



## Nuts, Bolts, and Pitfalls of Carbon Pricing: An Equity-Based Primer on Paying to Pollute



*NAACP Environmental and Climate Justice Program*  
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## **Produced by the NAACP Environmental and Climate Justice Program**

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The mission of the National Association for the Advancement of Colored People is to ensure the political, educational, social, and economic equality of rights of all persons and to eliminate race-based discrimination.

### **NAACP Environmental and Climate Justice Program Supplemental Mission**

Advancing the leadership of frontline communities to eliminate environmental and climate injustices and ignite an environmental, social, and economic revolution.

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# Foreword

## GUT CHECK FRAMING ON CARBON PRICING

*By Jacqueline Patterson*

To give a sense of the impetus for this analysis, I'm sharing below the Facebook post I wrote seeking input from FB Friends. I was preparing to speak at a conference on carbon pricing and wanted feedback on my thinking:



**SUSPECTED LOOTER.** Police arrest a man suspected of looting on Wednesday in New Orleans on a freeway overpass. Photograph by Irwin Thompson-Dallas Morning News

Dear Facebook Family,

I hope this message finds you doing as well as anyone can be under the circumstances of the day.

As I prepare to speak on carbon pricing at a university in Pennsylvania, I was struggling with my slides in terms of wanting to be clear on what we're talking about.

When we talk about "carbon" it sounds so academic and far removed from the real impact of continuing along this course of a carbon soaked economy.

As I put into my presentation images of Barbuda, of Puerto Rico, of a person who died in a wheelchair after Hurricane Katrina, the only frame that feels "right" to me is that "Pricing Carbon" is paramount to "Pricing Mass Murder" or even "Pricing Genocide."

Is it too dogmatic to maintain that anything short of "Criminalizing Carbon" ....or instead, of a carbon price or tax, speaking in terms of a "carbon penalty"...would actually be legitimizing our continued rampant emissions of carbon into the atmosphere?

Isn't talking in terms of "pricing" further institutionalizing the central role of carbon in our economy?  
A "price" is something you put on something you can legally buy in a grocery store or in a

restaurant, or online, or in another place of business. A "fee" is something you pay for legal services rendered, or to be admitted into an amusement park! What do you put on something that is actively killing people? I would argue not a "price" or a "fee".

When I challenge this notion, people often counter with arguments about the political reality and the need to advance a feasible model that fits into our current political economy, which I understand on one level.

But do I have to also join that bandwagon in the vein of not throwing the baby out with the bathwater? Or can't I push for a reality check and be a part of the team that pulls the whole argument closer to transformational solutions and systems change?

I know that how I'm feeling is the result of the combination of constantly being in impacted communities and the fact that I'm a news junkie, which means that my daily thoughts are saturated/consumed with malaise and death.

SO I'm trusting you all to provide a gut check and bring me back from the edge, if that's what needs to happen, particularly before I go before this group of young folks!!!

*Posted October 7, 2017*

This paper takes me back from "the edge" and moves us into a deep equity analysis that centers the concerns of environmental justice communities based on how we have seen carbon pricing models play out in the US and beyond, as well as a projection of what is on the horizon. And, it takes us forward into advancing the solutions called for by communities on the frontlines of bearing the impacts all along the climate crisis continuum.

In researching this document, we found that, in some ways, we are reinventing the wheel of what environmental justice groups have been saying for a while in such publications as the two Carbon Pricing volumes produced by the Indigenous Environmental Network and the Climate Justice Alliance, as well as the two volumes of "Hoodwinked in the Hothouse" which are among those referenced throughout this paper.

At the same time, we needed to produce something that is geared directly towards our state, local, and national leadership who are constantly targeted by proponents of market-based mechanisms seeking to enlist the NAACP's support, leadership and "brand" by using false equity claims.

As such, we are speaking from the platform of the NAACP's voice as a civil rights leader to increase the visibility of the work that has already been done, debunk false equity claims in various carbon pricing schemes, and further advance an equity-based analysis within the human and civil rights framework that defines us as an organization and movement leader.

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# Executive Summary

## Our Current Economy

The dominant economy in the U.S. and globally is extractive. From the “explorers” who traveled “west” in search of riches that they decided to acquire by force. Enacted through exploitation, domination, extraction, and murder, these fortunate seekers drove the original inhabitants off of their lands, as well as traveling to Sub Saharan Africa to violently extract and enslave African people for the purpose of building this nation and further amassing wealth and power.

