Beyond the critique of carbon markets: The real utopia of a democratic Climate Protection Agency

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ABSTRACT

This paper discusses the possibility to go beyond the critique of carbon markets by offering an alternative, democratic model for allocating greenhouse gas emissions rights, rather than one based on the ability to pay. Taking stock of the substantial critique that have been made of markets for allocating such rights, it seeks to offer a non-market based, yet realist, mechanism. This non-market mechanism is grounded in the literature on democratic economic planning as applied to environmental questions. It delineates the proposition for a Climate Protection Agency through which competing interests and visions could be represented – and transformed – in the process of allocating limited rights. This alternative model is offered in the spirit of “real utopias”. Discussions of the desirability, viability, and achievability of the model are made by way of comparison with a similar – but actually existing – model, namely the distribution of land-use rights in Switzerland.

1. Introduction

The plateau in greenhouse gas emissions reached after the Paris Agreement (2015) was only temporary. It has now been superseded by a renewed growth in emissions, driving the Earth towards dangerous anthropogenic climate change, far above the official 2°C maximum warming negotiated in Paris (Global Carbon Budget, 2017). That such runaway and dangerous climate change would take place in an era of continuing and ‘zombie’ neoliberalism is no surprise. Leading analysts of global environmental governance (Ciplet and Timmons, Roberts, 2017) do not hesitate to brand the Paris Agreement as the latest iteration of neoliberal environmentalism, based on voluntary actions and disclosures, rather than on binding targets and on ‘command-and-control’ mechanisms.

For Marxists and other radical authors capitalist relations of production underlie neoliberal environmental regulation. Because capitalism is predicated on continuous growth, and because current economic growth implies the extraction, use and consumption of enormous amount of matter, including fossil fuels, capitalism is held to be ecologically destructive and a threat to the climate (Ciplet et al., 2015; Lohmann, 2011; Newell, 2012; Malm, 2016; Paterson, 1996; Vlachou, 2004; Wright, 2010, pp. 69–70).

This threat has enormous political consequences, that may derail existing democratic politics if an authoritarian state appears as the only viable solution to the climatic question (Wainwright and Mann, 2013). However, while the relationship between capitalism and climate change is well established in the literature, propositions for alternative economic organisations that could reign in the current environmentally destructive pattern of economic development are just starting to be developed. Responding to calls for more utopian thinking in environmental governance (Sargisson, 2013; Swyngedouw, 2009), I want to sketch one possible institutional arrangement that offers an alternative way of organizing society-environment relations from a “radical democratic egalitarian” (Wright, 2010, p. 12) normative perspective.

This is important for an “emancipatory social science” (Wright, 2010, pp. 10-29) because, in order to be truly emancipatory and not just negative, the critique of existing social arrangements must be supplemented by an account of the possibility of an alternative social organisation. In this paper, I thus try to put forward one institutional proposition for better management of greenhouse gases emissions in a democratic way. I offer some ideas on possible “non-reformist reforms” – to borrow from Gorz’s seminal concept (Gorz, 1967). Non-reformist reforms are not just about offering an alternative management of capitalism but are about creating processes, movements and institutions that build confidence in the capacity of working people to gain autonomy and to organize larger-scale economic processes. In the spirit of “real utopias”, I will discuss this proposition’s “desirability, viability and achievability” (Wright, 2010, p. 20).

My proposition is to create, at the national state level (but with a decentralized organisation), a Climate Protection Agency through which rights regarding greenhouse gas emissions would be democratically distributed. This proposition thus runs counter to the dominant
mechanism for allocating greenhouse gas emission rights, namely the market (emissions markets).

I will do this first by explaining what is wrong with emissions markets. Emissions markets have been criticized for commodifying nature, creating or entrenching inequalities and being inefficient. (Bond, 2012; Lohmann, 2006, 2012; Lane and Newell, 2016; O’Neill, 1993, 2007; Spash, 2010; Leonard, 2017). However, I also want to argue that emissions markets are especially harmful in so far as they depoliticize economic decision making, namely that they substitute investment decisions to political decisions (Felli, 2015; Madra and Adaman, 2014).

This will lead me then to argue that an alternative for allocating greenhouse gas emissions rights must build on the necessary multi-dimensional nature of environmental problems, which cannot be reduced to a single monetary unit.

I want to argue for the possibility (“viability”) and benefits (“desirability”) of developing and extending democratic planning in the realm of environmental management. This kind of democratic economic planning draws on the work of Pat Devine (1988; see also Adaman and Devine, 2001; Cumbers, 2012; O’Neill, 2007): it is a model of participatory planning in which all affected individuals can take part “in proportion to the extent to which they are affected by it” (Devine, 2002, p. 73). It relies on informed deliberation, rather than on market transaction, to allocate resources for economic production. It is a transformational model in that the very process of debating, negotiating, etc. helps transforms the beliefs, attitudes and desires of the participants. My proposition in this paper has a much more sectorial content: it is limited to the question of the allocation of permits for greenhouse gas emissions.

