'Green Economy' Buzz moves to Rio, leaving Pretoria Confused

As ever, the question for Pretoria is how to emerge from between this sort of global/local rock and hard place without, as usual, being squeezed into amplifying the insurmountable capitalist contradictions of both political economy and political ecology.

By Patrick Bond

Durban's hosting of the 17th Conference of the Parties to the United Nations Framework Convention on Climate Change – the COP17 for short, or as critics called it, the 'Conference of Polluters' – ended rather late last December, both in terms of its own work schedule and saving the planet.

The main winners appeared to be those from Washington who had come hell-bent on halting progress. At stake at this allegedly 'African' climate summit, was the fate of the roughly 200 million people on this continent who Christian Aid estimates will die early because of climate change. Their coffins can now be constructed safe in the knowledge that even a local host could not – or did not genuinely aim to - change power balances against the fossil fuel industry and its numerous puppet states.

'The Durban Platform was promising because of what it did not say,' remarked Trevor Houser, a top aide to chief US State Department negotiator Todd Stern. Speaking to *The New York Times* a few weeks later at the Davos World Economic Forum in Switzerland, Houser bragged, 'There is no mention of historic responsibility or per capita emissions. There is no mention of economic development as the priority for developing countries. There is no mention of a difference between developed and developing country action.'

The bad attitude of Washington powerbrokers really hasn't changed in twenty years, as we can ascertain by tracing back to the first brazen statement of US self-interest in global ecological governance, by Larry Summers. He was, at the time, World Bank chief economist, but soon would become a top-ranking Clinton Administration official, rising to finance minister status until the 2000 banana-republic election in Florida ended Democratic Party control of the White House. Then he went to Harvard as president, was fired by the faculty in 2005 on charges of intellectual sexism, and joined a Wall Street investment house before Barack Obama made him his top economic advisor in early 2009.

Back in December 1991, as the World Bank prepared to take over financing major functions related to the Rio Earth Summit, chief economist Summers signed a bizarre memo to his closest Bank colleagues suggesting, in effect, that nature be privatised, to better assess costs and benefits of Bank ecological intervention. As he put it, 'I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that… Africa is vastly *under* polluted.'

Though extremist, such ideology was endorsed by *The Economist* magazine, which leaked the memo in early 1992. The underlying philosophy has informed a great deal of Bank and even United Nations policy ever since.

The bottom line was stated in US president George Bush Senior's pronouncement at the Rio Earth Summit that 'The American way of life is not negotiable'. This paved the way for Rio+10 in Johannesburg. At that 2002 World Summit on Sustainable Development, ever more aspects of nature would be seen as 'economic goods'.

For example, water commodification by then was the subject of intense conflict, especially over municipal commercialisation. Soweto was one of the world's most publicised water wars, with the Anti-Privatisation Forum's community activists regularly destroying pre-payment meters and demanding a doubling of the Free Basic Water supply.

In Jo'burg, the huge Paris water company Suez found the going tough and instead of managing outsourced municipal services for an anticipated 30 years, left after just five, in 2006. Simultaneously, Suez was in deep trouble across the Third World, losing all its Argentine revenue when activists pressured its leaders to default on profit repatriation agreements in 2002.

Notwithstanding such concrete difficulties in 'neoliberalising nature', as academics term this process, global climate policy debates have not shifted much since 1997, when US vice president Al Gore went to Japan's COP3 in Kyoto, promising that Washington would sign the climate Protocol if it included carbon markets as an escape hatch for companies that polluted too much and then wanted the right to buy other companies' pollution permits. It was a lie: the markets were granted, and the US Senate voted 95-0 against endorsing Kyoto.

The overall point of carbon markets, like Summers' theory of dumping toxic waste where it was economically least harmful (i.e., on the heads of low-income Africans), is that society can 'price pollution' and simultaneously cut costs associated with mitigating greenhouse gases. Moreover, claim proponents, these markets are vital for funding not only innovative carbon-cutting projects in Africa, but also for supplying a future guaranteed revenue stream to the Green Climate Fund. The fund's design team co-chair, South Africa's planning minister Trevor Manuel, argues that up to half its revenues would logically flow from carbon markets, whose trading volume peaked in 2008 at $140 billion.

These markets are in just as much chaos as any financial casino. In the US, the national Chicago voluntary carbon market died in late 2010. The European Emissions Trading Scheme is the main site of carbon trading, and has been crashing since its 2006 peak, when the right to emit extra carbon cost more than €35/tonne. For the Third World, a category of Clean Development Mechanism (CDM) projects was created to allow wealthier countries to engage in emissions reductions initiatives in poor and middle-income countries, as a way of eliding direct emissions reductions. (See http://www.storyofcapandtrade.org for a simple, 8-minute video explanation.)

The use of such 'market solutions to market problems' will, supporters argue, lower the business costs of transitioning to a post-carbon world. After a cap is placed on total emissions, the idea is that high-polluting corporations and governments can buy ever more costly carbon permits from those polluters who don't need so many, or from those willing to part with the permits for a higher price than the profits they make in high-pollution production, energy-generation, agriculture, consumption, disposal or transport.