Our economy is also built on patterns of indiscriminate extraction and processing of natural resources – such as trees, water, fresh air, plants and animals, minerals, metals, and fossil fuels – with little to no regard of the impact on surrounding communities, workers, or future generations. This lack of regard is often termed by the environmental justice movement as “dig, burn, and dump,” where industries dig up resources, burn them, and then dump the waste in a never-ending process of consumption. This way of engaging with natural resources is not socially, economically, or environmentally sustainable. And, in fact, it perpetuates one of the greatest threats to earth systems: the amount of greenhouse gases in our atmosphere.



## The Threat of Climate Change

Scientists agree that we have less than a decade to substantially curb our emissions of greenhouse gases. Already, communities in the U.S. and abroad live with dramatic evidence of the harsh consequences of the climate crisis. Because of their geographic, economic, and social locations, Black, Indigenous, and people of color (BIPOC), and low-income communities in the U.S. and other countries of the Global North and South, are disproportionately bearing the burden of our dependence on fossil fuels.



What do we do? The NAACP is adamant that we must build a cooperative, regenerative, democratic economy that is radically different than the current dominant economy. We must redesign our economy into one that is based and shaped on the lived experiences and vision of people, and in harmony with the earth.



### **Advancing Just Transition**

How do we get there? There is an emerging movement of communities on the front-lines of the “dig, burn, and dump” extractive economy, and workers in fossil-fuel and related industries, who are advocating for a “Just Transition” – a process of moving our communities, our country, and our economy, to processes and practices of regeneration, cooperation, caring for the sacred, and deep democracy. *Just Transition* is about stopping the bad, while building the new.

As it relates to addressing carbon pollution, Just Transition is about a systems-based approach that is essential to transforming the way we generate and use energy as well as the ways we support transition communities and workers from unsafe workplaces and environments, to healthy, viable communities. Core to a Just Transition is deep democracy, in which workers and communities serve as the “architects” to create feasible, equitable solutions to decisions that affect their daily lives. A key outcome of a *Just Transition* is a fundamentally new energy system for our communities—one that is not only efficiently powered by clean energy, but is also just, democratic, and equitable.





## Emerging Models for a Carbon-Free Economy

While carbon pricing and emissions trading schemes have been a part of climate policy discussions for decades, the concept has gained popularity in recent years. The term usually refers to two common policy mechanisms, “cap and trade” and a “carbon tax,” which are market-based measures that create a carbon market by putting a tax, fee, or price on certain greenhouse gas emissions to give corporations an incentive to reduce these emissions. The questions we begin to ask, however, are around the extent to which these schemes phase out fossil fuel use and extraction – the ultimate solution to addressing the climate crisis.

## Why Carbon Pricing and Trading Is a False Solution

**This paper finds that carbon pricing and trading systems are not very effective or equitable measures for curbing carbon emissions.**

Our research shows that these systems can often play out as what amounts to sophisticated international shell games, where little net decline in emissions occurs because the measures simply serve to transfer pollution from one location or one

country to another, depending on who can afford to pollute. Within the U.S., there is evidence that carbon pricing and trading **can exacerbate existing inequalities** by creating or worsening “sacrifice zones.” These zones are communities, often with BIPOC residents and households with low-income, in or near where significant fossil fuel-related pollution occurs. Thereby sacrificing the wellbeing of those communities to fuel the excesses of people living elsewhere.

As consensus grows around the urgency of the climate crisis, we’re confronted with a range of *false solutions* that deepen inequalities and are insufficient to meet the scale and speed of needed changes. In many cases, the fight against climate change becomes a big business opportunity – with the same political and economic interests that are most responsible for the climate crisis championing supposed solutions. In fact, some of the worst environmental offenders co-opt the language of environmental advocates in order to protect their bottom line, neutralize climate legislation, and preserve the status quo. It is important to recognize that these false solutions not only fail to deliver on their environmental claims, but often worsen our ecological and economic crises.

**Carbon pricing falls short on many grounds.** If we look at the lived experiences shared by residents of frontline communities in the US and around the world against carbon pricing schemes, we can critique the position from multiple vantage points: moral/ethical, religious and spiritual, human and civil rights, flaws with the economic reasoning, as well as socio-economic and environmental outcomes.

