The Implications of the Copenhagen Summit for Globally Responsible Leaders

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Post-Copenhagen, it is becoming clear that the only responsible thing for companies and financial institutions to do is to call for a new global framework for carbon taxation, and an end to ineffective and unfair carbon cap and trade markets. The intergovernmental paralysis that has been caused over the last 18 years by seeking agreements on carbon caps, the daylight robbery of both tax payers and consumers that current carbon markets have aided, and their complete ineffectiveness in reducing real carbon emissions, means that a fresh paradigm is called for. Polluters and banks can make millions out of carbon markets, and so their lobbying for such markets is not a sign of responsible leadership, but the exact opposite − exploiting people at a time of global fear. In 1992, carbon cap and trade came to dominate the policy agenda because there was no real will from business to bring emissions down. Today there is such will, and so negotiations need to focus on what will work, and that means putting the cash-grab that carbon markets present into the dustbin of history. It's a dustbin we could label with the reminder: “beware how selfish elites can threaten our very civilisation.” Post-Copenhagen, the pragmatic arguments for cap and trade have been shown for what they are – the spin of special interests. We must never assume that just by working on an issue of public concern that we are doing a good thing − it depends entirely on why we work on that issue, and on the effectiveness and fairness of our contribution. Many talented individuals have progressed over the past decade from concerned environmentalists to leaders in carbon-markets. Fortunately they now have the chance to use their roles responsibly and promote real solutions, not just serve the elites and their own careers. It's their choice. In this paper I explore the clear need for them to make that choice.

The Impasse on Climate

In December 2009, the attention of the world's media turned to Copenhagen and the summit to negotiate an agreement on international action on climate change. Given widespread international concern about carbon emissions leading to abrupt climate changes, the expectations of some were high. However, by the end of two weeks, the conference’s “noting” of an accord that specified no firm target for limiting the global temperature rise, no commitment to creating a legal treaty, no target year for peaking carbon emissions, and no clear mechanism for creating an internationally equivalent price for carbon emissions, meant that the summit appeared to many as a disappointment.[1] Some delegations were calling it a disaster for their nations. Yet others welcomed the collapse of the summit, for reasons I will explain below. The way the summit unfolded led some commentators to suggest it marked a new era in international relations. I previously discussed this new era to some extent in *The Eastern Turn in Responsible Enterprise*, as the growing economic power of nations previously grouped together as the “third” or “developing” world presents major implications for the terrain of corporate responsibility worldwide.[2] The full implications for responsible management research and practice need exploring, and I seek to aid your own exploration of that in this paper.

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1 BBC (2009) Copenhagen deal reaction in quotes, 19th December, http://news.bbc.co.uk/2/hi/8421910.stm
2 Bendell et al (2009) *The Eastern Turn in Responsible Enterprise,* Lifeworth. http://www.lifeworth.com/lifeworth2008

At the end of the Copenhagen summit everyone was being blamed. Many leaders from the G77 block of countries pointed the finger at the high-income nations of the EU and at the USA, and in particular at their plans to obtain an agreement that the Danish hosts had drafted which many said favoured the richer nations. Others pointed the finger at the Chinese, who did little to help the talks progress, and then, during the last days, convened meetings of large non-Western economies to set out what they wanted in an agreement and what they did not, and who said they would not accept any international targets in the agreement, not even for the 'developed' nations.[3] Despite this approach from China, the leaders of the G77 delegation blamed only the West for the limited commitments. The fact that the lead negotiator for the G77 was from an oil exporting nation, whose controversial government is dependent on Chinese investment, was not reflected by most media or indeed the non-governmental organisations (NGOs) . The previous lead negotiator for the G77, a renowned ethical and tough negotiator, was removed just before the conference by the President of the Philippines, a lady whose husband has been embroiled in corruption scandals involving multi-million dollar payments from Chinese businesses.[4] Then the campaign group Avaaz blamed the corporate lobbyists from the US (where there are over 2000 of them working on climate change policy), who they said made it impossible for the US president to have much credibility in signing any agreement, given the attitudes of the US congress. As a result they launched a campaign against the US Chamber of Commerce.[5] Some in civil society began blaming themselves for having been wrong-footed and not realising where the real power lay, and for wasting too much time advocating what the EU and US should do, rather than working on encouraging climate mitigation ambitions of other powerful nations.

So there was much going on beneath the surface, that may never be fully understood. What is clear, however, is that most countries came to the talks with narrow and short-term economic self-interests framing their agendas, whether personal or national, and in such a situation the dominant economic force of the 21st century, China, held sway. Prior to the negotiations I was in meetings that made it clear that negotiators on one Asian nation's delegation to the Summit were told not to agree anything that would cost the country money. I presume their political bosses had not read the Stern report on what the costs really are of not doing anything to reduce global carbon emissions. At that meeting I attended, the environment minister was sat next to the CEO of one of the largest oil companies in the country. The minister explained to me he favoured a voluntary approach. I return to the issue of responsible lobbying below.

The Copenhagen Summit helped the world see how climate negotiations are not about preventing climate change. Even if the world had implemented the Kyoto Protocol to the full, it would only have delayed global warming by six years, yet CO2 emissions are now 40 per cent above their level in 1990, the amount Kyoto was meant to return them to.[6] The ambitions were always too low, but the Copenhagen summit illustrates clearly that we have reached an impasse in how global challenges can be addressed through the interactions of nation states. The global ideology of economic growth overhangs all deliberations, as nations seek to protect their growth rates, rather than their populations (and not seeing the difference, thus demonstrating their ideology). Additionally, the assumption that regulations add costs and reduce growth, rather than stimulating innovation, remains widespread. Yet, as Paul Toni of WWF Australia explained to me when I interviewed him at the Asia Pacific Academy of Business in Society (APABIS), environmental

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3 Lynas, M. (2009) How do I know China wrecked the Copenhagen deal? I was in the room, The Guardian, 22nd December http://www.guardian.co.uk/environment/2009/dec/22/copenhagen-climate-change-mark-lynas

4 Romero, P (2009) Copenhagen talks: RP negotiator out, Arroyo party in, abs-cbnNEWS.com/Newsbreakm, December 4th, http://www.abs-cbnnews.com/nation/12/04/09/rp-dumps-climate-change-negotiator-copenhagen-talks

5 https://secure.avaaz.org/en/people_vs_polluters/

6 http://www.telegraph.co.uk/comment/columnists/christopherbooker/6845686/Copenhagen-accord-keeps-Big-Carbon-in-business.html

regulations cost far less than predictions from those against them* and drive innovation. (See part of the interview here.)[7]