But not only was the Durban COP17 utterly useless for making the vital greenhouse gas emissions cuts of 50 percent by 2020, for ensuring the North's climate debt to the South covers damages under a 'polluter pays' logic, or for establishing a transition path to a post-carbon society and economy. Even within the very limited, flawed strategy of carbon markets, there were mixed outcomes from the Durban COP17.

To be sure, the markets were affirmed. National Business Initiative CEO Joanne Yawitch – who was a member of Pretoria's negotiations team and formerly second-ranking climate official – remarked that 'the most important' of Durban's outcomes is securing Kyoto's 'second commitment period and the carbon market'. However, as Cape Town writer and cartoonist Andy Mason wryly observed, 'According to Abyd Karmali of the Bank of America in London, the Durban deal was like "a Viagra shot for the flailing carbon markets". The problem with Viagra, of course, is that it only lasts for a couple of hours.'

Notwithstanding Manuel's efforts to bring emissions trading into the GCF, where it does not belong, and in spite of the United Nations CDM Executive Board's decision to allow 'Carbon Capture and Storage' experiments to qualify for funding, the most profound flaws in the existing market were not addressed. Without an ever-lowering cap on emissions, the incentive to increase prices and raise trading volumes disappears.

Worse, in this context of economic stagnation, financial volatility and shrinking demand for emissions reduction credits, the world faces increasing sources of carbon credit supply in an already glutted market. And fraud continues, including in Durban's own celebrated pilot CDM project, the Bisasar Road landfill which converts dangerous methane emissions into electricity.

There, the main landfill manager, John Parkin, told my colleague Khadija Sharife that well before Kyoto became operational in 2005, Durban officials led by Mike Sutcliffe had approved its financing: 'We already started the project and we were going ahead no matter what, so *whether CDM became a reality or not, the project was going to go ahead*.' This violates the 'additionality' clause that CDM projects must prove – namely, that if it weren't for carbon trading the project wouldn't have happened.

Already the Bisasar Road site is a poster child for fraudulent political behavior, as Durban's three-term mayor Obed Mlaba faces probable criminal prosecution for the hijacking of a waste-to-energy tender there. The UN should also look at rescinding the landfill's CDM status, if it aims to retain any credibility.

It is now obvious that the world's stuttering carbon markets cannot operate without a renewed framework for a global emissions trading scheme. Durban left the Kyoto Protocol applicable to only 14 percent of world greenhouse gas emissions, what with Canada's retreat within 24 hours of the summit's close. Former Bolivian ambassador to the UN Pablo Solon accused the negotiators of planning 'genocide and ecocide,' and he scolded Durban for turning Kyoto into a 'Zombie, a soulless undead.'

The 1997 treaty's soul was a commitment that emissions cuts would be binding, but several of the richest polluting countries – the US, Canada, Japan, Russia, Australia and New Zealand – won't sign on the second commitment period, and the main gist of the Durban Platform is to delay a potential write-off of Kyoto (likely in Qatar), with the prospect of turning the Copenhagen Accord, or something like it, into a new protocol by 2015.

> "Chief economist Summers signed a bizarre memo to his closest Bank colleagues suggesting, in effect, that nature be privatised, to better assess costs and benefits of Bank ecological intervention. As he put it, 'I think the economic logic behind dumping a load of toxic waste in the lowest wage country is impeccable and we should face up to that… Africa is vastly *under* polluted.'"

To sabotage Kyoto, Washington continues its voluntary 'pledge and review' policy pantomime. Kyoto's original brain contained a species survival mechanism: a pledge to keep the earth's temperature at a livable level. Now, the Durban Platform contains 'less than half of the necessary cuts to keep the temperature increase below 2°C,' according to Solon.

As the soul-deprived, brain-dead, heartless climate-policy Zombie stumbled off the Durban Platform in the direction of Qatar for the COP18 in December 2012, it immediately tripped on the crumpled carbon markets. A month after Durban's denouement, it was evident to the French bank Societé Generale that 'European carbon permits may fall close to zero should regulators fail to set tight enough limits in the market after 2020' – and without much prospect of that, the bank lowered its 2012 forecasts by 28 percent. The 54 percent crash for carbon futures sent the price to a record low, just over €6.3/tonne.

Worse, an additional oversupply of 879 million tonnes was anticipated for the period 2008-2020, partly as a result of a huge inflow of UN offsets: an estimated 1.75 billion tonnes. This glutting problem is not only due to the demand deficit thanks to the COP17 negotiators' failure to mandate emissions cuts, but is also in part due to the lax system the UN appears to have adopted. All manner of inappropriate projects appear to be gaining approval, especially in Africa. According to Professor David Victor, a leading carbon market analyst at Stanford University, *as many as two-thirds of registered carbon emissions reductions do not constitute real cuts*.

The man chosen in February to chair the UNFCCC's policy review of the CDM is Valli Moosa, South Africa's former environment minister. After leaving the Mbeki cabinet in 2004, Moosa went on to preside over the International Union for the Conservation of Nature, headed the South African branch of the World Wildlife Fund, and chaired the board of the continent's largest energy company and CO_2 emitter, Eskom.

