

---

# Referenced and Annotated Script

By Annie Leonard

THE STORY OF STUFF PROJECT PRESENTS

# THE STORY OF CAP & TRADE

WHY YOU CAN'T SOLVE A PROBLEM  
WITH THE THINKING THAT CREATED IT

---

I am so glad that the world is *finally*<sup>1</sup> getting together to try to stop climate change. When I first heard that our leaders were meeting to talk about solutions, I breathed a huge sigh of relief. Didn't you?

Then I said, wait a minute. What exactly are they planning to do about this problem? So I looked into it. And I gotta tell you, not all the solutions they're working on are what I'd call solutions. In fact, the leading solution, known as cap and trade - or emissions trading - is actually a huge *problem*<sup>2</sup>.



Now I know this is the last thing you want to hear, but the future of our planet is at stake, so we gotta take the time to understand what's going on here.

Okay, meet the guys at the heart of this so-called solution. They include the guys from Enron<sup>3</sup> who designed energy trading, and the Wall Street financiers like Goldman Sachs<sup>4</sup> who gave us the subprime mortgage crisis.

Their job is to develop brand new markets. They stake their claims and then when everyone and their grandmother wants in, they make off with huge amounts of money as the market becomes a giant bubble and then bursts.

Well their latest bubble just burst and now they've got a new idea for a market – trading carbon pollution.

- 
1. The main body working on global climate governance is the United Nations Framework Convention on Climate Change - <http://unfccc.int/2860.php> . See Alex Kirby, *Climate in Peril: A Popular Guide to the Latest IPCC Reports*. Arendal, Norway, United Nations, 2009.
  2. The most thorough critiques of carbon markets and the institutions that developed them can be found at <http://www.durbanclimatejustice.org/>
  3. In an August 2009 report about Enron alumni in the carbon markets, the Financial Times offers not a hint of irony: "People who were attracted to Enron and its desire to open new and cutting-edge businesses are also likely to be attracted to the carbon market," says Lynda Clemmons, who started the emissions trading desk at Enron in 1994. It also innovated in the electricity, gas and coal markets, to which carbon is highly correlated, which makes former Enron traders particularly suited to trading carbon. 'They bring a breadth of cross-product coverage that makes them natural candidates to look

at emissions,' according to one industry insider."

Uh oh, when the Financial Times offers me 'natural candidates' from Houston to help solve the climate crisis, I say, No Thank You! I'm sad because we had all hoped that the retrenched staff from Enron's bankruptcy would go get a job, not continue playing those speculative financial casino games that caused so much damage to Californians like me, and to the firms' shareholders. (See Markus Sommerauer, 'A strange alliance making profits for a cleaner cause', *Financial Times*, August 5, 2009; and Solomon Lawrence, 'Enron's Other Secret', *Financial Post*, May 30, 2009, <http://network.nationalpost.com/np/blogs/fpcomment/archive/2009/05/30/lawrence-solomon-enron-s-other-secret.aspx>.)

4. For Goldman's role in the subprime scandal, see Matt Taibbi, 'The Great American bubble machine', *Rolling Stone*, July 9-23, 2009. Taibbi warns,

---

# THE STORY OF CAP & TRADE

They're about to develop a new \$3 trillion bubble<sup>5</sup>, but when this one bursts, it won't just take down our stock portfolios, it could take down *everything*!

So how does cap and trade work?

Well, pretty much all serious scientists agree that we need to reduce the amount of carbon in the atmosphere to 350 ppm if we want to avoid climate disaster<sup>6</sup>. In the U.S., that means reducing our emissions by 80% – maybe even more – by 2050. 80%!<sup>7</sup>

Now the problem is that most of our global economy runs on burning fossil fuels, which releases carbon: the factories that make all our stuff, the ships and trucks that carry it around the world, our cars and buildings and appliances, just about everything.

So, how are we gonna reduce carbon 80% and not go back to living like Little House on the Prairie?

Well, these Cap and Trade guys are saying that a new carbon stock market is the best way to get it done.

The first step would be getting governments around the world to agree to a yearly limit on carbon emissions. That's the "cap". I think that part's great.

So how do they want to insure that carbon emissions stay under this cap? Well, governments would distribute a certain amount of permits to pollute. Every year there would be fewer and fewer permits as we follow the cap to our goal.