Forward thinkers must now question how to overcome the inter-governmental impasse and organise ourselves better this century. John Sauven, executive director of Greenpeace UK, said: "It is now evident that beating global warming will require a radically different model of politics than the one on display here in Copenhagen."[8] Much has been said of the growing power of civil society and, more recently, of well-intentioned business leaders in helping encourage governments to act. While some NGOs, such as Avaaz, have argued that Copenhagen shows the mobilisation of a people's movement around the world, and that it must continue, others praised the role of the media[9], nevertheless it appeared that civil society was, as I said above, somewhat wrong footed. The limited scope and role of civil society in countries like China means that NGOs play a very cautious role* and seek favour with leaders. This can be seen in WWF China's comments before the summit amongst others included that China would not be able to cut its emissions in order to meet a two degree warming target, and therefore other countries would need to cut their emissions further. It can also be seen in AccountAbility's report released in October, which stated in the third person that its national environmental initiatives give "China a convincing voice in efforts to achieve a global agreement on how to manage the economic, social and environmental threats of climate change. China is now recognised as a part of the select group of countries that are doing most to investigate and devise policies to build low carbon competitiveness."[10] They may be sensible to build bridges and understanding, but it suggests that vibrant grassroots civil society engaging in robust dialogue with leaders is not a feature of politics in some countries. Therefore, civil society groups will need to do some soul searching and consider how best to influence non-Western governments. I have been applying my own ideas about this for three years now, but that's another story.[11]

The Paradox of Business Lobbying on Climate

Business communities have been vocal on climate policy nationally and internationally for almost two decades. In the late 1980s it was left to scientists to debate their various predictions about rates and consequences of climate change. In the history of climate change policies the role of business has been inauspicious, given how large corporations mobilised throughout the 1990s to create uncertainty about the science of anthropogenic global warming. For instance, "in the 1990s the Global Climate Coalition (GCC) – a front group for 50 major oil, coal, auto and chemical corporations and trade associations – played a key role in delaying and weakening international climate agreements, mainly by pressuring US politicians", says Oscar Reyes of the Corner House. In his December 2009 article he continues that "the GCC successfully lobbied Washington to ensure that no binding targets were included in the UN Framework Convention on Climate Change, agreed at the 1992 Rio Earth Summit. It also promoted a 1997 Senate resolution where US legislators expressed unanimous opposition to legally binding greenhouse gas reductions unless developing countries (responsible for a fraction of the current and historical emissions) adopted the same rules. Al Gore, the US chief negotiator at the time, took this message to the UN climate negotiations and 'demanded a series of loopholes [in the Kyoto Protocol] big enough to drive a Hummer through,' as British journalist George Monbiot put it."[12]

7 Paul Toni interview with Jem Bendell, Brisbane, 4th November 2009. http://www.asiapacificsustainableenterprise.com/apsce/APABIS_Conference_2009_videcasts/Entries/2009/11/23_Interview_with_Paul_Toni%2C_Program_Leader_for_Sustainable_Development%2C_WWF.html

8 http://www.guardian.co.uk/environment/2009/dec/18/copenhagen-deal

9 The Earthquake in Copenhagen: Reflections on CoP-15 and its Aftermath, 21 December 2009, http://alanatkisson.wordpress.com/2009/12/21/the-earthquake-in-copenhagen-reflections-on-cop-15-and-its-aftermath/

10 Accountability (2009) Responsible Competitiveness in China 2009: Seizing the low carbon opportunity for green development, London. http://www.accountability21.net/default2.aspx?id=4742

11 Bendell, J (2007) What's and NGO to do? http://jembendell.wordpress.com/2007/07/17/whats-an-ngo-to-do/

12 Oscar Reyes (2009) Taking Care of Business. In: The New International, December Issue http://www.newint.org/features/2009/12/01/corporate-influence/

Today, however, the situation is much more complex. Many companies and their associations, such as the US Chamber of Commerce, still deny that curbing carbon emissions is a priority for public policy and lobby against, or focus on obtaining exemptions or special treatment for their own sectors in order to reduce costs.[13] For instance, in the US, Washington DC "can now boast more than four climate lobbyists for every member of Congress."[14] A negative approach to carbon regulation is not welcomed by many executives today, a recent example being Apple, who withdrew from the Chamber in protest in October 2009. In a letter to the president of the US Chamber of Commerce, Apple's Catherine Novelli wrote; "we strongly object to the Chamber's recent comments opposing the EPA's effort to limit greenhouse gases," further explaining "Apple supports regulating greenhouse gas emissions, and it is frustrating to find the chamber at odds with us in this effort."[15]

Groups like the Climate Disclosure Project and the Institutional Investors Group on Climate Change, and The Business Leaders Initiative on Climate Change, now bring together large swathes of the private sector that lobby privately and advocate publicly on the need for an intergovernmental agreement on climate change. One the one hand this is very promising, representing as wiser approach to business, that recognises systemic threats to value creation, and the role of government to provide frameworks for innovation. The impact can be seen to be positive, such as the work of HSBC in analysing the environmental components of government stimulus packages, as John Cohen and I discussed in the *Journal of Corporate Citizenship* in the first quarter of 2009.[16]

On the other hand, I will argue below that further legitimating corporate involvement in public policy development presents a threat to not only effective action on curbing climate change, but to accountable and efficient governance in general. This new paradox of private sector policy advocacy is highlighted by the very agenda of the Copenhagen talks – the development of carbon cap and trade markets. The paradox is not that we see business lobbying both for and against international agreements; they are doing so due to their understanding of the commercial costs and opportunities of climate change. The paradox is that to move intergovernmental processes forward, we will need business influence, yet corporate lobbying is plagued by narrow short term commercial interests that have, to date, damaged the intergovernmental process, by on the one hand holding it back, and on the other shaping its agenda in misguided ways. To understand this paradox, we must understand the history, limitations and injustices of cap and trade systems.

The Carbon Scam

The focus of discussions of the UN Framework Convention on Climate Change (UNFCCC) has been about capping carbon emissions and mechanisms to trade permits to pollute the atmosphere with carbon. The Kyoto Protocol established the concept of carbon offsets, where an enterprise can be financed to adopt technologies or practices to reduce its current or predicted carbon emissions and the reduction in emissions can be deducted from the company or government paying for the necessary changes. The UN Clean Development Mechanism (CDM) resulted from this approach, as did the development of carbon emissions trading schemes (ETS). The reason that this was adopted as the best policy option in 1997, when the protocol was adopted, was that the USA, and then Vice

13 The position of the USCC was critiqued in the New York Times and Washington Post: http://www.nytimes.com/2009/09/30/opinion/30wed3.html and http://www.washingtonpost.com/wp-dyn/content/article/2009/10/26/AR2009102602714.html

14 MARIANNE LAVELLE (2009) Gore business: 2340 climate lobbyists, http://www.politico.com/news/stories/0209/19255.html

15 Suzanne Goldenberg (2009) Apple joins Chamber of Commerce exodus over climate change scepticism: Technology firm becomes latest in line of high-profile departures after federation opposes efforts to reduce emissions, The Guardian, Tuesday 6 October 2009 http://www.guardian.co.uk/environment/2009/oct/06/chamber-commerce-apple-climate-change

16 Nick Robins, Robert Clover and Charanjit Singh (2009) Climate for Recovery: The colour of stimulus goes green, HSBC, London, UK. http://www.globaldashboard.org/wp-content/uploads/2009/HSBC_Green_New_Deal.pdf

President Al Gore, proposed it as the only option it would sign. This was after intensive lobbying by Enron, the corrupt company, that had profited a lot from trading in energy derivatives and the cap and trade sulphur markets in the USA. After the protocol was agreed, Enron's senior director for environmental policy, John Palmisano, celebrated it as an agreement that was full of "immediate business opportunities".[17] The other countries followed, yet ultimately Kyoto was never ratified by the USA. (Perhaps the memory of how a US president can sign up, but the Congress can vote no, meant that China wasn't interested in high-level bilateral meetings with Obama on climate).

