

## Books Blame Capitalism for Climate, Water Crises

By **Peter Mantius**, on December 14th, 2014

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Adam Smith's invisible hand — the supposedly benign force in laissez-faire capitalism that promotes economic efficiency — is actually steering the world to environmental catastrophe by ruining our air and water. At least that is the argument a pair of Canadian author/activists make in powerful new manifestos: *This Changes Everything* by Naomi Klein and *Blue Future* by Maude Barlow.

Klein's book, released in September, is a national bestseller that has been widely praised for its thorough research and rigorous analysis of climate change. Predictably, it has also been panned by supporters of unfettered capitalism. Barlow's book came earlier in the year and has not yet received the notice it deserves.

Klein writes that the climate change threat has set up a battle to the death between deregulated capitalism and the planet, as we know it. "The battle is already under way, but right now capitalism is winning hands down," she says. "It wins every time the need for economic growth is used as the excuse for putting off climate action yet again."

For Barlow, the future of fresh water comes down to whether it will be preserved as a basic human right or — if capitalistic impulses triumph — it becomes a commodity controlled by a tiny minority of the wealthy. "We are creating a perfect storm for an unprecedented world water crisis," Barlow writes, adding that as a "water cartel" emerges, the poor are losing the race for access to water.

The battles over air and water are distinct issues, but the authors make it clear that they are highly interrelated. For example, rotting vegetation in reservoirs behind the world's great dams release massive amounts of greenhouse gases that accelerate climate change (including nearly 20% of India's total greenhouse gas emissions), while climate change itself causes epic droughts.

Klein offers an insightful perspective on the forces at work behind the scenes at last week's United Nations Framework Convention on Climate Change in Lima, Peru. The Lima confab is a warm-up to a major U.N. summit next December aimed at limiting the rise in global temperature to 2 degrees Celsius (2C) by 2100, the consensus maximum before warming triggers severe social disruption. Nearly 200 governments have agreed to a March 31, 2015 deadline for submitting national plans for limiting greenhouse gas emissions. But prospects for achieving the 2C goal are not good, many analysts say.

The world has a one-in-three chance of exceeding a 4C rise by 2100, Climate Action Tracker, a consortium of climate analysis firms, reported Dec. 8. CAT projects that current government policies will lead to a 3.9C rise. But if new unconditional government pledges are met, that would fall to 3.1C, and if conditional pledges are also met, the rise would be 2.9C. Unfortunately, that still exceeds the 2C danger line and, in any case, governments tend to backslide. "We are seeing a major risk of a further downward spiral in ambition, a retreat from action, and a re-carbonization of the energy system led by the use of coal," said Bill Hare, director of Climate Analytics, a lead contributor to CAT.

According to CAT, to keep warming below 2C, the world must stick to a strict carbon emission budget (which it is now exceeding by roughly 70 percent).

Such a budget, Klein says, sets carbon emission limits that no major oil and gas company can afford to meet without abandoning its business model and its investors. Each year, investors expect energy giants like Exxon, Shell, Chevron and BP to develop new proven oil and gas reserves that exceed current production. If a company's reserve-replacement ratio falls below 100 percent, its stock price is apt to be punished. As conventional fossil fuel sources

have been drying up, the companies have turned to non-traditional new sources, such as high-volume hydraulic fracturing of shale rock, drilling deep offshore and mining the Alberta tar sands. The new sources tend to be especially potent carbon emitters.

To keep warming under 2C by 2100, the world's carbon emission budget for the 2011-2049 period is 565 gigatons (565 billion metric tons), according to the London-based Carbon Tracker Initiative. But fossil fuel giants have already formally claimed reserves equivalent to 2,795 gigatons of carbon emissions. "Those numbers tell



us,” Klein writes, “that the very thing we must do to avert catastrophe — stop digging — is the very thing these companies cannot contemplate without initiating their own demise.”

That is why, her argument goes, the fossil fuel industry fights so fiercely to dismantle environmental rules that would crimp its ability to add unconventional reserves while it busily promotes the climate change denial movement.

So groups like the Heartland Institute encourage the pretense that there is a genuine disagreement among independent scientists about the data behind climate change. They even call climate alarm a “hoax” perpetrated by those seeking to use the green movement as a Trojan Horse for Marxist socioeconomics. The ideological disinformation blitz is proving to be a winner. Klein cites polls showing that in 2007, 71 percent of Americans believed that burning fossil fuels alters the climate. The share dipped to 51 percent in 2009 and 44 percent in 2011.