There are four key reasons that carbon pricing and trading schemes are false solutions:

**#1: It misses the bigger picture – failing to tackle the root causes of the problem.**

Carbon pricing puts on the act of addressing the problem, but it fails to tackle the primary issue: burning fossil fuels to create energy. Instead, it aims to remedy the situation after the fact when the processes of extracting and burning fossil fuels have already taken place.

**#2: Carbon pricing schemes are not designed to produce localized emissions reductions.** Too often, carbon pricing makes pollution hot spots worse and fails to reduce localized emissions--by design.<sup>1,2</sup>

**#3: The origins of the carbon pricing model design is establishing a mechanism that favors polluter/industry interests.** Carbon markets were created so that

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<sup>1</sup> Lara Cushing, et al. “Carbon trading, co-pollutants, and environmental equity: Evidence from California’s cap-and-trade program (2011–2015).” *PLoS Med* 15, 27 (July 2018).

<sup>2</sup> Nathan W. Chan and John W. Morrow. “Unintended consequences of cap-and-trade? Evidence from the Regional Greenhouse Gas Initiative.” *Energy Economics* 80 (May 2019).

governments and fossil fuel companies could “flexibly” meet emissions reductions standards without having to significantly change their own polluting practices.<sup>3</sup>

**#4: Existing carbon markets haven’t produced significant emissions reductions at the rate we need.**<sup>4,5</sup> Carbon prices have been consistently too low. In fact, some studies, such as in British Columbia, Canada, have demonstrated that emissions have actually *risen* since a carbon tax was implemented.<sup>6</sup> Policymakers have often had more success in reducing emissions by imposing direct regulations.<sup>7,8</sup>

*“I don’t know who’s willing to gamble on climate change. We’re in a crisis, and we don’t have the luxury of taking a gamble.”*

*Kathy Egland, Chair of the ECJ Committee of the NAACP National Board of Directors*

### Advising the Federal Government against Carbon Pricing

In May 2021, the White House Environmental Justice Advisory Council released [recommendations](#) for the Biden Administration’s Justice40 Climate and Economic Justice Screening Tool & Executive Order 12898 Revisions. In their list of *Examples of The Types of Projects That Will Not Benefit A Community*, they included the “establishment or advancement of carbon markets, including cap and trade.”

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<sup>3</sup> Spencer Banzhaf, “The Conservative Roots of Carbon Pricing,” *National Affairs*, Fall 2020, <https://www.nationalaffairs.com/publications/detail/the-conservative-roots-of-carbon-pricing>  
“Pricing Carbon,” The World Bank, <https://www.worldbank.org/en/programs/pricing-carbon>  
“Carbon Pricing Ushers in New Investment Opportunities,” International Finance Corporation, September 2019, [https://www.ifc.org/wps/wcm/connect/news\\_ext\\_content/ifc\\_external\\_corporate\\_site/news+and+events/news/carbon-pricing](https://www.ifc.org/wps/wcm/connect/news_ext_content/ifc_external_corporate_site/news+and+events/news/carbon-pricing)

“Carbon Pricing,” ConocoPhillips, <https://www.conocophillips.com/sustainability/managing-climate-related-risks/public-policy/carbon-pricing/>

<sup>4</sup> Brad Plumer and Nadja Popovich, “These Countries Have Prices on Carbon. Are They Working?” *The New York Times*, April 2, 2019, <https://www.nytimes.com/interactive/2019/04/02/climate/pricing-carbon-emissions.html>.

<sup>5</sup> Frederic Hache, “50 Shades of Green: The Rise of Natural Capital Markets and Sustainable Finance,” *Green Finance Observatory*, Part 1 (March 2019).

<sup>6</sup> “The British Columbia Carbon Tax: A Failed Experiment in Market-Based Solutions to Climate Change,” *Food and Water Watch*, October 24, 2016. <https://www.foodandwaterwatch.org/insight/british-columbia-carbon-tax-failed-experiment-market-based-solutions-climate-change>.

<sup>7</sup> Tamra Gilbertson and Oscar Reyes, “Carbon Trading: How it works and why it fails,” *Critical Currents*, no. 7 (November 2009): 21, <https://www.tni.org/files/download/carbon-trading-booklet.pdf>.