The reason for the focus on cap and trade, and the reason for it being adopted by other governments since, is simple – it posed the least threat to the polluting industries of all the policy tools available, and offered the creation of a whole new market for the financial service providers. Other options, such as outlawing certain practices or introducing carbon taxes, were therefore sidelined at that time in intergovernmental negotiations. For instance, a carbon tax was proposed at the EU level duering the 1990s but failed due to industrial lobbying.[18]

A focus on cap and trade at the UNFCCC negotiations these past decades has been a monumental waste of time and resources. It has been a waste because carbon cap and trade systems are ineffective, inefficient, unfair, unworkable, extremely difficult to agree at an intergovernmental level and can alienate people from decisive action on carbon emissions. I will explain each limitation in turn.

Cap and trade is **ineffective** in delivering real cuts in carbon emissions, according to the top climate scientists and economists who have invented it. One example of its ineffectiveness comes from the post Soviet states. The Soviet Union was given a huge allocation of carbon emissions permits in the early 1990s. "But the following year, it collapsed, and its industrial base went into freefall – along with its carbon emissions. It was never going to release those gases after all. But Russia and the *[E]astern European countries have held on to them in all negotiations as "theirs". Now, they are selling them to rich countries who want to purchase "cuts". Under the current system, the US can buy them from Romania and say they have cut emissions – even though they are nothing but a legal fiction," explained Johann Hari in *The Independent*. Those permits account for 10 gigatonnes of CO2, which dwarf the six gigatonne savings that would come from the entire developed world cutting its emissions by 40 per cent by 2020. Another aspect of ineffectiveness is how cuts through carbon trading are recorded twice. Hari explains: "If Britain pays China to abandon a coal power station and construct a hydro-electric dam instead, Britain pockets the reduction in carbon emissions... [so it can] keep a coal power station open at home. But at the same time, China also counts this change as part of its overall cuts. So one tonne of carbon cuts is counted twice. This means the whole system is riddled with exaggeration – and the figure for overall global cuts is a con".[19] Research from Stanford University of 3000 projects applying for carbon offset funding found that they did not need the funds. They concluded that between one and two thirds of all the total carbon development mechanism offsets do not represent actual emission cuts and that this trend would get worse.[20] One of the world's leading climate scientists, who blew the warming whistle in the 1980s, James Hansen, explained that the belief that the European emissions trading

17 Oscar Reyes: Taking Care of Business. In: The New International, December Issue 2009: http://www.newint.org/features/2009/12/01/corporate-influence/

18 Pearce, D. (2005). "The United Kingdom Climate Change Levy: A study in political economy". OECD Environment Directorate, Centre for Tax Policy and Administration. http://www.olis.oecd.org/olis/2004doc.nsf/LinkTo/NT00009492/$FILE/JT00179396.PDF. Retrieved August 30, 2009.

19 Johann Hari, 2009, Leaders of the rich world are enacting a giant fraud: Corporate lobbyists can pressure or bribe governments to rig the system in their favour, The Independent, Friday, 11 December 2009 http://www.independent.co.uk/opinion/commentators/johann-hari/johann-hari-leaders-of-the-rich-world-are-enacting-a-giant-fraud-1837963.html

20 M.W. Wara and D. G. Victor April 2008. A Realistic Policy on International Carbon Offsets, PESD Working Paper No. 74, Stanford University. http://fsi.stanford.edu/publications/a_realistic_policy_on_international_carbon_offsets/

scheme has had an effect on emissions is completely misguided: "what happened was the products that had been made in their countries began to be made in other countries, which were burning the cheapest form of fossil fuel, so the total emissions actually increased."[21] Given these problems it should be no surprise then that one *Wall Street Journal* poll found that 54 percent of economists, a constituency not normally keen on taxation, preferred a carbon tax to any other option for effectiveness in reducing emissions.[22]

Cap and trade systems are **inefficient and unfair**. Permits for polluting are allocated to current large polluters, who then make a disproportionate profit from carbon trading. "In the lead-up to the handout of carbon credits in Europe, the major polluters lobbied their national governments and ratcheted up reported emissions in order to claim many more credits than they actually required. Once the market came into effect in January 2005 they then returned to business as usual. Without reducing any emissions, businesses were able to sell their surplus credits for significant sums. British oil companies BP and Shell, for example, made £17.9 million and £20.7 million ($40 million and $46 million) respectively through the sale of their carbon credits," explain Patrick O'Connor and Alex Safari.[23] A recent example comes from Tata. 1700 workers lost their jobs in Redcar, North Yorkshire, when the owner of the Corus steelworks decided to close its plant. By stopping production at Redcar and increasing production in locations outside ETS areas, Corus/Tata is able to sell its carbon allowances from the EU yet with no impact on carbon emissions. "By ceasing to emit a potential six million tonnes of CO2 a year, Corus will benefit from carbon allowances which could soon, according to European Commission projections, be worth up to £600 million over the three years before current allocations expire," wrote Christopher Booker in *The Telegraph*.[24]

The carbon trades are conducted by financial institutions, who charge fees that accrue to shareholders not those needing to adapt to climate changes or rising prices. These financial institutions also create derivatives, which lead to speculative activity that benefits only themselves, and pose* an unnecessary cost on economic systems and consumers. Today the carbon trading market is worth over $100 billion[25] and "at today's European carbon price, yearly carbon emissions have a market value of more than €500bn, a figure which could increase significantly" as a global ceiling took effect.[26] It would increase a lot more, as banks developed secondary derivatives markets. Indeed, Bloomberg notes that the carbon trading will become centred around derivatives. Lisa Kassenaar wrote that "the banks are preparing to do with carbon what they've done before: design and market derivatives contracts that will help client companies hedge their price risk over the long term. They're also ready to sell carbon-related financial products to outside investors". The secondary carbon market in derivatives will be many multiples larger than the primary market.[27] No surprise then that, in 2009, Goldman Sachs bought Constellation Energy's carbon trading operation along with a number of other carbon trading related investments. That also helps me to understand one hedge fund manager I met who had quit his job, and in a year blew millions in charitable donations to create climate action NGOs to be seen as experts in carbon markets, and build a brand that could net greater fortunes, with the added bonus of a veneer of cool. There's