Instead of fighting back, several major environmental groups have simply rolled over. Klein blasts the Nature Conservancy for operating its own natural gas well on a Texas reserve intended to protect the Attwater prairie chicken. And the once-tough Environmental Defense Fund, under Fred Krupp’s leadership, has turned non-confrontational and business-friendly. It would never draw a regulatory line in the sand. Commenting on the EDF’s Krupp-led makeover since the 1980s, Klein writes: “The group prided itself on putting ‘results’ above ideology, but in truth Krupp’s EDF was highly ideological — it’s just that the ideology was the pro-corporate groupthink of the day, one that holds that private, market-based solutions are inherently superior to simply regulatory ones.” Not every Big Green non-profit caved, but even the Sierra Club and Natural Resources Defense Council bought the fossil fuel industry’s story line that natural gas could be a “bridge fuel” to renewables.

As industry was neutering the big environmental non-profits, many in the green movement held high hopes that enlightened billionaires would focus their big bucks and creative energy on delivering a magically simple solution to climate change. But the promises of self-promoters like Richard Branson have turned out to be chimerical. So too have hopes of “dimming the sun” to reduce warming. Intentionally triggering sun shields in the sky to mimic the cooling effects of the 1991 volcanic eruption of Mount Pinatubo in the Philippines — the Dr. Frankenstein approach — invites a host of new grave risks to the planet.

In Klein’s view, the world’s best hope springs from global grass roots resistance to exploitative fossil fuel extraction projects. The phenomenon, which she calls “Blockadia,” targets export terminals in British Columbia, the Keystone XL pipeline and dozens of smaller pipelines across the United States, gold mining in Greece, fracking in Romania and countless other bids to turn communities into “sacrifice zones.”

Galvanized citizens are all the more likely to engage in another promising trend: financial divestment from fossil fuel companies. The divestment movement, if it gains critical mass, could eventually starve extractive industries of capital. The world’s modern market economy and fossil fuel development grew up together and have reinforced each other for generations. In fact, James Watt produced his first commercial steam engine in 1776, the year Adam Smith suggested in his classic “The Wealth of Nations” that an “invisible hand” in a free economy tends to allocate capital, goods and services efficiently.



**United Nations**  
Framework Convention on  
Climate Change

Klein and Barlow have their doubts. If Klein would be the guardian of the atmospheric commons, Barlow has written 16 books on water and spearheaded efforts to convince the United Nations to adopt a 2010 resolution recognizing the human right to safe drinking water and sanitation. She argues that certain resources — particularly air and water — are vital to human existence and therefore must be protected for the common good, not appropriated for private gain.



So it is no surprise that Barlow picks a fight with Peter Brabeck, chairman of Nestle, the Swiss food and water giant with annual sales of \$91 billion. Brabeck promotes private control of water, and he runs the world’s largest bottled water operation. She notes that he once described the notion that water is a human right as “extreme.” Barlow excoriates companies like Nestle, Suez, Coca-Cola and Pepsico for treating water like any other commodity to be bought and sold.

She is also a harsh critic of a global wave of private takeovers of municipal water systems. Many of these for-profit privatizations have been poorly managed and financially ruinous, she reports. Across Europe, several jurisdictions have held referenda that resulted in lopsided votes to return to publicly-controlled local water.

Meanwhile, provisions in existing trade agreements like NAFTA — and proposed new U.S. trade agreements with Asia and Europe — grant corporations the authority to challenge environmental laws that they claim undercut their property rights or profitability. For example, under NAFTA, Lone Pine Resources, an American energy company, is suing the government of Canada over the province of Quebec’s 2011 moratorium on fracking for shale-gas, an initiative undertaken taken to protect water resources.



Barlow and Klein share outrage over granting corporations the right to sue governments over environmental laws. Those trade pact provisions, they say, wrongly restrict the ability of governments to enforce the common rights of the citizens who elected them. That is pretty clearly a case of the invisible hand reaching for the cookie jar. Seems that calls for a good slap.



### Peter Mantius

Peter Mantius is a reporter in New York. He covered business, law and politics at *The Atlanta Constitution* from 1983-2000. He has also served as the editor of business weeklies in Hartford, CT, and Long Island. He is the author of *Shell Game* (St. Martin's Press 1995), a nonfiction book on Saddam Hussein's secret use of a bank office in Atlanta to finance billions of dollars in arms purchases from Western countries before the 1991 Persian Gulf War.

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