---

"Instead of credit derivatives or oil futures or mortgage-backed CDOs, the new game in town, the next bubble, is in carbon credits -- a booming trillion dollar market that barely even exists yet, but will if the Democratic Party that it gave \$4,452,585 to in the last election manages to push into existence a groundbreaking new commodities bubble, disguised as an 'environmental plan,' called cap-and-trade. The new carbon-credit market is a virtual repeat of the commodities-market casino that's been kind to Goldman, except it has one delicious new wrinkle: If the plan goes forward as expected, the rise in prices will be government-mandated. Goldman won't even have to rig the game. It will be rigged in advance... This is a brand new commodities market where the main commodity to be traded is guaranteed to rise in price over time. The volume of this new market will be upwards of a trillion dollars annually; for comparison's sake, the annual combined revenues of all electricity suppliers in the U.S. total \$320 billion. Goldman wants this bill. The plan is (1) to get in on the ground floor of paradigm-shifting legislation, (2) make sure that they're the profit-making slice of that paradigm, and (3) make sure the slice is a big slice. Goldman started pushing hard for cap-and-trade long ago, but things really ramped up last year when the firm spent \$3.5 million to lobby climate issues. (One of their lobbyists at the time was none other than [Mark] Patterson, now Treasury chief of staff)... The bank owns a 10 percent stake in the Chicago Climate Exchange, where the carbon credits will be traded. Moreover, Goldman owns a minority stake in Blue Source LLC, a Utah-based firm that sells carbon credits of the type that will be in great demand if the bill passes... Goldman is ahead of the headlines again, just waiting for someone to make it rain in the right spot. Will this market be bigger than the energy-futures market? 'Oh, it'll dwarf it,' says a former staffer on the House energy committee. Well, you might say,

who cares? If cap-and-trade succeeds, won't we all be saved from the catastrophe of global warming? Maybe -- but cap-and-trade, as envisioned by Goldman, is really just a carbon tax structured so that private interests collect the revenues. Instead of simply imposing a fixed government levy on carbon pollution and forcing unclean energy producers to pay for the mess they make, cap-and-trade will allow a small tribe of greedy-as-hell Wall Street swine to turn yet another commodities market into a private tax-collection scheme. This is worse than the bailout: It allows the bank to seize taxpayer money before it's even collected... The moral is the same as for all the other bubbles that Goldman helped create, from 1929 to 2009. In almost every case, the very same bank that behaved recklessly for years, weighing down the system with toxic loans and predatory debt, and accomplishing nothing but massive bonuses for a few bosses, has been rewarded with mountains of virtually free money and government guarantees -- while the actual victims in this mess, ordinary taxpayers, are the ones paying for it."

5. The \$3 trillion doesn't even include the danger of a bubbling derivatives market, which could boost the figure by a factor of five or more. See Nina Chestney and Michael Szabo, 'Emissions traders expect U.S. carbon market soon,' Reuters, May 28, 2009, <http://www.reuters.com/article/GCA-GreenBusiness/idUSTRE54R4YP20090528>, last accessed October 11, 2009.
6. [www.350.org](http://www.350.org)
7. Gar Lipow, 'How soon do we need to cut greenhouse gas emissions?,' Grist, January 25 2009, <http://www.grist.org/article/How-soon-do-we-need-to-cut-greenhouse-gas-emissions/>, last accessed October 11, 2009.

---

# THE STORY OF CAP & TRADE

Innovative companies will get on board building clean alternatives and getting more efficient. As permits get scarcer, they would also become more valuable, so naturally, companies who have extra will want to sell them to companies who still need them.

That's where trading comes in.

The logic is as long as we stay under the cap, it doesn't matter who pollutes and who innovates<sup>8</sup>. We'll meet our climate deadline, avoiding catastrophe. And oh yeah, these guys take their fee as they broker this multi-trillion dollar carbon racket, I mean market.

Save the planet, get rich, what's not to like, right? Some of my friends who really care about our future support cap and trade. A lot of environmental groups that I respect do too. They know it's not a perfect solution and don't love the idea of turning our planet's future over to these guys, but they think that it is an important first step and that it's better than nothing. I am not so sure.

And I'm not the only one. A growing movement of scientists, students, farmers, and forward thinking businesspeople are saying "wait a minute!"