21 Democracy Now (2009) James Hansen interviewed by Amy Goodman. 22nd December. http://www.democracynow.org/2009/12/22/leading_climate_scientist_james_hansen_on
22 Phil Izzo (2007) Is It Time for a New Tax on Energy?, Wall Street Journal. http://online.wsj.com/public/article/SB117086898234001121.html
23 Patrick O'Connor and Alex Safari (2007) Climate change, Kyoto, and carbon trading, 7 November 2007. http://www.sep.org.au/articles07/clim-071107.html
24 Christopher Booker (2009) What links the Copenhagen conference with the steelworks closing in Redcar?, The Telegraph, http://www.telegraph.co.uk/comment/columnists/christopherbooker/6798052/What-links-the-Copenhagen-conference-with-the-steelworks-closing-in-Redcar.html
25 Oscar Reyes: Taking Care of Business. In: The New International, December Issue 2009: http://www.newint.org/features/2009/12/01/corporate-influence/
26 FT, 2009, The deal we need from Copenhagen, Published: November 2 2009.
27 Carbon Capitalists Warming to Climate Market Using Derivatives , Lisa Kassenaar, Bloomberg http://www.bloomberg.com/apps/news?pid=20601086&sid=aXRBOxU5KT5M

nothing like talking about saving the planet over a glass of champagne on the top floor of the Ritz Carlton.

The problem with this behaviour is its effect on society and on attempts to curb carbon emissions in socially acceptable ways. Hedge fund manager Michael Masters, founder of Masters Capital Management LLC, says, "speculators will end up controlling U.S. carbon prices, and their participation could trigger the same type of boom-and-bust cycles that have buffeted other commodities."[28] In a report on the matter by Friends of the Earth (FoE) US, carbon trading was identified as a derivatives market which may eventually be bigger than the credit derivatives market, which collapsed so spectacularly. Interestingly, one of the key architects of the 'credit default swaps' that played a key role in that collapse, is now heading environmental businesses at a major bank, focusing on carbon markets.[29] Michelle Chan, a senior policy analyst in San Francisco for Friends of the Earth, says that given their recent history, the banks' ability to turn climate change into a new commodities market should be curbed. Her report earlier in 2009 pointed out that regulation of secondary carbon markets were effectively non existent. She said the carbon markets already have all the ingredients for a sub-prime carbon market, in particular futures contracts to deliver carbon that carry a relatively high risk of not being fulfilled.[30] Others have been more assertive in damning banks like Goldman Sachs. Chronicling the bank's involvement in carbon trading in the EU and its push for such a system in the US, Matt Taibbi says that with Goldman's push for cap and trade, they are seeking to create more bubbles to manipulate markets, "creating what may be the biggest and most audacious bubble yet".[31] Revealingly, earlier in 2009, Goldman Sachs representatives said in court that their software could help manipulate markets in unfair ways.[32]

Another aspect of the inefficiency and unfairness that arise from cap and trade systems stem from how governments must allocate permits, which leads to huge levels of lobbying and agreements which favour special interests. In some countries this situation would create a new arena for corruption. An example of the special interest shakedown that arises from this situation is the sectoral focus being advanced by the World Business Council for Sustainable Development. On the one hand it is great that some companies are clubbing together in sectors to voluntarily reduce emissions, such as the postal and cement sectors. On the other hand, it is inappropriate for sectors to seek their own special allocation of carbon permits so they can avoid paying the same cost of carbon that other enterprises will. That would not only be unfair but the jostling for position makes it a highly inefficient policy, unless you are a lobbyist. As Chad Holliday, chairman of DuPont, noted that "companies do not fall into easy categories any more and it would be very difficult to put companies and their emissions into nice, neat boxes."[33]

These new inefficiencies in the effective organising of economy and society come at a time when nations need to re-tool to low carbon societies. In addition, the system is fundamentally unfair, which has implications for the public support for climate action, which I return to below.

Cap and trade systems are also currently **unworkable**, with huge levels of fraud. Fox News

28 Carbon Capitalists Warming to Climate Market Using Derivatives , Lisa Kassenaar, Bloomberg http://www.bloomberg.com/apps/news?pid=20601086&sid=aXRBOxU5KT5M
29 Carbon Capitalists Warming to Climate Market Using Derivatives , Lisa Kassenaar, Bloomberg http://www.bloomberg.com/apps/news?pid=20601086&sid=aXRBOxU5KT5M
30 Subprime Carbon?": New Friends of the Earth report, by Chris Lang, 10th April 2009, http://www.redd-monitor.org/2009/04/10/subprime-carbon-new-friends-of-the-earth-report/
31 Matt Taibbi, 2009, The Great American Bubble Machine - From tech stocks to high gas prices, Goldman Sachs has engineered every major market manipulation since the Great Depression - and they're about to do it again, Rolling Stone. http://www.rollingstone.com/politics/story/29127316/the_great_american_bubble_machine
32 William Tate, 2009, Will Dems allow Goldman to manipulate a cap-and-trade market?, July 14, 2009
33 Fiona Harvey, 2009, Industries tread a green line, FT, December 11 2009 00:01 | Last updated: December 11 2009 00:01.

reported that “the top cops in Europe say carbon-trading has fallen prey to an organized crime scheme that has robbed the continent of $7.4 billion.”[34] The problem of fraud and insider trading in the carbon markets, was also highlighted in the FoE US report. The situation was highlighted by the German artist Dirk Fleischmann, who visited a forest reforestation in the Philippines that he had donated to as part of a voluntary carbon offset scheme run by Carbonme.org. He found out that the forest project managers had never heard of Carbon Me and received funds from another source. Carbon Me replied that their small print detailed how the projects promoted on their website were for illustration only and that they would not necessarily be the ones that received funds. Their terms read “Carbon Me with its tree-planting partners will use its/their best endeavours to ensure the trees are planted in the chosen areas. There may be instances when it is not possible to plant a tree in the area requested. In these cases Carbon Me and/or its tree-planting partner reserve the right to plant the trees in the next best or most similar location."[35] It is difficult to see what best endeavours they used to plant trees in a forest which was already being planted by another funder. The real funder sued Carbon Me for copyright infringement. It is a story Fleischmann chronicles on his blog.[36]

