

# Why the market cannot solve the environment crisis

Monday 17 September 2007, by [ILTIS Tony](#) (Date first published: 29 June 2007).

The good news is that Australian politicians and corporations are finally recognising that there is an environmental crisis. The bad news is that the “solutions” being promoted by the establishment define what is realistic for capitalism, so the “need” for big business to remain profitable sets the parameters of what is “possible”.

Symptomatic of this is the preponderance of economists on panels set up to investigate environmental questions and look for solutions. Market mechanisms that have created the problems are being posited as the solution.

The problem with market-based solutions is that profitability, by definition, involves a large share of resources going to increase the obscene wealth of the corporate elite, rather than meeting human needs, including the need for a sustainable relationship with the planet we live on.

Neither is it just that there is structural contradiction between profit and efficient use of resources: the more resources that are used to satisfy a particular need, the more profit is made.

Even to the extent that various schemes, such as creating markets of tradeable carbon emissions or water use rights, can provide financial incentives for corporations or individuals to decrease their environmental footprint, such a piecemeal approach is inadequate given the enormity of the problem. Furthermore, market mechanisms create a situation whereby solutions to one environmental problem can exacerbate others.

One of the most obvious environmental problems in this country is the increasing shortage of water. The NSW government’s solution is to commission a \$1.9 billion desalination plant for Sydney, to be built by a private consortium headed by French multinational Veolia (whose subsidiary Connex is busy destroying Melbourne’s rail network).

However, not only do desalination plants contribute to oceanic pollution by releasing a toxic brine, they are extremely energy expensive and thus big contributors to global warming.

The greenhouse gas emissions of the Sydney plant will be equivalent to a quarter of a million more cars on the road. Yet global warming is a major cause of Australia’s water shortage as well as the tendency towards extreme weather events. This means that when rain does come, increasingly it is in the context of floods and storm surges such as those ravaging East Gippsland and the NSW Central Coast recently.

A realistic response to the water crisis would involve rainwater tanks, grey water recycling and an end to irrigation-based export agriculture and the access of mining companies to unlimited water.

The debate on global warming has advanced to the extent that both major parties are acknowledging its reality, leaving the denialist position to right-wing nutters such as the Herald Sun’s Andrew Bolt and NSW Treasurer Michael Costa.

The ALP has even gone so far as to set a target: a 60% reduction in emissions by 2050. Unfortunately, a global reduction on this scale would leave a high probability of apocalyptic catastrophe and Australia, whose per capita emissions are five times the global average, would need to make a much higher reduction to contribute to a 60% global reduction in emissions.

Prime Minister John Howard has refused to talk about targets until after the elections, but has been talking about a carbon trading scheme that will result in a significant increase in individual household utilities bills. However, there is no guarantee that increasing the financial burden on consumers will meet even inadequate emission reduction targets.

A far more realistic approach involves immediately changing the way energy is produced. This has to involve the large scale roll-out of renewable technologies, such as wind and tidal power, and the abolition of coal burning power stations (something ruled out by both major parties) and wholesale reorganisation of society to reduce energy use.

Qantas is the latest Australian airline to offer a carbon offset scheme, whereby passengers pay a levy (at this stage voluntary) which is used to fund alternative energy or carbon sinks (such as forests).

The problem with such a scheme is that to remove the threat of catastrophic climate change, an increase in carbon sinks, the roll-out of alternative energy and the replacement of short-haul aviation with ground transport needs to happen simultaneously.

Beyond Zero Emissions, a grassroots climate activist network, is campaigning for a high-speed electric rail network to replace short-haul flights between Adelaide, Melbourne, Canberra, Sydney and Brisbane. This is a realistic response.

In Melbourne, grassroots groups such as Link Up Melbourne, [1] and the Socialist Alliance are campaigning for the city's public transport system to be taken back from private operators, such as Connex, and for a massive expansion of both the level of services and the network so that no-one in Melbourne is without access to the system.

As more than half of Australia's greenhouse gas emissions are from road transport and only 9% of trips in Melbourne are by public transport, this campaign represents another realistic approach to climate change.

The magnitude of the environmental crisis demands major changes in society. Whole industries need to disappear. Others must be created. Patterns of settlement need to change. To expect market mechanisms and the profit motive to achieve these changes is unrealistic.

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**P.S.**

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## Footnotes

[1] <http://ourpublictransport.org/>