<sup>8</sup> “Fuel Economy Standards Bring Major Oil Savings Benefits.” American Council for an Energy-Efficient Economy, September 11, 2013. <https://www.aceee.org/fact-sheet/fuel-economy-oil-savings>

## Debunking “Equity” Arguments for Carbon Pricing

While carbon pricing is often framed as *the only, the best, or the most realistic* solution to the climate crisis, in reality there are *many far more effective* means through which climate movements can build power and move toward a just transition. Climate justice activists and advocates should be aware of the ways that fossil fuel interests attempt to pacify and co-opt the climate movement. ***It is critical that we remain vigilant to the way that changes in language or framing are used to confuse, compel, and divide us.*** Below are the three most common ways that carbon pricing advocates falsely use equity framing:

- **“Polluters Pays” Discourse:** Rather than effectively and completely forcing polluters to absorb all the true costs of their pollution, carbon pricing allows polluters to buy their way out of stopping their pollution.
- **Faulty Economic Justice Arguments:** Token revenues distributed to frontline communities will never make up for the destruction resulting from the source of that revenue.

*“I can tell you that the fossil fuel industry takes a page, a few pages, from our civil rights playbook. They come into our communities, and **they prey on economic desperation**. They make false and idle promises which they have no intentions of keeping. It’s a simple message to explain to people how ‘this is a way you’re going to be able to put a roof over your family’s heads and food on your table.’ And then when we come in, it’s kind of difficult to come behind a message like that with something that might take a little more time but would be worth that investment of time.”*

*Kathy Eglund, Chair of the ECJ Committee of the NAACP National Board of Directors*

- **Language of Urgency of “Realistic” Action:** We don’t have time for false solutions like carbon pricing that fail to disrupt the power of the fossil fuel industry. There are numerous more effective, real solutions that promote the structural changes we urgently need.



## A Just Transition, not Cap and Trade, Will Advance Climate Justice

Washington-based coalition [Front and Centered](#), which includes the Seattle King County NAACP and Tacoma NAACP, makes it clear:

“Washington state must cut greenhouse gas emissions from energy use in half within the next ten years if we have any chance in meeting [long term state requirements to nearly eliminate pollution that causes climate change by 2050](#). To achieve this goal – let alone achieve it in a way that protects communities from the impacts of climate change and fossil fuel pollution and the pitfalls of an unjust transition – **requires much more than a change in the price of oil, gas, or coal, it requires a Just Transition of our entire economy.**

**There is no just pathway to our emissions goals that relies on the commodification of our air, land, and water, which we depend on for life.”**



## Domestic Policy Recommendations for the United States— Legislating Climate Justice

**At risk of stating the obvious, as a baseline standard, climate policy must work to repair existing economic and environmental inequalities, not exacerbate them.** In order to advance such solutions, successful climate policy must be shaped by the frontline communities that have long fought the extractive and exploitative practices of the fossil fuel industry. Governments and other framers of climate policy must recognize these communities and their experiences as legitimate forms of expertise, or they run the risk of continuing to draft “solutions” that fail to address the root causes of the climate crisis and often do as much harm as good.

*"Unless you get to the tax loopholes or fossil fuel subsidies, they will always continue to find a way to support their profit-making model which will continue to pollute in low-income and Black and Brown communities. It's just degrading, I guess, is the best word that I can come with."*

*Indiana State Conference NAACP ECJ Chair Denise Abdul-Rahman on a 2021 [state Senate resolution supporting a Carbon Dividends Plan](#)*

We must pursue environmental policies that rapidly phase out fossil fuel use, cutting emissions at the source. Equity and environmental justice must be integral components of climate change mitigation policy.

There are no miracle cure-all solutions. Considering the unprecedented scale and severity of the crisis before us, no single action will suffice. A non-exhaustive list must include the following measures:

1. **Transform the current utility system**, including shifting away from centralized energy generation as well as a system largely controlled by investor-owned utilities and transitioning to community-owned and distributed energy generation.
2. Transition utility systems and energy-generating infrastructure into **public ownership**. Public ownership will recognize energy as a public good and ensure a just transition for workers and communities while phasing out fossil fuel production. Many communities across the U.S. have embraced public ownership.
3. **Invest in large-scale public works projects** that promote energy efficiency and develop community-based clean energy infrastructure. To embody the principles

of a Just Transition, it is critical to increase public finances for the energy system, accompanied by democratic governance.