In arguing for a focus on cap and trade, most people argue it is the only practical option. “In the actual world, a global scheme of tradeable emissions quotas is the best solution” *, said an editorial in the FT just before Copenhagen.[37] In their book *The Hot Topic*, Gabrielle Walker and Sir David King assert that cap and trade is politically more achievable than other measures such as carbon taxes. Yet this statement is undermined by their identification of the political prerequisites for such a deal, including agreement on a global emissions cap and the distribution of emissions rights. The co-editor of *The Economics and Politics of Climate Change*, Cameron Hepburn, points out that seeking agreement on caps and allocations puts difficult issues of distribution and compensation at the heart of the international negotiations, which has clearly contributed to the impasse.[38] The past 18 years of climate negotiations have shown how difficult it is for governments to agree on caps and allocations. Some argue for a convergence of carbon intensity of gross domestic product (GDP), others for a convergence of per capita GDP before caps can be considered. Some argue that convergence of allocations is only fair, yet it is nonsensical to argue that a fishing community in the Philippines, for instance, would need or want to emit the same amount of carbon as a citizen of Singapore. To assume so is to assume one concept of human progress. Globally-applied cap and trade systems are also **internationally improbable,** as national allocations of carbon caps are extremely difficult to agree at an intergovernmental level. The difficulties in reaching agreement has led to crucial time being lost.

The fifth main way that a cap and trade focus is hindering global action on climate change is that it is **alienating** some of the public from action on carbon emissions. Much of the media that is critical of any action on climate change focuses on the scam that is carbon cap and trade. Rather than arguing for effective, efficient and fair action on climate change, the majority of the anti cap and trade analysis rejects action on climate change altogether. In addition, it analyses the personal motivations of leading figures in the climate change field, such as Al Gore and IPCC chair and highlights how much they have to gain personally from cap and trade systems, thereby giving the impression that the darlings of mainstream environmentalism are actually charlatans. For instance, looking at the leading role Al Gore has played in shaping cap and trade, and his business interests in the carbon market, *The Telegraph* predicts that “Al Gore could become the world’s first carbon

34 Fox News (2009) Fraud in Europe's Cap and Trade System a 'Red Flag,' Critics Say, http://politics.foxnews.mobi/quickPage.html?page=21292&content=28795207&pageNum=-1

35http://www.carbonme.org/terms.php

36 http://www.myforestfarm.com/blog.html

37 FT, The deal we need from Copenhagen, Published: November 2 2009 20:34 | Last updated: November 2 2009 20:34

38 Tim Harford (2009) Political ill wind blows a hole in the climate change debate, The Financial Times, November 28. http://timharford.com/2009/11/political-ill-wind-blows-a-hole-in-the-climate-change-debate/

billionaire," a theme picked up in the *New York Times*. [39] *The Telegraph* also pointed out that the chair of the Intergovernmental Panel on Climate Change is an industrialist, with long career in oil and heavy industries. Rajendra Pachauri "was, for instance, a director until 2003 of India Oil, the country's largest commercial enterprise, and until this year remained as a director of the National Thermal Power Generating Corporation, its largest electricity producer. In 2005, he set up GloriOil, a Texas firm specialising in technology which allows the last remaining reserves to be extracted from oilfields otherwise at the end of their useful life."[40]

Given all these limitations it should be no surprise that some government leaders were so critical of the approach of the West. The President of Bolivia exclaimed "Capitalism wants to address climate change with carbon markets. We denounce those markets and the countries which [promote them]. It's time to stop making money from the disgrace that they have perpetrated."[41]

For there to begin to be total reductions in carbon emissions through behaviour change and technological innovations, "you have to put an honest price on carbon, which is going to have to gradually rise over time," explains climate scientist James Hansen.[42] As prices will rise, the mechanism for doing that will need to be broadly perceived as socially legitimate. There is a great history of struggles against unfair taxes, such as the British salt taxes in India to the poll taxes imposed in the 1980s in the UK. If the polluters and bankers are receiving the cash from price rises and there is no immediate and corresponding reduction in carbon emissions there will be a justified and overwhelming backlash. The social legitimacy of any system for increasing the price of carbon is therefore key, and should be the focus of intergovernmental deliberations.

The Global Carbon Charge

We need to encourage behaviour change, guide innovations, and invest in helping people maintain or develop their quality of life while limiting their carbon emissions and adapting to the increasing impacts of climate change. A globally agreed, nationally implemented, carbon tax, applied upstream at the point of energy production for commercial distribution, would have been far simpler to agree and implement that the cap and trade approach pursued since 1997.

Arguments against such a global carbon charge include that it would fund unaccountable governance, or would be socially regressive, or couldn't specify limits for carbon emissions. Each argument is woefully mistaken.

For instance, a framework for how governments introduce a national or regional carbon charge could be agreed through international treaty. The revenues could be collected and distributed nationally, according to internationally agreed criteria and therefore be accountable to both citizens of that state and the international community. The importance of an international framework for such national carbon charges has many elements. First, it is important for all nations that carbon charges are introduced in a synchronised way, in order not to unfairly distort trade or to allow carbon leakage when businesses seek the lowest carbon taxes. For instance, we do not want to see aircraft flying further distances to get refuelled in countries with lower carbon charges. Second, it is important that countries agree on whether there should be initially differential rates of carbon

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39 JOHN M. BRODER, 2009, Gore's Dual Role: Advocate and Investor, New York Times, November 2, http://www.nytimes.com/2009/11/03/business/energy-environment/03gore.html?_r=2&em

40 Christopher Booker and Richard North, 2009, Questions over business deals of UN climate change guru Dr Rajendra Pachauri, The Telegraph. http://www.telegraph.co.uk/news/6847227/Questions-over-business-deals-of-UN-climate-change-guru-Dr-Rajendra-Pachauri.html

41 Evo Morales, 2009, Bolivia stuns climate summit with target, The Hindu, pg 15, Friday, Dec 18, 2009. http://www.hindu.com/2009/12/18/stories/2009121855951500.htm

42 Democracy Now (2009) James Hansen interviewed by Amy Goodman. 22nd December. http://www.democracynow.org/2009/12/22/leading_climate_scientist_james_hansen_on

charge depending on the levels of economic development, and what the yearly escalator of the level of the charge should be in order for it to change behaviour and stimulate innovation without causing the kind of traumatic abrupt changes in post Soviet states in the early 1990s. Third, countries need to encourage each other to make commitments that would ensure that there would not be a public backlash and the revenues would be used in a sensible way. Therefore an international commitment on distribution of the charge revenues is needed, so that governments agree to invest them in helping vulnerable people to adapt to climate impacts and to the initial effect of the charge in increasing costs of the fulfilling their basic needs such as food and energy. Part of this commitment could be to pay a percentage of collected revenues to an international fund, focused on both mitigation, such as forest protection and reforestation, and adaptation, helping finance the costs of climate related humanitarian emergencies. Fourth, countries would need to agree mechanisms for imposing legitimate tariffs on products and services from countries that are independently adjudicated to not be applying the carbon tax appropriately (or who are not signatories to the agreement). Given the need for an agreement to have these real teeth, and the trade importance of such an agreement, the World Trade Organisation could be one option to host the negotiation and policing of such a 'General Agreement on Carbon Charging and Related Measures'.

