# Climate and Capitalism in Copenhagen

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Contents



Beginning in the second week of December, representatives to the United Nations Climate Conference in Copenhagen will wrestle with the challenge of climate change. This week, influential actors in the World Trade Organization Seventh Ministerial Conference taking place in Geneva are trying to push for a conclusion to the nine-year-old Doha Round of trade negotiations.

The two meetings are at cross-purposes and their juxtaposition highlights a profound reality: The world has to choose between free trade and effective climate management.

## _The Global Downturn: Relief for the Climate

The last 12 months have seen the unraveling of a particular type of international economy: export-oriented and marked by the accelerated integration of production and markets. This globalized economy has been transportation-intensive, greatly dependent on ever-increasing long-distance transportation of goods. For instance, a plate of food consumed in the United States travels an average of 1,500 miles from source to table. Transportation, in turn, is fossil-fuel intensive, accounting in 2006 for 13% of global greenhouse gas emissions (GHG) and 23% of global carbon dioxide emissions.

A downturn in the export-dependent global economy thus brings about a significant downturn in carbon emissions as well. It spells relief for the climate. In 2009, the drop in the level of greenhouse gas emissions (GHG) has been the largest in the last 40 years. The thousands of ships marooned by lack of global demand in ports such as New York, Singapore, Rio de Janeiro, and Seoul means a significant reduction in the use of high-carbon Bunker C oil, which is used in 80% of ocean shipping. The cutback in air freight has meant a significant reduction in the use of aviation fuel, which has been the fastest growing source of GHG emissions in recent years.

## _Deglobalization as Opportunity

In response to the collapse of the export-oriented global economy, many governments have fallen back on their domestic markets, revving them up via stimulus programs that put spending money in the hands of consumers. This move has been accompanied by a retreat from globalized production structures or “deglobalization.” “The integration of the world economy is in retreat on almost every front,” writes the Economist. While the magazine says that corporations continue to believe in the efficiency of global supply chains, “like any chain, these are only as strong as their weakest link. A danger point will come if firms decide that this way of organizing production has had its day.”

For many environmentalists and ecological economists in the South and the North, the unraveling of the export-oriented global economy spells opportunity. It opens up the transition to more climate-friendly and ecologically sensitive ways of organizing economic life. But the fossil fuel-intensiveness of global transport and freight is merely one dimension of the problem. Environmentalists insist there must be a change in the reigning economic model itself. The global economy must make a transition from being driven fundamentally by overproduction and overconsumption to being geared to real needs, marked by moderate or low consumption, and based on sustainable and decentralized production processes.

Accordingly, the assumption of most policymakers in the North that consumption trends can continue — and that the only challenge is the transformation of the energy mix and the adoption of technofixes such as biofuels, “clean coal,” nuclear power, carbon sequestration and storage, and carbon trading — is not only based on illusions but positively dangerous. Indeed, the climate problem cannot be addressed strategically without addressing the inherently environmentally destabilizing dynamics of capitalism — its incessant drive, motivated by the search for profit, to transform living nature into dead commodities.

Instead of heralding this transition to a much less fossil-fuel-intensive and ecologically sustainable production, most technocrats and economists see only a temporary retreat from export-led growth until global demand makes the latter viable again. The policy debate in establishment circles focuses on who will replace the bankrupt American consumer as the engine of global demand. With Europe stagnant and Japan in almost permanent recession, the hope is that China’s growth will be the basis of global reflation. This is a mirage. China’s 8.9% annualized growth in the last quarter is due to their current stimulus, a $585 billion program that has been funneled mainly to the countryside. Domestic demand will likely cease to grow once the money is spent. A limited spurt of cash will not transform Chinese peasants into the saviors of the global economy. After all, because they bore the costs of the country’s export-oriented economy, these peasants have seen their incomes and welfare severely erode over the last quarter of a century.

## The Doha Dead End

But however this debate over the global consumer of last resort is resolved, the World Trade Organization and its most influential members, both from the North and the South, hope that completing the Doha Round at the Seventh Ministerial Meeting in Geneva will bring about a resumption of the carbon-intensive march toward globally integrated production and markets.

The preoccupation of economists and policymakers with the export engine to revive the global economy, which often excludes concerns about the negative impact of export-led globalization on the climate, is a dangerous divide leading up to Copenhagen. Says John Cavanagh, director of the Institute for Policy Studies: “We have economic policymakers concerned with reversing recession and ecological economists concerned with strategic ways of reversing climate change talking past one another.”

The climate negotiations have their own share of problems, even without the WTO threat. In the lead-up to Copenhagen, the focus of the climate discussions has been on two issues: mitigation and adaptation. Both are stymied, largely owing to the positions of the industrialized (Annex 1) countries. On mitigation, pivotal developed countries have so far resisted offering legally binding cuts. And what voluntary cuts they have offered are slight. In the case of the United States, President Obama’s nonbinding commitment is to reduce greenhouse gas emissions (GHG) by 17% from 2005 levels. This translates into an insignificant 4% reduction from 1990 levels, which serve as the benchmark for serious cuts. The Intergovernmental Panel on Climate Change has asserted that a 25-40% cut in GHG by 2020 is the minimum figure that would keep global mean temperature from rising above two degrees centigrade during this century. And, already, the latter is said to be an underestimate.

In the area of adaptation — assisting the poorer countries to prepare themselves for the consequences of climate change — the negotiations have been held up by the rich countries' reluctance to come up with the minimum amounts of aid necessary, to transfer technology unconditionally, and to channel the sums to the developing world through institutions apart from the World Bank, which they control.

The challenges in these two areas are daunting enough. And yet, unless the question of which economic model or strategy the countries of the world should move toward is front and center in Copenhagen, even the most ambitious agreements arrived at on mitigation and adaptation will be simply a Band-Aid. Unless the negotiators in Copenhagen dethrone the Doha model, the fundamental driver of climate change — an export-oriented globalized capitalist economy based on perpetually rising consumption — will continue to reign.

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**P.S.**

* From Focus on the Global South:
http://focusweb.org/climate-and-capitalism-in-copenhagen.html?Itemid=1

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