4. **Create pathways for displaced fossil fuel workers** to transition into the clean energy economy. Investments and supports ranging from comprehensive training to high road careers, to healthcare and pension coverage will ensure that all workers have a path to livelihoods and wellness as we reshape the workforce and economy.
5. **Implement affordability policies** that reduce energy costs and lower the energy burden for low-income and frontline communities. The clean energy transition should not strain fragile household budgets of low-income people.
6. **Advance zero energy homes and buildings** to curb emissions from the built environment. Decarbonization can be achieved in new construction and existing buildings through strategies ranging from regenerative design, to expanded access to weatherization assistance programs, to building code requirements that facilitate renewable energy installations and energy efficiency and more.



7. **Shift investments to public transit** and away from highway capacity expansion projects for single-occupancy vehicles. Decades-long investment in highways has driven the climate crisis while disproportionately burdening marginalized communities with air pollution. Prioritizing investments in public transit options that are renewable, free or low-cost, and guards against displacement would restore equity to a deeply inequitable transportation system.





8. **End corporate agricultural consolidations** and restore localized food systems. Investing in a localized model will reduce agricultural dependence on fossil fuels and increase the resilience of food systems



9. **Set aggressive targets to completely transition the entire economy** away from fossil fuels. Targets should align with the Intergovernmental Panel on Climate Change's (IPCC) designated pathway that radically reduces greenhouse gas emissions by 2030, keeping global warming below the preferred limits of the Paris Agreement.
10. **End new fossil fuel exploration and extraction immediately.** Multi-billion dollar fossil fuel infrastructure constructed today has a multi-decade economic lifespan that will lock-in unaffordable emissions. The trajectory we are on is unsustainable.
11. **Cease the operation of currently-producing fossil fuel infrastructure** adjacent to communities experiencing present-day and generational impacts to human and environmental health resulting from energy infrastructure and beyond.
12. **Expand conventional, direct regulations** to accelerate a managed transition away from fossil fuels. Regulation encompasses a range of instruments, from efficiency standards to production caps, to feed-in tariffs/net metering for renewables. Direct regulation can improve efficiency faster, at a lower cost, and in a less coercive way than market mechanisms such as trading or taxes.





13. **Develop strategies that maximize elimination of co-pollutants** while achieving specific greenhouse gas elimination goals. These strategies should include explicit mandates for elimination in point source pollution as well as the collection of data on emissions and outcomes.
14. **Reject policies built around false solutions** which include loopholes that allow facilities or jurisdictions to meet emissions obligations without reducing their own emissions, such as through emissions offsets and allowances.
15. **Phase out subsidies for fossil fuel exploration, extraction, refining, and transport**, including direct subsidies to corporations as well as other tax benefits. Rather than spending to the tune of \$20 billion annually to drive further climate destabilization, redirect those funds to help keep fossil fuels in the ground. A recent report indicates, for example, that if just 10% of the annual coal, oil, and gas subsidies were shifted to the renewable energy sector, countries could see a nearly 20% drop in carbon dioxide pollution.
16. **Shift funds away from military expenditures.** Representing a majority of the federal discretionary budget, the United States military budget is as large as that of the next seven countries put together. It is critical that the federal budget reflect the urgency of the climate crisis, and we can shift a portion of the bloated security budget to help fund a clean energy transition for the U.S. economy as a whole.
17. **Pursue legal action against climate offenders** to provide justice and compensation for past and current harm inflicted on frontline communities. A surge of climate change lawsuits in recent years attempt to hold governments and fossil fuel companies accountable for climate change and human rights violations. At stake in these cases are billions of dollars in liability and legal

precedents.

18. Finally, we should consider going even **beyond regulation to criminalization**. Allowing corporations to buy the ability to pollute is sanctioning murder, (or at least negligent homicide or involuntary manslaughter if we are being super charitable) whether it's through the poisoning of the air, water, and land of communities to fatal effect, or it's through the deadly impacts of climate change, including the increasing severity of disasters that are claiming the lives of thousands. Being responsible for fatalities, if performed by any other means, is against the law.

## Why Us, Why This, and Why Now

Recognizing the civil rights violations posed by environmental problems that disproportionately impact African American communities, the NAACP established the Environmental and Climate Justice Program in 2009. The program was created to support community leadership in addressing this human and civil rights issue by advocating for these primary objectives:

1. **Reduce harmful emissions, particularly greenhouse gases:**  
Combines action on shutting down coal-fired power plants at the local level with advocacy to strengthen development, monitoring, and enforcement of regulations at the federal, state, and local levels. Also includes a focus on corporate responsibility and accountability.
2. **Advance energy efficiency and clean energy:**  
Works at the state level on campaigns to pass renewable energy and energy efficiency standards while simultaneously working at the local level with small businesses, unions, and others to develop demonstration projects to ensure that BIPOC and low-income communities are accessing income generation opportunities in the new energy economy, while providing safer, more sustainable mechanisms for managing energy needs for our communities and beyond.
3. **Strengthen community resilience in the context of climate adaptation:**  
Ensures that communities are equipped to engage in climate action planning that integrates policies and practices such as advancing food justice, advocating for water equity, upholding civil and human rights in emergency management. And so much more.