In fact even the economists who invented the cap and trade system to deal with simpler problems like fertilizer pollution and sulfur dioxide, say cap and trade will never work for climate change<sup>10</sup>. Here's why

---

8. The concept is explained by Larry Lohmann in, Carbon trading: A critical conversation on climate change, special issue of Development Dialogue, Uppsala, Dag Hammarskjold Foundation, [http://www.dhf.uu.se/pdf/2006\\_48\\_carbon\\_trading/carbon\\_trading\\_web\\_HQ.pdf](http://www.dhf.uu.se/pdf/2006_48_carbon_trading/carbon_trading_web_HQ.pdf). See other critical works by Lohmann at <http://www.thecornerhouse.org.uk>.

9. The movement for climate justice dates back well before Kyoto, to the 1992 Rio Earth Conference at which equity was emphasized by activists as a global green value. A network specifically critical of carbon trading was initiated in South Africa at an October 2004 workshop of 'The Durban Group for Climate Justice'. By 2007, at the Bali Conference of Parties summit, the Durban Group and many other organizations whose environmental commitments included social equity and economic transformation launched the global network 'Climate Justice Now!' But in addition to environmental activists, a great many other experts and practitioners also oppose the use of emissions trading for climate control, including the leading US climate scientist, James Hansen, and financier George Soros, who argue it will be ineffective. The latter was quoted in 2007: "The cap and trade system of emissions trading is very difficult to control and its effects are diluted... It is precisely because I am a market practitioner that I know the flaws in the system." (See Hugh Wheelan, 'Soros slams emissions trading systems: Market solution is "ineffective" in fighting climate change', Responsible Investor, October 18, 2007, [http://www.responsible-investor.com/home/article/soros\\_slams\\_emissions\\_cap\\_and\\_trading\\_systems/](http://www.responsible-investor.com/home/article/soros_slams_emissions_cap_and_trading_systems/))

10. Jon Hilsenrath, 'Cap-and-trade's unlikely critics: Its creators - economists behind original concept question the system's large-scale usefulness, and recommend emissions taxes instead,' Wall Street Journal, August 13, 2009:

"When he was a graduate student in the 1960s working to reduce pollutants, Thomas Crocker devised a cap-and-trade system similar to one being considered in Congress... 'I'm skeptical that cap-and-trade is the most effective way to go about regulating carbon,' says Mr. Crocker, 73 years old, a retired economist in Centennial, Wyo. He says he prefers an outright tax on emissions because it would be easier to enforce and provide needed flexibility to deal with the problem... The other, John Dales, who died in 2007, was also a skeptic of using the idea to tame global warming. 'It isn't a cure-all for everything,' Mr. Dales said in an interview in 2001. 'There are lots of situations that don't apply.' Mr. Crocker sees two modern-day problems in using a cap-and-trade system to address the global greenhouse-gas issue. The first is that carbon emissions are a global problem with myriad sources. Cap-and-trade, he says, is better suited for discrete, local pollution problems. 'It is not clear to me how you would enforce a permit system internationally,' he says. 'There are no institutions right now that have that power.' The other problem, Mr. Crocker says, is that quantifying the economic damage of climate change -- from floods to failing crops -- is fraught with uncertainty. One estimate puts it at anywhere between 5% and 20% of global gross domestic product. Without knowing how costly climate change is, nobody knows how tight a grip to put on emissions... Mr. Crocker says cap-and-trade is better suited for problems where the damages are clear -- like acid rain in the 1990s -- and a hard limit is needed quickly."

11. Even pro-corporate lobbies like the American Enterprise Institute admit this is a bad idea. See Alan Viard, 'The cap-and-trade giveaway,' The American, June 26, 2009, <http://www.american.com/archive/2009/june/the-cap-and-trade-giveaway>, last accessed October 11, 2009.

12. The European Union's Emissions Trading Scheme (ETS) has failed

---

# THE STORY OF CAP & TRADE

I think they're right.

When it comes to any kind of financial scam, like subprime mortgages or Bernie Madoff's pyramid scheme, the devil is always in the details. And there are a lot of devils in the details of the cap and trade proposals on the table.

Devil number one is known as Free Permits, which is why some people call this system Cap and Giveaway<sup>11</sup>. In this scheme, industrial polluters will get the vast majority of these valuable permits for free. *Free!*

The more they've been polluting, the more they'll get.

It's like we're thanking them for creating this problem in the first place.

In Europe where they tried a Cap and Giveaway system, the value of the permits bounced around like crazy, energy costs jumped for consumers, and guess what?