The argument that a carbon tax could be socially regressive ignores the realities of what needs to occur for behaviours to change – the cost of carbon must go up and therefore prices will rise. As the *Financial Times* editorial before the summit explained, "politicians must tell their electorates the truth: power, transportation, and carbon-intensive products must become markedly more expensive."[43] Therefore, for any policy initiative to be effective it must address the social consequences of such a price rise. Cap and trade systems lead to the revenues from increased prices going to the polluters and banks, and therefore not to those who need support to change. A carbon charge administered by the government could be invested in the necessary social support. In addition, to ensure that price changes are not so abrupt to disrupt people lives in the way shock therapy in post-Soviet states did, so increases in carbon prices must be controlled, which is not possible if the financial speculators inflate a carbon bubble. If a carbon tax is socially regressive then a cap and trade system is socially degenerate.

The other argument made against carbon charges, by Tim Flannery for instance, is that with a charge one can not lock in a specific limit for carbon emissions.[44] That assumes a specific limit is actually feasible through cap and trade systems, which the discussion above has shown it is not. A charge is a mechanism that can be increased to the degree that it generates the behaviour changes and technological changes required. Other policy instruments may also be needed to deliver quick cuts, such as prohibitions on certain industries, such as tar sands exploitation, unsustainable logging, and on certain behaviours such as leaving neon signs on at night and air-conditioning units set extremely low. The focus must be on what works, not empty promises on paper.

The existence of carbon charging in a number of countries shows that it is possible. Finland, Denmark, Netherlands, Sweden and Norway established carbon taxes in the early 1990s. In the last two years interest in carbon taxes grew, with US state of California introducing a carbon tax in 2008, and in 2009 France detailed a new carbon tax set at €17 (25 US dollars) per tonne of carbon dioxide (CO_2),[45] as did the Republic of Ireland, set at €15 per tonne.[46] A number of East Asian nations are examining how to introduce their own carbon taxes, including China.[47] For corporations

43 FT, The deal we need from Copenhagen, Published: November 2 2009 20:34 | Last updated: November 2 2009 20:34

44 Cited in Democracy Now, 2009, ibid.

45 Sarkozy unveils new French carbon tax, NADEJE PULJAK, Sydney Morning Herald, September 10, 2009. http://news.smh.com.au/breaking-news-world/sarkozy-unveils-new-french-carbon-tax-20090910-fjhw.html

46 Carbon tax of €15 a tonne announced, Inside Ireland, December 09 2009. http://www.insideireland.ie/index.cfm/section/news/ext/budget003/category/1084

47 China.org.cn (2009) Government 'to impose Carbon Tax', says official, April 22nd. http://www.china.org.cn/environment/policies_announcements/2009-04/22/content_17652059.htm

that operate in markets around the world, the existence of carbon charges is already of commercial importance even if their own country of origin does not yet impose one. The international trade challenges that such carbon charges pose was highlight at the close of the year, as President Sarkozy of France said that a carbon tariff on European Union borders was necessary to balance international trade for French enterprises. "I will fight for a carbon tax levied on EU borders," for products from countries that did not impose their own carbon charges, he said, something that made immediate news in China.[48] Meanwhile Minnesota passed a measure to stop carbon at its border with North Dakota. To encourage the switch to clean renewable energy, Minnesota plans to add a carbon charge of between $4 and $34 per ton of carbon dioxide emissions to the cost of coal-fired electricity, to begin in 2012.[49] It is inevitable that trade disputes will emerge on such issues, and therefore now is the time to work towards an effective and fair global framework for carbon charging.

Some analysts of the impasse at Copenhagen are looking at other governance mechanisms to deliver the needed changes. For instance, Simon Zadek, formerly with AccountAbility, is interested in the extent to which voluntary multi-stakeholder processes might deliver changes.[50] However, approaches that are neither governmental and nor global will not bring global emissions down. It is not sufficient for some to reduce their emissions – there has to be global action.[51]

Positive Lobbying?

Although the lobbying by climate change sceptics received the most media criticism, as well as the campaign attention of Avaaz, most of the visible corporate lobbying of the 15th meeting of Conference of Parties to the UNFCCC was in favour of an agreement. WWF made this situation clear by adding up the market capitalisation of firms that had signed on to various initiatives: 11 Trillion US$.[52] For instance the Corporate Leaders Group on Climate Change launched the Copenhagen Communiqué, and received the support of 1000 business CEOs from across all G20 countries. It called for "an ambitious, robust and equitable global deal on climate change that responds credibly to the scale and urgency of the crises facing the world today", including "a reduction of 50-85% by 2050" of greenhouse gases.[53] Their focus was on agreement that could support carbon markets, and there was no mention of carbon charges. Signing a Communiqué is one thing, but other businesses have invested heavily in influencing policy agendas on climate to obtain the kind of cap and trade systems they desire. The Center for Responsive Politics (CPR)'s OpenSecrets.org reports that Goldman Sachs personnel donated nearly four-and-a half million dollars to the Democratic Party in the US, with almost a million of that going to Barack Obama. Goldman staff were the Obama's largest private contributor and together were "the biggest business donor to Democrats in 2008, according to a (CPR) report.[54]

The continuing dominance of the cap and trade policy paradigm is illustrated by the mitigation report of the Intergovernmental Panel on Climate Change, chaired by Indian energy industrialist Dr Pachuari. In a large report on policy measures to reduce carbon emissions, there was only one line on carbon charges, summarising research that proposes "all countries agree to a common,

48 Xinhua (2010) Sarkozy insists on carbon tariff on EU borders, 7th January. http://news.xinhuanet.com/english/2010-01/07/content_12770447.htm
49 Susan Kraemer (2010) First Carbon Tariff Will Tax CO2 at the Border, January 1, Scientific American. http://www.scientificamerican.com/article.cfm?id=first-carbon-tariff-will-tax-co2-at-2010-01
50 http://zadek.wordpress.com/2009/12/16/revising-plan-a/
51 For more on carbon charges see the following websites (not that I necessarily endorse their content or approach): http://www.carbontax.org/ - http://en.wikipedia.org/wiki/Carbon_tax – http://www.carbonfees.org.
52 http://assets.panda.org/downloads/action_bybusiness_onclimate_paper_corrected.pdf
53 www.cpsl.cam.ac.uk
54 Matt Taibbi, 2009, The Great American Bubble Machine - From tech stocks to high gas prices, Goldman Sachs has engineered every major market manipulation since the Great Depression - and they're about to do it again, Rolling Stone. http://www.rollingstone.com/politics/story/29127316/the_great_american_bubble_machine

international GHG emission tax; several of the proposals suggest beginning with a carbon tax limited to emissions from fossil fuel combustion."[55]

