Envisioning a post-fossil investment era

By Laurence L Delina

In the last two years, two synchronized crises – financial and climatic – have shadowed the world. Persistent talk about investments that might mitigate global warming and put business back on track buzzes around. The United Nations along with various businesses, non-governmental, development, and multilateral financial organizations...
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urges a Green New Deal or a Green Stimulus to kick off the new Green Growth. In January 2009, the U.S. Congress has passed the American Recovery and Reinvestment Act which sets out a $787 billion tax and investment package to create and save three to four million jobs, jumpstart the U.S. economy, and begin the process of transforming it for the 21st century. Coal-powered utilities and oil companies have started begging for billions in public money for technologies to capture carbon dioxide from their chimneys and bury it underground. Private investors and agribusiness corporations are meanwhile looking for opportunities to mold a political environment in which they might benefit from investing hundreds of millions of dollars into commercial enterprises ranging from wind energy to expansive solar panel systems and biofuels. A multitude of futuristic geo-engineering proposals involving artificial trees, solar radiation management techniques, ocean iron fertilization and the like are also under major discussion. A number of governments are still hoping that major climate investment decisions can be simply left to new carbon markets even though the climate talks in Copenhagen in December 2009 failed to replace the schemes of the Kyoto Protocol. But to what extent are any of these proposals a good idea and effective against the causes of global warming, favorable to livelihood, and secure and just for all? The answers remain complex and fuzzy. Still, many think that climate investments should be aimed to promote unlimited growth in consumption – a mismatched school of thought with what the Earth is able to sustain. The chances, as well as the difficulties, for an effective climate investment are multifarious. The discussion terrain has become an area where economists and climate scientists find difficulty to provide a rough map. It is therefore appropriate at this stage to revisit which ideas of climate investment work and which should be shelved. Let us start with what will not work - ideas that should have long been out of the scene. Magnifying investments on fossil fuel mining and burning will never be a feasible strategy. As a matter of fact, it is the main reason for global warming. Climate investment has to move towards keeping oil, coal and gas in the ground, not extracting them out. Doing so requires extensive review of energy finance policies and regulations of nearly all nations, multilateral organizations, and financial institutions. To think that investments on nuclear energy to replace fossil fuel means to be on the wrong side of the fence. It is simply a catastrophic waste of money. Although nuclear fuel contains ten million times more exploitable energy than any other fossil fuel, it is with these unmanageably high concentrations of energy that its utilization is questioned. The perils to radioactive contamination lasting tens of thousands of years, the risks of mining raw materials, the impossibility of waste disposal, the massive capital costs, the hazardous use of nuclear materials in weapons, and the need to police it are but common obstacles that need to be addressed first before nuclear energy could be considered practical. Investments on biofuels as a replacement for some of our oil are another obsolete strategy. Today’s large investments on biofuels are intended to power technologies in industries originally designed to run on petroleum and its allied products. Thus, instead of replacing them, biofuels merely provide a new lease on life for these plants, equipment and transport modalities. Moreover, since biofuels are obliged to play the same role as fossil fuel does in current industries, the need for more land to grow them is huge. This will eventually translate to further land inequality in many developing countries where large tracks of land (including forests) are converted to palm oil, sugar cane and other biofuel plantations. To invest on carbon capture and storage is an inappropriate response to our climate concerns. It will only sustain our addiction to dirty coal. Moreover, years of research and billions of dollars are required before it can even be deployed. The neoclassical idea to dirty in carbon markets is also a defunct strategy. Pro-market economists have long advertised carbon trading as a means for providing finance and incentives for a transition to a fossil-free future. However, in their decade of existence, carbon trade have done exactly the opposite by offering the heaviest fossil fuel polluters in industrialized societies creative means to delay steps toward meaningful structural changes are desperately needed. These markets have given them avenues to expiate of their climate sins by buying carbon indulgences. If these conventional means do not work, how then should post-fossil climate investment be designed? For climate investment to be successful, it should go beyond simple non-carbon techniques that creatively build long-term and coherent path away from fossil fuel addiction – a path that ushers us in a post-fossil era. It is an era where humanity traverses a path that rejects investment in carbon trading system as basis of climate policy. This era would pave a path that not only direct societies away from coal, oil and gas but also moves it away from the hunt for fossil fuel substitutes.

However, it is not only fossil fuels and the quest for its substitutes that should be discarded, but also the practices and institutions that have made their extraction and burning possible. In the post-fossil era, carbon markets are outside the picture. They can never be a part of intelligent new climate policy since they are designed in a way that extends the life of fossil fuel-oriented infrastructure. The future of climate investment belongs, instead, to locally-concentrated energy, locally-tailored agriculture, and locally-suitable transport.

The post-fossil investment needs to be focused toward a community sustained by common people and confluence of things with which we live and by which we develop, forge and sustain our relationships. This new path entails a shift in the paradigms used in making investment decisions. It means switching away from constructs of ‘future energy demand’ devised by neoliberal institutions such as the World Bank and the International Energy Agency which assumed that all available underground fossil fuels will be extracted and burned with ‘alternatives’ made available later on.

The post-fossil era therefore means producing and harnessing new paradigm that goes beyond the usual provinces of economics, climate science and engineering. It will involve social scientists, development scholars and anthropologists to put in perspective the vicious assumptions and practices implicated by the growth-without-end doctrine. It will ask historians to investigate how structural changes have been peacefully carried out in the past, and how we can learn from these adjustments. It will enjoin legal scholars to highlight environmental protection instruments whose merits have been eclipsed by neoliberalism. It will limit counterproductive attempts to make innovation an expensive commodity as enshrined in current capital-oriented intellectual property laws, thus halting over-protection and piracy of ideas and innovations.

It will force state bureaucracies, research institutions, international organizations, and financial institutions to make room for more investigation and discussion of how other communities and societies are able to support themselves without over-reliance on fossil fuel. It will force the World Bank and other multilateral financial institutions to stop investing in fossil fuels and gargantuan hydroelectric dams, and massive wind and photovoltaic farms.

A post-fossil investment era will require low, no, or even negative growth. The change will be radical and the transition revolutionary.

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