Carbon emissions actually went up!<sup>12</sup> The only part that did work was that the polluters made billions of dollars in extra profits.<sup>13</sup> MIT economists say the same thing would likely happen here in the US.<sup>14</sup>

Those billions come from OUR pockets. A real solution would put that money to work stopping climate change.



---

in its main objectives, and the severe price swings have shown how erratic and unreliable these markets can be. Grist columnist Gar Lipow explains: "During the three year period where we have verified emissions, emission among traded entities rose by 1.8%. (During that same period emissions for the EU as a whole fell.) According to preliminary figures emissions fell by 3.06% for 2008. It is widely agreed that much of this was due to economic recession, and warmer weather, and widely argued that a substantial minority was due to the trading system. However just as EU emissions fell a bit while ETS emissions rose, I suspect that once the data is out we will find EU emissions dropped much more steeply than the comparatively small drop in greenhouse gases from traded entities. The overwhelming evidence is that the European Trading Scheme is retarding rather than driving emission drops." Gar Lipow, 'Cap-and-trade: filling up the political space that should be used for real solutions,' Grist, May 31, 2009 <http://www.grist.org/article/cap-and-trade-filling-up-the-political-space-that-should-be-used-for-real-s> <http://tinyurl.com/suckLemon>, last accessed October 11, 2009.

13. David Adam, 'Britain's worst polluters set for windfall of millions', The Guardian, September 12, 2008, <http://www.guardian.co.uk/environment/2008/sep/12/emissiontrading>.

14. Even pro-trading economists from the Massachusetts Institute of

Technology concede that the US could well repeat Europe's market and state failures. Denny Ellerman and Paul L. Joskow observe that the ETS's disastrous mismatches of money, permits and polluters logically follow the EU's uneven regulations between countries, and "the differing effects of allocation and auctioning decisions on a partially liberalized electricity sector are likely to be at least as contentious and complicated in the US as they have been in Europe." In several other areas where the EU ETS remains flawed – political lobbying, inadequate revenue generation, 'rent-seeking activity' and high administrative costs – the danger remains that these will be repeated in the US, according to MIT economists Sergey Paltsev, John Reilly, Henry Jacoby and Jennifer F. Holak. For example, some inefficient coal-fired facilities should urgently be closed, but won't be thanks to EU ETS rules, the economists admit: "The cheapest abatement option may be to simply shut down some of the highest emitting facilities, but this rule [trading rights for grandfathered permits] in the ETS creates an incentive to keep them operating at a low level, or to install more expensive abatement technology so that they do not have turn back in valuable allowances." As for dangers associated with Cap and Giveaway (free permits to pollute), the MIT authors warn, "If the allocations are distributed on some 'grandfathering' principle to firms at the point of regulation [which is the case in the main 2009 legislation], then these firms receive the asset value

---

# THE STORY OF CAP & TRADE

Instead of just giving permits away to polluters, we could sell them and use the money to:

- build a clean energy economy<sup>15</sup>
- or give citizens a dividend to help pay for higher fuel prices while we transition to that clean energy economy<sup>16</sup>
- or share it with those who are most harmed by climate change. Some people call this paying our ecological debt<sup>17</sup>

Since we in the richest countries released the most carbon for centuries, and lived a pretty comfy lifestyle in the process, don't we have a responsibility to help those most harmed?

It's like we had a big party, didn't invite our neighbors and then stuck 'em with the clean up bill. It's just not cool.

Did you know that in the next century, because of the changing climate, whole island nations could end up underwater<sup>18</sup> and the UN says 9 out of 10 African farmers could lose their ability to grow food<sup>19</sup>.

Wouldn't a real solution benefit these people instead of just polluters?

Devil number two is called Offsetting.

Offset permits are created when a company supposedly removes or reduces carbon. They then get a permit which can be sold to a polluter who wants permission to emit more carbon. In theory, one activity offsets the other.