*While partner groups from the environmental and climate justice movements have written very insightful documents analyzing carbon pricing and emissions trading schemes, we feel a new imperative to produce a resource that is oriented to our state, local, and national leadership who are constantly targeted by proponents of market-based mechanisms seeking to enlist the NAACP's support and leadership by using false equity claims.*

**As a new administration takes the helm of federal governance with a commitment to action on climate. And with the Intergovernmental Panel on Climate Change warning that our time to take action on climate is waning. And with the syndemic of Climate Change, the Economic Crisis, COVID-19, and the Racial Awakening all interconnected and arising from common roots. It is important that we get this right. Through the platform of the NAACP's voice as a civil rights leader we seek to increase the visibility of the work that has already been done, debunk false equity claims in various carbon pricing schemes, and further advance an equity-based analysis within the human and civil rights framework that defines us as an organization and movement leader.**

*"A lot of times when I speak out against carbon pricing, people think I just don't understand. I fully understand, I just fully oppose it. I will never give anyone permission to pollute me."*

*Kathy Eglund, Chair of the ECJ Committee of the NAACP National Board of Directors*

*What solutions look like in different communities might be different. But we know that our north star is that we oppose carbon markets. We oppose what they represent. And that is not fundamentally where we want to be.*

*We also know that we live in a very capitalist economy where our community groups are making tough decisions every day.*

*Kari Fulton, Frontline Policy Coordinator at the Climate Justice Alliance*



## Introduction

At the end of 2018, the United Nations Intergovernmental Panel on Climate Change (IPCC) released a groundbreaking report warning that **we have just over a decade to take the drastic actions necessary** to keep global warming to a maximum of 1.5 degrees Celsius over preindustrial levels. According to the report, “there is no documented historic precedent” for the scale of the “rapid and far-reaching” changes required to address the climate crisis.<sup>9</sup> Speaking at a press conference following the report’s release, Jim Skea, a co-chair of the IPCC panel and a professor at Imperial College London, remarked, “Frankly, we’ve delivered a message to the governments. It’s now their responsibility to decide whether they can act on it. What we’ve done is said what the world needs to do.”<sup>10</sup>

The findings of the report confirm what communities on the frontlines of climate change have known for years: the climate is changing at an unprecedented rate, the impacts are increasingly visible, the civil and human rights implications are vast, and we must aggressively focus on real solutions that don’t cause further harm. To name a few impacts: the sea level is rising; hurricanes and other extreme weather events are becoming more frequent and more severe; rainfall patterns are changing and affecting agricultural yields; heat waves stretch longer periods of time, becoming increasingly dangerous and deadly; and wildfires ravage the western United States for months on end. Earlier last year, carbon dioxide levels climbed to a record high of 415 parts per million; carbon that is emitted into the atmosphere remains there for hundreds of years, trapping heat.<sup>11</sup> The effects are cumulative, meaning they grow more severe over time. Even as the consequences for our people, communities, and ecosystems—all life—become increasingly evident and a response increasingly urgent, we have not seen a meaningful commitment to address the most critical

*“The fight against climate change has the potential to transform our society and in **the process could either perpetuate or exacerbate inequalities based on race and income that currently exist.**”*

*Dr. Nicky Sheats, Esq.*

<sup>9</sup> “Special Report: Global Warming of 1.5” IPCC, accessed July 2019, <https://www.ipcc.ch/sr15/>.

<sup>10</sup> Chris Mooney and Brady Dennis, “The world has just over a decade to get climate change under control, U.N scientists say,” *The Washington Post*, October 7, 2018, [https://www.washingtonpost.com/energy-environment/2018/10/08/world-has-only-years-get-climate-change-under-control-un-scientists-say/?utm\\_term=.11f53667ccf5](https://www.washingtonpost.com/energy-environment/2018/10/08/world-has-only-years-get-climate-change-under-control-un-scientists-say/?utm_term=.11f53667ccf5).