While utopian in aspiration, my argument is also realist in outlook. To argue for the viability and even achievability of the model, I will argue that such a democratic mechanism could function similarly to an already existing mechanism for the allocation of land-use rights in Switzerland. I do that by offering a brief description of the mechanisms whereby private property in land is strongly socialised and subject to decentralised democratic institutions in Switzerland; and I then present a comparison between such existing institutions and the Climate Protection Agency model.

2. One reason why emissions markets are harmful

Markets for environmental governance are mechanisms that seek to institutionalize a fundamental idea of neoclassical environmental economics: the polluter-pays principle. In the context of various environmental crises, such as resource depletion and pollution, neoclassical economists have argued that the best way to “internalize” environmental constraints into the economic system is by putting a price on nature. The additional cost incurred to polluters, or to those who want to use a specific resource, is supposed to modify their expectations and thus their behaviours, leading to a decline in polluting activities and to the promotion of innovation in non-polluting (or less-polluting) alternatives.

These broad principles have been implemented through various mechanisms, notably the so-called “economic instruments” in environmental policy, such as eco-taxes and markets for pollution permits (Jordan et al., 2003). The money extracted by the state from firms through these mechanisms amounts to a form of rent. For instance, access to permits for emissions constitutes a necessary condition of production, one that is imposed by the state on production units. As such, these mechanisms are an impediment to production, and the money that companies have to pay to acquire them is a draw on surplus-value.1 Environmental rents are a form of surplus-value distribution. Ecological conflicts (in the sense of Martínez Alier, 2002) that emerge around these rents are distributional conflicts, not conflicts over direct production relations. (Andreucci et al., 2017; Bigger and Robertson, 2017; Christophers, 2016; Felli, 2014; Huber, 2017).

Some sections of capital actively support and promote such mechanisms for internalising environmental costs into market prices. This is because under capitalism there are constant contradictions between capital accumulation (making a profit) and social reproduction (ensuring that human beings can reproduce themselves, biologically and socially; and ensuring that the natural environment that sustains accumulation is reproduced too) (Bhattacharya, 2017; Felli, 2014; Fraser, 2016; O’Connor, 1998; Vlachou, 2004). The state is the major nodal point of convergence and resolution (or displacement) of these contradictory demands (O’Connor, 1998; Jessop, 2016). A social and economic pressure thus exists to rein in the tendencies towards the destruction of the non-human world. But this pressure cannot arise, most of the time, from the decision of individual capitals. Rather, an authoritative structure is necessary to coerce them into a position that is detrimental to specific capitals in the short run but helps reproduce capitalist social relations in the long run. The strategic selectivity of the State (Jessop, 2016) implies that under specific circumstances the interest of some capitals may be repressed in the interest of an overall attempt at reproducing capital’s ecological dominance. As E. O. Wright (2010, p. 341) notes, such a capacity can be grounded in a dynamic class compromise in which labour’s power and gains “can positively contribute to the realization of capitalists interests by helping to solve macroeconomic problems.” this was a defining feature of the Keynesian Welfare State, but is much more problematic under the Schumpeterian Competition State where labour has lost much of its organisational power.

In cases where individual capitals interests must be restricted, however, managers of the state must politicize production. For instance, in the 1970s in Switzerland, the number of foreign workers admitted in the country was limited (Piguet and Mahnig, 2000). Which economic sectors and firms would be allowed to hire foreign workers was determined by a bargaining process between the state, employers and trade unions: ultimately the allocation of foreign workers was a political decision rather than one based on market decisions. In Hayek’s words, politicization limits the freedom of capitalists “to determine what is produced, by whom, and for whom” (von Hayek (1960), p. 200) by requiring a political decision about the allocation of the conditions of production between different sectors, regions and individual capitalists (rather than letting the law of value – or more simply, the power of investors – make these decisions).

Conversely, “depoliticization” points to the idea that something which could be (or has been) political is moved (or kept) out of the political debate and decision-making arenas (cf. Hay, 2007; Felli, 2015). The important point to bear in mind here is that movements of depoliticization (or politicization) are not neutral: they reshape and transform the ability of specific actors to act upon the entity considered: they create winners and losers. In environmental policies in particular, the movement of depoliticization by “economization” (Madra and Adaman, 2014) ensures that the multiple values by which a particular policy towards the environment can be judged (multi-criteria perspective) are reduced to a single unit of valuation: money. Hence, actors endowed with relatively more money (owners of capital) acquire a relatively greater power over investment and production decisions.

Neoliberalism is the attempt by the owners of capital (and their whole array of helpers, managers, and organic intellectuals.) to depoliticize economic management, both intellectually (what is thought to be the legitimate boundaries of the “economic” and of the “political”)

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1 Depending on market design, this rent may be passed free of charge to the polluters, as in the case of emissions rights “grandfathering” in cap-and-trade systems: in that case...
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