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## The deadly triad

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# The deadly triad: Climate change, free trade and capitalism

*Walden Bello*

The way out of the global recession, it is alleged by figures ranging from Gordon Brown to Pascal Lamy, is by expanding global trade, and the key to this is concluding the stalled Doha Round of trade negotiations under the World Trade Organization (WTO). But there is something surreal about this argument. Faced with the looming spectre of climate change, the trade negotiations in Geneva amount to little more than arguing over the arrangement of deck chairs while the *Titanic* is sinking. Indeed, one of the most important steps in the struggle to come up with a viable strategy to deal with climate change would be to *derail* the Doha Round.

## *Global trade: deeply dysfunctional*

Global trade functions by virtue of a transport system that is heavily dependent on fossil fuels. It is estimated that about 60 per cent of the world's use of oil goes to transportation activities, which are more than 95 per cent dependent on fossil fuels. A study by the Organisation for Economic Cooperation and Development (OECD) estimated that the global transport sector accounts for 20–25 per cent of carbon emissions, with some 66 per cent of this figure accounted for by emissions in the industrialised countries.<sup>1</sup>

<sup>1</sup> new economics foundation, p.9.



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From the point of view of environmental sustainability, global trade has become ever more dysfunctional. Take agricultural trade. As Daniel Imhoff has pointed out, 'the average food item journeys 1,300 miles before becoming part of a meal'.<sup>2</sup> Long-distance travel contributes to the absurd situation wherein 'ten calories of energy are required to create just one calorie of food energy'.<sup>3</sup>

The WTO has been a central factor in increasing carbon emissions from transport. A

<sup>2</sup> Imhoff, pp.425–6.

<sup>3</sup> Ibid.

study done by the OECD in the mid-1990s estimated that by 2004, the year marking the full implementation of free-trade commitments under the WTO's Uruguay Round, there would have been an increase in the transport of internationally traded goods of 70 per cent over 1992 levels. This figure, notes the progressive British think tank new economics foundation (**nef**), 'would make a mockery' of the Kyoto Protocol's mandatory emissions reduction targets for industrialised countries.<sup>4</sup> Since then, with the exception of the dip in global trade caused by the world economic crisis, things have been getting progressively worse.

### *Transportation: More fossil-intensive than ever*

Ocean shipping accounts for nearly 80 per cent of the world's international trade in goods. The fuel commonly used by ships is a mixture of diesel and low-quality oil known as 'Bunker C', which contains high levels of carbon and sulphur. As Jerry Mander and Simon Retallack point out, 'if not consumed by ships, it would otherwise be considered a waste product'.<sup>5</sup>

Aviation, which has the highest growth rate as a mode of transport, is also the fastest growing source of greenhouse gas emissions, with its consumption of fuel expected to rise by 65 per cent from 1990 levels by 2010, according to one study cited by **nef**.<sup>6</sup> Other estimates are more pessimistic, with the Intergovernmental Panel on Climate Change (IPCC) suggesting that fuel consumption by civil aviation is increasing at a rate of 3 per cent a year and could rise by nearly 350 per cent from 1992 levels by 2050.<sup>7</sup>

Again Mander and Retallack: 'Each ton of freight moved by plane uses forty nine times as much energy per kilometer as when it's moved by ship...A two minute takeoff by a [Boeing] 747 is equal to 2.4 million lawn mowers running for twenty minutes'.<sup>8</sup> In support of trade expansion and global economic growth, authorities have by and large taxed neither aviation fuel nor marine bunker fuel, which now account for 20 per cent of all emissions in the transport sector.

Along with fossil-fuel-intensive air transport, fossil-fuel-intensive road transport has also been favoured by the expansion of world trade, instead of less emission-intensive modes of transportation such as rail traffic. In the EU, for instance, the focus on building up a road transport network led an OECD study to comment that 'the way in which the EU liberalisation policy has been implemented has favoured the less environment-friendly modes and accelerated the decline of rail and inland waterways'.<sup>9</sup>

### *Decoupling growth and energy: a panacea*

There has been talk about decoupling trade and growth from energy use, or shifting from fossil fuels to other, less carbon-intensive energy sources. This is the position held by the G-8. The assumption is that affluent societies can take on commitments to reduce their greenhouse gas emissions, but still grow and enjoy their high standards of living if they shift to non-fossil fuel sources of energy. Moreover, the domestic implementation of the mandatory cuts agreed on multilaterally by governments must occur by way of market-based mechanisms, that

4 new economics foundation, p.10.

5 Mander and Retallack, pp.28-9.

6 Cited in new economics foundation, p.11.

7 Ibid.

8 Mander and Retallack, pp.28-9.

9 OECD, quoted in new economics foundation, p.11.

is, through the creation and trading of emission permits. The subtext is: techno-fixes and the carbon market will make the transition relatively painless and – why not? – profitable too.

The reality is that other energy sources and technologies are either dangerous, like nuclear power; have deleterious side-effects, like agrofuels' negative impact on food production; or are simply science fiction at this stage, like carbon sequestration and storage technology. Moreover, market mechanisms such as carbon trading are simply a way for states to avoid forcing their corporate sectors to make the hard decision to significantly cut emissions now.

It is also rapidly becoming clear that the dominant paradigm of economic growth is one of the most significant obstacles to a serious global effort to deal with climate change. But this destabilising, fundamentalist growth-consumption paradigm is itself more effect than cause. The central problem, it is becoming increasingly evident, is a mode of production whose main dynamic is the transformation of living nature into dead commodities, creating tremendous waste in the process. The driver of this process is consumption – or more appropriately over-consumption – and the motivation is profit or capital accumulation.

Global trade has been a central mechanism of this capitalist dynamic of accumulation, consumption and expansion. And for the foreseeable future, trade expansion and global growth will fall in line with their historical trajectory of being correlated with increased greenhouse gas emissions.

Ultimately, a fundamental transformation at the level of the mode of production seems

inevitable if the world is to address seriously the challenge of climate change and the broader environmental crisis. In the short term, however, a sharp U-turn in consumption and growth in the developed countries and a significant decrease in global trade are unavoidable if we are to have the space to mount this more strategic enterprise of moving away from capitalism towards a more ecologically sustainable form of economic organisation.

The outcome of the Doha negotiations will determine whether free trade will intensify or lose momentum. A successful conclusion to Doha will bring us closer to uncontrollable climate change. It will continue what **nef** describes as 'free trade's free ride on the global climate'. A derailment of Doha will not be a sufficient condition to formulate a strategy to contain climate change, but given the likely negative ecological consequences of a successful deal, it is a necessary condition.

### *Literature*

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