The danger with offsets is it's very hard to guarantee that real *carbon* is being removed to create the

---

or scarcity rent" – which means that the US follows the disastrous EU lead in 'paying the polluter for past pollution.' It would be a tragedy if US legislators and policy-makers know of such problems in the EU ETS case and still promote a similar scheme, instead of finding an urgent route to cutting emissions directly. For citations, respectively, see Denny Ellerman and Paul Joskow, 'The European Union's Emissions Trading System in perspective', 2008, Pew Center on Global Climate Change, Arlington, [www.pewclimate.org/docUploads/EU-ETS-In-Perspective-Report.pdf](http://www.pewclimate.org/docUploads/EU-ETS-In-Perspective-Report.pdf); Gilbert E. Metcalf, Sergey Paltsev, John Reilly, Henry Jacoby and Jennifer F. Holak, 2008, 'Analysis of US greenhouse gas proposals', National Bureau of Economic Research, Cambridge, Working Paper 13980, <http://www.nber.org/papers/w13980>; and Sergey Paltsev, John M. Reilly, Henry D. Jacoby, Angelo C. Gurgel, Gilbert E. Metcalf, Andrei P. Sokolov and Jennifer F. Holak, 'Assessment of U.S. cap-and-trade Proposals', 2007, Joint Program on the Science and Policy of Global Change, [http://web.mit.edu/globalchange/www/MITJPSPGC\\_Rpt146.pdf](http://web.mit.edu/globalchange/www/MITJPSPGC_Rpt146.pdf), last accessed October 11, 2009.

15. Colby Itkowitz, 'Cap, trade, bike and carpool,' CQ Weekly 67:26, June 29 2009: 1501-1501

16. Peter Barnes, 'Cap and dividend, not trade,' Scientific American Earth 3.0 18:5, December 2008: 20-21

17. A seminal definition came from ecological economist Joan Martinez-Alier and the NGO Accion Ecologica in Quito, Ecuador: "ecological debt is the debt accumulated by Northern, industrial countries toward Third World countries on account of resource plundering, environmental damages, and the free occupation of environmental space to deposit wastes, such as greenhouse gases, from the industrial countries." How much ecological debt does the North owe the South already? Not even including the coming damage from climate change, a team from the University of California at Berkeley estimated partial costs of \$18 trillion: Srinivasan, U., S.Carey, E.Hallstein, P.Higgins, A.Ker, L.Koteen, A.Smith, R.Watson, J.Harte and R.Norgaard (2008), 'The debt of nations and the distribution of ecological impacts from human activities', Proceedings of the National Academy of Sciences of the United States of America, 105, 5, <http://www.pnas.org/content/105/5/1768>. The African Union estimates that at least \$67 billion per year should be paid to Africa as ecological debt by 2020. See J. McLure, 'Ethiopian Leader chosen to represent Africa at climate summit,' Addis Ababa, 1 September.

---

# THE STORY OF CAP & TRADE

permit. Yet these permits are worth real money.

This creates a very dangerous incentive to create false offsets – to cheat.

Now in some cases cheating isn't the end of the world, but in this case it is. And already there's a lot of cheating going on.

Like, in Indonesia, Sinar Mas corporation cut down indigenous forests, causing major ecological and cultural destruction. Then, they took the wasteland they created and planted palm oil trees. Guess what they can get for it? Yup, offset permits.<sup>20</sup>

Carbon out? No. Carbon in? You bet.

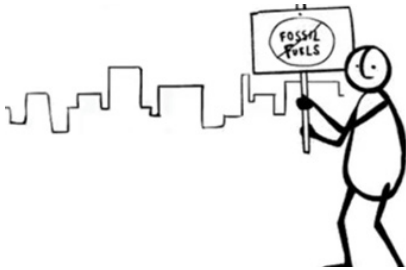
Companies can even earn offsets for not doing anything at all.

Like, operators of a polluting factory can claim they were planning to expand 200% but reduced the plans to expand only 100%. For that meaningless claim, they get offset permits – permits that they can sell to someone else to make more pollution! That is so stupid!<sup>21</sup>

The list of scams goes on and many of the worst ones happen in the so-called Third World where big business does whatever it wants, to whomever it wants. And with lax standards and regulations on offsets they can get permits for just about anything.<sup>22</sup>

Devils one and two, Cap & Giveaway and Offsetting, make the system unfair and ineffective. But the last devil, which I call Distraction, makes it downright dangerous.