As the Copenhagen summit showed an impasse was being reached with the current climate policy paradigm, more people began to wonder whether we had been working on the wrong agenda. Even Al Gore, a man particular responsibly for the past 18 year focus on cap and trade, said in a speech at Copenhagen that he personally favoured a carbon tax, although he still did not argue for it and recommended remaining focused on cap and trade.[56] Earlier in 2009, the chief executives of Caterpillar Inc. and FedEx said they prefer a tax on carbon dioxide emissions and criticized the cap-and-trade measure being debated in Congress.[57] Exxon Mobil's CEO Rex Tillerson has also said a carbon charge made more sense than carbon trading, as it is "a more direct and transparent approach."[58] This attitude is shared by some business leaders even in places where one might not expect. In answer to a question I put to a seminar on climate change at the CSR Asia Summit in Kuala Lumpur in October, an executive from China Light and Power (CLP) explained that she would favour a carbon charge as it would allow them to know what the price of carbon would be over time and thus start planning their major infrastructure investments accordingly. With the current uncertainty, she said, it was impossible to factor in carbon costs to strategic and project planning in a way that would be decisive.

Today many business leaders see the seriousness of the climate challenge. Yet they are working on an agenda that was set in 1997, when there was not the same will to take decisive and swift action on carbon emissions. In addition, such concerned business leaders currently face two problems. First, is that the cap and trade train has left the station, and there is now a community of business, banks, NGOs and others who have a vested interest in cap and trade systems being expanded and would see a global carbon charge as undermining their financial self interests. Second, it appears that there is no multi-enterprise or multi-stakeholder initiative that is explicitly against cap and trade and for a global carbon charging framework.

Part of the reason for that is the failure of international civil society to articulate a principled position on climate justice. On the one hand there appears there is a coming together of environment and social concerns with development charities such as Oxfam and Christian Aid advocating tough action on climate change, and African human rights activist Kumi Naidoo taking the helm of Greenpeace International. However, the development groups are often very careful before campaigning on issues of justice or against corporate power, and usually do so with the safety in the numbers of coalitions[59], and climate is a new issue for them. On the other hand, environmental groups have been suffering a loss of expertise in the past decades as talented staff joined the private sector, and my own experience with them suggests they have lost a lot of confidence and ambition in the past 10 years, as they focus on sounding reasonable and attracting large grants from major donors as their traditional base of individual members shrinks in the West. As a result there are few voices for economic justice in the international sphere today.

Without coalitions pushing for effective action, commitments to carbon charges may remain off-hand comments in speeches, seminars and newspaper interviews, rather than a concerted campaign

55 http://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch13-ens13-3-3.html
56 http://www.commondreams.org/headline/2009/12/16-4
57 Carbon Offsets Daily, 2009: Caterpillar, FedEx Favor Carbon Tax Over Cap-and-Trade Measure, (Sourced From Bloomberg.com). September 24, 2009. Available at: http://www.carbonoffsetsdaily.com/news-channels/usa/caterpillar-fedex-favor-carbon-tax-over-cap-and-trade-measure-14799.htm [Accessed January 12, 2010]
58 Triplepundit, 2009: Carbon Tax Versus Cap-and-Trade [internet]. January 28, 2009. Available at: http://www.triplepundit.com/2009/01/carbon-tax-versus-cap-and-trade/
59 Bendell, Jem. and Ellersiek, Annekathrin. 2009, *Noble networks? : advocacy for global justice and the "network effect",* United Nations Research Institute for Social Development, Geneva. http://www.unrisd.org/80256B3C005BCCF9/search/A93CF6EAA4EDAD27C125757D002931BA?OpenDocument

for change. In my latest book, I argue the need for explicitly normative associations of businesses that advance changes in society that are collective not private benefit, as such associations are crucial to the manifestation of the corporate responsibility movement.[60] Existing initiatives on climate could come to play such a role, but to do so they would need to more clearly understand what constitutes responsible lobbying.

Earlier in 2009 consultants Kyle Peterson and Mark Pfitzer tackled the relationship between lobbying and corporate social responsibility (CSR) in the Stanford Social Innovation Review. In the article, the authors advocate ending the traditional divide between a company's corporate social responsibility (CSR) and lobbying activities.[61] They list a variety of areas where companies have advocated policy changes which the authors believe have benefited both the businesses and society. They write that companies can "create tremendous social value and business benefit, … leverage their true expertise and natural advantages, and … build more active, two-way relationships with policymakers and nonprofits." It may appear a win-win, but that depends on the nature of the lobbying, and the follow on impacts of improved relations with regulators and policy influencers. That is another dimension of the paradox. Governmental processes need encouragement, and that can come from responsible businesses. However, it is clear that corporate lobbying can influence agendas that are damaging to effective, efficient and fair policy outcomes. How should responsible business leaders navigate that paradox? I discussed that in my 2005 paper for *Business Strategy and the Environment*, called “The Political Bottom Line”.[62] In it Professor Kate Kearins and I argued that what constitutes 'good' corporate lobbying is not simply what companies themselves consider to be good for society. Instead, some broad principles that are widely accepted in responsible business management should be applied to the development of lobbying positions. This would imply the transparency of one's lobbying, seeking accountability to weaker stakeholders' interests in the development and implementation of one's lobbying, and support for international agreements and principles that are already agreed by intergovernmental processes or accords between independent civil society organisations. As corporate lobbying involves the use of power to affect us all, it is not responsible for companies to simply satisfy themselves of the rightness of their policy positions, or seek consultations only with business-funded organisations to inform their positions. True accountability must be at the heart of responsible lobbying.

It is by the application of this philosophy that responsible business leaders might manage the paradox I identify in this paper. That is the paradox where intergovernmental processes bogged down as countries are too influenced by commercial interests, yet conversely the need for globally responsible business leadership to move things forward, and the reality of such business influence currently having perverse effects on policy agendas. Ultimately the way a person manages that paradox will come down to their consciousness and courage, something I return to in concluding.