But in that capacity in 2007-08, he was implicated, as a member of the African National Congress finance committee, in unethically channeling tens of millions of rands in earnings to the ruling party by signing Eskom purchase orders for Medupi's new boilers in a way that directly benefited the ANC, which in turn was financed by the controversial World Bank loan. In 2009, the Public Protector acknowledged that his role was 'improper.'

From Durban to Rio, a race to privatise nature

The momentum from falling off the Durban Platform is taking the world deeper into neoliberalised nature. A variety of technological 'False Solutions' to the climate and other environmental crises have emerged from private-sector Dr Strangeloves, and many will be codified in Green Economy deals to be done at the Rio+20 summit in June. These include:

- dirty forms of 'clean energy', such as nuclear, so-called 'clean coal', fracking shale gas, hydropower, hydrogen;
- biofuels, biomass, biochar;
- the Carbon Capture and Storage strategy now being experimented endorsed in May by the SA Cabinet; and
- other whacky geo-engineering gimmicks such as Genetically Modified trees; sulfates in the air to shut out the sun; iron filings in the sea to create algae blooms; artificial microbes to convert plant biomass into fuels, chemicals and products; large-scale solar reflection such as industrial-scale plastic-wrap for deserts.

Some of these will be contested through the UN's Convention on Biological Diversity which in Nagoya in 2010 pronounced, 'no geo-engineering activities should take place until risks to the environment and biodiversity and associated social, cultural and economic impacts have been appropriately considered.'

Carbon Capture and Storage is one that needs a rethink, especially at Eskom. As Howard Ehrman of the University of Illinois/Chicago explains, this process of scrubbing carbon from coal-fired power plants:

- violates the Precautionary Principle;
- imposes excessive costs;
- increases energy to produce power by 25 percent;
- is an unproven technology;
- is at least a decade away from implementation; and
- prolongs the extraction of coal.

Likewise the biofuel strategy – especially soya, maize and sugarcane – is considered a False Solution because, as Ehrman argues, it:

- is energy negative;
- is water negative;
- increases air/water pollution;
- drives up Energy, Food, Land Prices;
- increases monoculture and decreases sustainability;
- increases land concentration in fewer hands; and
- increases power and control by multinational corporations.

As a recent report by several leading technology NGOs – the ETC Group, EcoNexus, the African Biodiversity Network, Gaia and Biofuel – confirm, 'The shift from petroleum to biomass is, in fact, worsening climate change, increasing deforestation and biodiversity loss, degrading soils and depleting water supplies. Further, the new "bio-based" economy threatens livelihoods, especially in the global South where it encourages "land grabs".'

As Kathy McAfee from San Francisco State University puts it, 'Compensating the poor and other land users for practices that maintain healthy, "service-producing" ecosystems may be an important part of strategies for sustainable and equitable development. Serious problems arise, however, when such compensation schemes are framed as markets.'

And that is the danger that Molewa faces: buying into the marketisation of nature at a time when markets are falling apart. This agenda was admitted frankly in 2010 by her UK counterpart, the Tory climate minister Greg Barker: 'We want the City of London, with its unique expertise in innovative financial products, to lead the world and become the global hub for green growth finance. We need to put the sub-prime disaster behind us.'

Back to 'sustainable development'?

The planet is far too vulnerable and valuable to be left to bankers. Perhaps it's time to consider why the original Rio Earth Summit commitment was dashed against the rocks of neoliberalism over the last two decades. According to John Drexhage and Deborah Murphy of the International Institute for Sustainable Development 'There is a huge gap between the multilateral processes, with their broad goals and policies; and national action, which reflects domestic political and economic realities.'

But the original Gro Harlem Brundtland Commission definition is still worth returning to. Not only do we have a sense of the intergenerational requirement that is so well known from the first clause of her definition: 'Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their needs.'

What is critical is to consider her next two sub-clauses in the definition, which first observe 'the concept of "needs", in particular the essential needs of the world's poor, to which overriding priority should be given', hence generating grounds for social justice advocacy; and second, 'the idea of limitations imposed by the state of technology and social organization on the environment's ability to meet present and future needs', which repudiates the endless-growth assumptions of those who spout sustainable development in their government documents or corporate public relations greenwashing.

Nedbank is worse – because it is such a huge financier of coal – but they all assume green capitalism will deliver the goods, and that natural limits can be overcome through techie fixes. The harsh realities of financial industry malfeasance and rising social opposition – visible in May elections tossing out neoliberals in France and Greece, in the Spanish and Italian street protests, in the Occupy movement, and in South Africa's own 'service delivery protests' which in part target high electricity prices caused by Eskom's construction of coal-fired Medupi – are making it ever harder to privatise nature.

As ever, the question for Pretoria is how to emerge from between this sort of global/local rock and hard place without, as usual, being squeezed into amplifying the insurmountable capitalist contradictions of both political economy and political ecology. ■