See, there are real solutions out there, but cap and trade with its loopholes and promises of riches have made many people forget all about them.<sup>23</sup>



We're not even close to a global agreement on a carbon cap to begin with, and duh, this is the whole point of cap and trade. But

---

18. Geoffrey Lean, 'Rising seas, caused by global warming, have for the first time washed an inhabited island off the face of the earth', The Independent, June 5, 2009, <http://www.independent.co.uk/environment/climate-change/disappearing-world-global-warming-claims-tropical-island-429764.html>, last accessed October 11, 2009

19. R.K. Pachauri, 'Summary of testimony provided to the House Select Committee on Energy Independence and Global Warming,' US Congress, Washington DC, 2008, [globalwarming.house.gov/tools/assets/files/0342.pdf](http://globalwarming.house.gov/tools/assets/files/0342.pdf). Moreover, the Climate Change Vulnerability Index, calculated in 2009 'from dozens of variables measuring the capacity of a country to cope with the consequences of global

warming', listed 22 African countries out of 28 across the world at 'extreme risk', whereas the United States is near the bottom of the world rankings of countries at risk even though it is the leading per capita contributor to climate change. Agence France Press, 'Albania to Zimbabwe: The Climate Change Risk List', September 2, 2009.

20. David Fogarty, Reuters, 'Indonesia Forest Projects Target 13 mln CO2 Offset,' July 21 2009, <http://www.reuters.com/article/latestCrisis/idUSSP436960>, last accessed October 11, 2009

21. Terry Macalister, 'Britain's big polluters accused of abusing EU's carbon trading scheme' January 27, 2009, <http://www.guardian.co.uk/business/2009/jan/27/industry-abusing-ets-carbon-trading>,

---

## THE STORY OF CAP & TRADE

instead of hammering out a fair and strong deal, we're putting the cart before the horse and rushing off to trade schemes and offsets.

With all the bogus offset projects, huge giveaways to polluters, and the failure to address the injustices of climate change do you think the Third World will get on board with a global cap? I doubt it.<sup>24</sup> If a cap and trade proposal is stopping us from actually capping carbon, it's a dangerous distraction.

We don't need to let these guys design the solution. We – us, our governments - can make laws and do it ourselves.

In my country, we already have a law – the Clean Air Act – that confirms that carbon is a pollutant which our environmental agency is allowed to cap. So what are we waiting for? Go EPA go! Cap that carbon!<sup>25</sup>

Instead, a U.S. cap and trade law proposed in 2009 guts the Clean Air Act, leaving it to the market to fix the problem.<sup>26</sup> If a cap and trade proposal weakens our ability to make strong laws, it's a distraction.

Concerned citizens around the world need to speak out and demand we redesign our economies away from fossil fuels.<sup>27</sup> But cap and trade makes citizens think everything will be okay if we just drive a little

---

last accessed October 11, 2009.

22. See the video by Environmental Protection Agency officials Allan Zabel and Laurie Williams, 'The Huge Mistake', <http://www.youtube.com/watch?v=WLHCvYj0kzk>, 2009. The EPA tried to suppress the video in November 2009.
23. In addition to radically rejigging our energy, production and transport systems, other necessary solutions are described by Climate Justice Action of Copenhagen:
  - leaving fossil fuels in the ground;
  - reasserting peoples' and community control over production;
  - relocating food production;
  - massively reducing overconsumption, particularly in the North;
  - respecting indigenous and forest peoples' rights; and
  - recognising the ecological and climate debt owed to the peoples of the South and making reparations.
24. For eloquent voices of the Global South, listen to Climate Justice Now!, Third World Network, Focus on the Global South, the Peoples Climate Justice Movement and a wide range of other organizations. The most sophisticated voices believe that petroleum/mineral extraction, cash cropping the land (especially for biofuels), exported growth and other old-fashioned strategies should be dispensed with in the search for a more thoughtful, ecological, feminist, race-conscious, indigenous-oriented development.
25. I know that reducing carbon through the Clean Air Act isn't going to be simple and won't bring us to a national or global cap by itself; still, it is a useful approach to reducing carbon emissions that is being underutilized, and that could quickly be applied to several thousand emissions point sources to force major cuts right away. Following a lawsuit decided by the US Supreme Court, the Environmental Protection Agency issued an 'endangerment finding'