Businesses and governments need to learn the lessons of the current impasse fast. There is a potential that a backlash against the cap and trade carbon systems will overflow into alienation with a corporatized political process. If it appears that the use of political access and public good will accorded to corporations for engaging in an issue of major concern, has actually helped them to seek profits in ways that threaten civilisation, then there will be major implications for our political systems, and rightly so. First, it will challenge the foundation of the modern corporate social responsibility field, which is founded on the idea that everyone can benefit if a business becomes active in considering and managing its social impacts. Instead, CSR would be viewed in its full context as either deliberately political Public Relations (PR) or consequentially political PR, creating that deadly side effect of poisoning political processes. Second, it will lead more to see

60 Bendell, J ed (2009) *The Corporate Responsibility Movement*, Greenleaf, Sheffield, UK. http://www.greenleaf-publishing.com/productdetail.kmod?productid=2767

61 Kyle Peterson & Marc Pfitzer (2009) Lobbying for Good, *Stanford Social Innovation Review*. Winter 2009. http://www.ssireview.org/pdf/LobbyingForGood.pdf

62 Bendell, J. & Kearins, K. (2005), “The 'political bottom line’: The emerging dimension to corporate responsibility for sustainable development“, *Business Strategy and the Environment*, 14 (6), 372-383.

existing forms of governance as not only unfair, but dangerous to society, and thus encourage more radical action.

It is important for responsible business leaders to act now, as the lessons of Copenhagen will be learned fast by the whiz kids at Goldman Sachs and others in the cap and trade business. They will recognise that persuading China to come on board will be key to any global expansion of carbon markets. Perhaps Chinese officials are biding their time until the country pollutes enough, and can record it enough, to benefit from future international allocations of emissions permits. On the other hand, as revealed by the November report from AccountAbility, there is strong evidence to suggest that many Chinese leaders are aware of the problem of climate change and are investing heavily in low carbon development paths.[63] In that case they may prefer a carbon charging arrangement, where their own levels of carbon charging would be considered internationally acceptable so they wont experience tariffs at the borders of countries that have or will have such charges in future. However, other more sinister options remain, if responsible leaders do not act now. For instance, one scenario is where the elites in emerging economies elites consider that their ever increasing stakes in international banks mean that a global cap and trade system could allow them to extract rents indefinitely from populations around the world.

Old Truths, New Urgency

Corporate involvement in intergovernmental policy deliberations will be either good or bad depending on the context of that involvement and the intentions of those involved. Blanket support or criticism for corporate influence misses the point – we have complex societies where people in many walks of life can exert a positive or negative influence as far as public matters are concerned. The implication is that we need people in business who find themselves engaged in policy deliberations to reflect on their work as a vocation as much as a profession: to understand themselves as part of a global social movement seeking to transform economies - to be citizens of the world not just subjects of their employer.

We need business professionals to be active members of a real social movement to transform economies. I myself have protested in the past, at G8 Summits. However, what I know of the machines of business, government and intergovernmental bodies, it is clear to me that no amount of marches, vigils, songs, videos or emails, from general publics will in themselves shift things. Instead, they must be complemented by people taking risks in their professional lives. Outsider activism can raise an issue on an agenda, but such activism does not shape the policy response, and it is at that moment of developing policy that the effectiveness, efficiency and fairness of an intervention is determined. It is for this reason that I believe thinking and acting as a 'corporate responsibility movement' is crucial, and explore it in some depth in the introduction to my new book.[64]

To serve the common good, all of us can do well to remember that just because we work on a matter of public concern does not mean we work for the public benefit. Just because we always thought we were doing good, does not mean that we do so today. Just because we proved our commitment in our activist or NGO days does not mean we are moral agents today in our new roles. We must no longer simply hope that we are having some effect or hope that something useful might come of our work in business, finance or public policy. Instead, we must make our judgement now, and live with the consequences.

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63 Accountability (2009) Responsible Competitiveness in China 2009: Seizing the low carbon opportunity for green development, London. http://www.accountability21.net/default2.aspx?id=4742

64 Bendell, J. ed (2009) *The Corporate Responsibility Movement*, Greenleaf, Sheffield, UK. http://www.greenleaf-publishing.com/productdetail.kmod?productid=2767

In exploring the impasse and paradoxes surrounding global climate politics and the way business leaders have engaged with that, one core theme emerges, which is not at all new; indeed it is an age old truth. Whether something we do is good or bad depends not only on the act itself, but on our intention and the context of our act. It is not what we do, but what love we bring to doing it that matters. If we act with loving compassion for humanity and nature, and therefore subsume our self-interest to that wider scene, then the right course of action in any professional situation will become clear.

Although these are age old issues, the current context is unprecedented. We are on the edge of a crash in current civilisation due to abrupt climatic changes. We risk the fear of this trauma allowing selfish individuals to seek their own ends, and subjugate people to unfair systems where the poor have to pay premiums to polluters and banks, just for the right to eat and heat their homes. At Copenhagen, Matthew Stilwell of the Institute for Governance and Sustainable Development said of cap and trade systems: "This is a colonial moment... You've carved up the last remaining unowned resource and allocated it to the wealthy."[65] At this critical time we need global solidarity, not new attempts to exploit the weak.

During the most famous powerpoint presentation ever, 'An Inconvenient Truth', Al Gore said of climate change “I consider it to be a moral issue.”[66] As such we can reflect on the morality we and others exhibit in our work. Is it people's greed that seeks to exploit our fears, and our fears that let us stand aside or offer excuses, and some people's pride that tempts them to bask in the praise and funds of the greedy? Are these characteristics a contemporary manifestation of evil, hidden by a mask of technical language and convivial appearances? If so, then the gravestone to our species, standing amongst countless other we took with us would aptly read: “We had enough atmosphere for everyone's need, but not everyone's greed.”

But we need not be despondent. Whether an event is positive or negative is in part due to how we respond to it. The good news is that the failures at Copenhagen brought world attention to these issues, so that people can learn and a new agenda could emerge. “Copenhagen has soured into a con – but from the wreckage, there could arise a stronger demand for a true solution” wrote Johann Hari.[67] Climate scientists James Hansen concurs. “I’m actually quite pleased with what happened at Copenhagen” he said on radio, “because now we have basically a blank slate.”[68] Copenhagen could be a new beginning, a call to action for globally responsible leaders.

If you are leading an initiative to gain cross-sector international support for a global carbon charge, that is effective, efficient and fair, please leave a comment on the online posting that introduces this this paper, at: http://www.lifeworth.com/consult/2010/01/climateleadership/

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65 Naomi Klein (2009) Better to have no deal at Copenhagen than one that spells catastrophe, The Guardian, Thursday 17 December. http://www.guardian.co.uk/commentisfree/cif-green/2009/dec/17/copenhagen-no-deal-better-catastrophe.

66 Inconvenient Truth. 2006. http://www.imdb.com/title/tt0497116/quotes

67 Johann Hari, 2009, Leaders of the rich world are enacting a giant fraud: Corporate lobbyists can pressure or bribe governments to rig the system in their favour, The Independent, Friday, 11 December 2009 http://www.independent.co.uk/opinion/commentators/johann-hari/johann-hari-leaders-of-the-rich-world-are-enacting-a-giant-fraud-1837963.html

68 Democracy Now (2009) James Hansen interviewed by Amy Goodman. 22nd December. http://www.democracynow.org/2009/12/22/leading_climate_scientist_james_hansen_on