the Teamsters—or composted, providing rich fertilizer. In developing countries, such “waste to energy” schemes qualify as carbon offsets under the Clean Development Mechanism (CDM) of the Kyoto Protocol and result in thousands of poor people being dislocated from their land and their livelihoods. Within the United States such incinerators are usually situated in poor communities where their release of toxic byproducts are often blamed for high rates of cancer and other illnesses among the populations.

Finally, in an attempt to gain support from industry for the bill, lawmakers have agreed to strip the EPA of its authority to regulate greenhouse gas emissions from all power plants, including coal burners, under the Clean Air Act.

This tradeoff, no doubt, is a result of the EPA’s announcement on February 17, 2009, that it would take a fresh look at a Bush administration memo, which prevented the regulation of CO_2 emissions from coal-fired power plants and other sources. As a result, 17 coal-fired power plants, which would have produced roughly 12,000 megawatts of power—enough to meet the needs of 3.6 million homes—were put on hold. They would also have generated and released about 84 million tons of CO_2 per year, along with sulfur dioxide, nitrogen oxide, mercury and other pollutants linked to high rates of asthma, lung disease, and developmental defects in children.

Subsidies for Fossil Fuel Economy

There is absolutely no reason to invest taxpayer dollars on subsidies to the very oil, gas, and coal companies that are the number one cause of climate change, especially when scientists are warning us that our climate is changing faster than envisioned in the worst case scenarios. Yet, the ACES bill offers subsidies in the form of tax breaks to the fossil fuel industry for the very costly and unproven technology of “carbon capture and storage.”

A recent study by the Environmental Law Institute (ELI) in partnership with the Woodrow Wilson International Center for Scholars estimates that the subsidies for non-renwables are two-and-a-half times more than those for renewable energy. (The study found that more than half the subsidies for renewables—$16.8 billion—are attributable to corn-based ethanol, which is widely disputed for its climate benefits and for causing food prices to spike in developing countries.)

Institutions like the World Bank, the United

States Export-Import Bank, and the Overseas Private Investment Corporation must cease financing fossil fuels. Private finance will follow suit once these public institutions stop sending the signal that such investment is in the public interest. There is no shortage of low-carbon energy options, but there is a shortage of money for investing in those options. Short- and medium-term government resources should be directed at creating an efficient, renewable, and clean energy system, which includes solar, thermal, and photovoltaic electricity, plug-in hybrids and electric cars, a smart grid, vehicle to grid technology, and public transportation.

Overcoming a Crisis of Debt and Greed

The climate crisis is driven by debt, which in turn is driven by greed. Debt forces countries to remove environmental and social protections to allow for free trade and to roll back regulations that protect their forests. It forces them to extract oil, gas, and coal for export or to readily accept outsourcing of energy-intensive industries to their shores. In short, debt gives developing countries little choice but to get on the carbon-trading bandwagon, further expanding foreign control over their resources.

Within the United States, the current recession gives poor communities little choice but to trade away their rights to good-paying jobs, housing, health care, and a clean environment. These choices all have climate consequences.

An expanded green jobs program for Americans and a policy to adequately help adversely affected displaced workers can help us shift toward a green economy and restore some of the rights we have forfeited. But green jobs will not get us far unless we simultaneously put in place strong financial regulation—driving Wall Street away from speculation on issues as sacred as human health and planetary survival—to help us solve the climate crisis. ■

Photo:

Climate justice protestors arrested in Richmond, California.

Daphne Wysham is co-director of the Sustainable Energy and Economy Network at the Institute for Policy Studies in Washington D.C.

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This issue is dedicated to Luke W. Cole (1962-2009)
Founding co-editor of the journal *Race Poverty & the Environment* and founder of the Center for Race, Poverty and the Environment.

Photos: (Above) Montage from the Luke Cole memorial booklet published October 25, 2009. Courtesy of Nancy Shelby.
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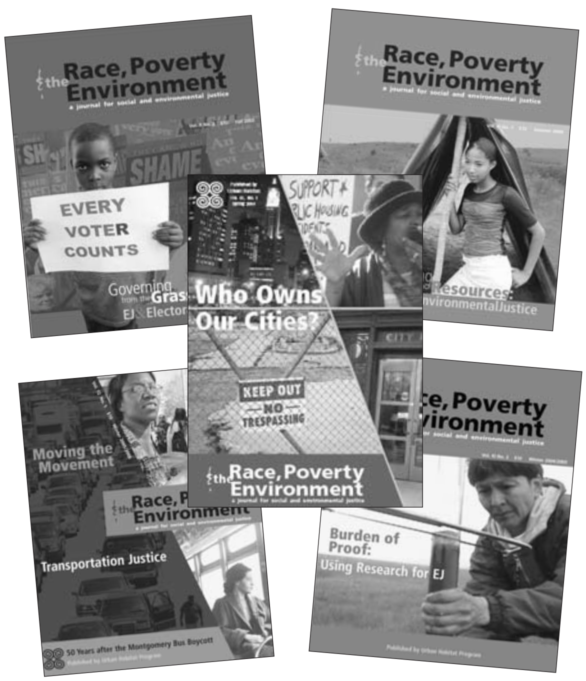

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