in April 2009 which allows the agency to mandate emissions reductions without legislation. The EPA made the finding because as a 'pollutant', six greenhouse gases could be shown to be responsible for severe damage, including an increased risk of droughts and floods, sea level rise, more intense storms and heatwaves, and harm to water supplies, agriculture and wildlife. In addition, the EPA drew its mandate from a 2007 report by former US generals and admirals claiming that that climate change was a 'national security challenge.' The EPA now can regulate emissions of carbon dioxide, methane, nitrous oxide, hydrofluorocarbons, perfluorocarbons and sulphur hexafluoride. See U.S. Congressional Budget Office, 'Policy Options for Reducing CO2 Emissions,' February 2008, online at: [www.cbo.gov/ftpdocs/89xx/doc8934/02-12-Carbon.pdf](http://www.cbo.gov/ftpdocs/89xx/doc8934/02-12-Carbon.pdf); Richard Black, 'Obama to regulate "pollutant" CO2', April 17, 2009, <http://news.bbc.co.uk/2/hi/8004975.stm>; Jay Austin, 'Massachusetts v. Environmental Protection Agency: Global warming, standing and the US Supreme Court', Review of European Community & International Environmental Law 16:3 (2007) 368-371; and Kassie Siegel, Bill Snape, and Matt Vespa, No reason to wait: Reducing greenhouse gas emissions through the Clean Air Act, Center for Biological Diversity, San Francisco, [http://www.biologicaldiversity.org/programs/climate\\_law\\_institute/legislating\\_for\\_a\\_new\\_climate/pdfs/NoReasonToWait.pdf](http://www.biologicaldiversity.org/programs/climate_law_institute/legislating_for_a_new_climate/pdfs/NoReasonToWait.pdf)

26. ClimateSOS is one of the main groups fighting against the kind of legislation – such as sponsored by Waxman-Markey and Kerry-Boxer in 2009 - that sets back the climate justice cause. For more on the broader power relations, see James Hansen, 'G8 failure reflects US failure on climate change', <http://www.commondreams.org/view/2009/07/10-8>, last accessed October 11, 2009.
27. See <http://totnes.transitionnetwork.org/> for more information on how communities are beginning to envision a post-carbon-based society.

---

## THE STORY OF CAP & TRADE

less, change our light bulbs and let these guys do the rest. If cap and trade creates a false sense of progress, it's a dangerous distraction.

These cap and trade proposals are mostly about protecting business as usual.

Right now, the US subsidizes fossil fuels at more than twice the rate of renewables.<sup>28</sup> What? We shouldn't be subsidizing fossil fuels at all!

These guys don't seem to realize that the simplest way to keep carbon out of the atmosphere is to leave it safely in the ground.<sup>29</sup>

U.S. congressman, Rick Boucher, a well-known friend of the coal industry voted for cap and trade. He said it "strengthens the case for utilities to continue to use coal."<sup>30</sup>

No law that encourages coal use can stop climate change. Period.

Solid caps, strong laws, citizen action, and carbon fees to pay off ecological debt and create a clean energy economy, that's how we can save our future.

Next time someone tells you Cap and Trade is the best we're gonna get, don't believe them! Better yet, talk to them. They probably want a future safe from climate change too. Maybe they've just forgotten that you can only compromise to a point before a solution isn't really a solution.

I know we'd all love to sacrifice nothing, save the planet and get rich doing it. But get real! This is the biggest crisis humanity has ever faced.

We can't solve it with the mindset – their mindset – that got us into this mess. We need something new.

---

It won't be easy, but it's time we dream bigger. It's time to design a climate solution that will really work.

28. Tina Seeley, 'US fossil fuel subsidy twice that of renewables', Bloomberg News, 18 September, <http://www.bloomberg.com/apps/news?pid=20601103&sid=a2ygdsSj.KQI>, last accessed October 11 2009.

29. Citizen action against unreasonable fossil fuel extraction is intensifying. The Nigeria-based network Oilwatch and some of its key members – such as Accion Ecologica and allied indigenous groups in Ecuador, Environmental Rights Action in the Niger Delta (in the tradition of Ken Saro-Wiwa), groundWork and the South Durban Community Environmental Alliance in South Africa, and Native Canadians and environmentalists in Alberta fighting tar sands extraction – have a set of slogans: 'Keep the oil in the soil, the coal in the hole, the tar sand in the land.' The sentiment is also endorsed by Rising Tide (especially in Australia and the UK), Climate Camp, and US activists fighting mountaintop coal, coal electricity generators and oil extraction in places as diverse as West Virginia, Washington DC, California and Alaska.

30. Hank Hayes, 'Boucher seeks change in cap-and-trade', Times News, August 29 2009, <http://www.timesnews.net/article.php?id=9016458>, last accessed October 11, 2009.