<sup>11</sup> “Climate System ‘Getting Unhinged’ as Massive Heat Wave Causes Record Melting of Greenland Ice Sheet,” *Democracy Now*, August 2, 2019, [https://www.democracynow.org/2019/8/2/greenland\\_melting\\_climate\\_crisis\\_jason\\_box](https://www.democracynow.org/2019/8/2/greenland_melting_climate_crisis_jason_box).



environmental problem of the twenty-first century from the governments and corporations most responsible for the climate crisis. **This persistent inaction reveals that for most government elites, it is easier to imagine what lies in store if greenhouse gas levels continue to rise**, than to accept the political action necessary to address the problem.

*“When we talk about pricing carbon, or any other climate and environmental policy, it is imperative we do so in an equitable way that combats environmental racism rather than exacerbating it. If we aren’t addressing the needs of the people most impacted by pollution and by climate change today — not ten years from now — then what we’re saying is that we can just write off that society. We’re saying, ‘it’s okay if they don’t make it,’ because on the whole, we’re trying to save a different population with more privilege, more wealth, and more ability to thrive.”*

*Michelle Romero of Green for ALL*

**The United States is responsible for nearly a third of the excess carbon dioxide in the atmosphere today, thus bearing a significant and unmatched moral responsibility** to address the climate crisis by drastically reducing emissions.<sup>12</sup> Rather than earnestly responding to this call, the United States federal government, as well as many state and local jurisdictions, maintain a commitment to coal, oil, and gas companies and the handful of investors who hold the lion’s share of the profits from fossil fuel extraction and pollution. As the urgency of the climate crisis becomes more apparent and political pressure from constituents grows, carbon-pricing policy has emerged as the supposed silver-bullet solution upon which governments, financial institutions, and corporations can agree. Some of the proposed policy frameworks include emissions trading, cap and trade, carbon offset trading, and carbon taxes. These various mechanisms have come to dominate much of the environmental insider group discourse, as well as the public debate on how to curb climate change.<sup>13</sup>

Given this increasing prominence, the purpose of this paper is to critically examine carbon pricing: its historical context and precedence; what it is and how it works; its civil

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<sup>12</sup> Tamra Gilbertson, “Carbon Pricing: A Critical Perspective for Community Resistance,” *Indigenous Environmental Network*, <http://www.ienearth.org/wp-content/uploads/2017/11/Carbon-Pricing-A-Critical-Perspective-for-Community-Resistance-Online-Version.pdf>.

<sup>13</sup> Gilbertson, “Carbon Pricing: A Critical Perspective.”

and human rights implications; environmental justice critiques; and, recommendations for an equitable path forward.

This paper is written for multiple audiences. First and foremost, we offer this paper as a resource to NAACP units--branches, chapters, and state leadership, as well as other grassroots community activists and community-based organizations. We aim to advance a critical examination of carbon pricing policies in a political context where carbon pricing is often perceived as the only—or at least “the best” or “most realistic”—policy approach to addressing the climate crisis. Second, this paper is written for environmental activists and organizations to advance a critical dialogue about climate justice within the climate movement. Third, we aim to educate decision makers so that they can be more effective at shaping climate policies that reduce harm to communities *and* the environment—policies that provide the transformative change we need.

## Defining Foundational Terms

### Environmental Justice

Racism plays a key role in the planning and decision-making that shapes our lived-environment. BIPOC communities and low-income communities are disproportionately exposed to degraded environments. The term ***environmental racism*** refers to the phenomenon in which BIPOC communities bear a disproportionately large environmental burden, as compared to white neighborhoods. The environmental justice movement responds to this injustice. We define ***environmental justice*** as the fair and equal treatment of all people regardless of race, color, national origin, gender, sexual orientation, gender identity, ability, or income level, etc. in the development, implementation, and enforcement of environmental laws, regulations, and policies. Further, we define ***environmental justice communities***, as communities that experience environmental racism and/or economic disparities and endure the impacts of environmental harms and risks while being deprived of the benefits associated with the environment.

Environmental justice is about equal access to and enjoyment of the world’s beauty and resources. It is about preservation of “lifeways” which are dependent upon natural resources and certain environmental and climactic conditions. It involves **free, informed and prior consent** for communities related to resource rights and any proposed development or extraction processes affecting them. It is about the right for individuals and communities to be safe and healthy. It is commitment to future generations that they will inherit a world which is at least as safe, healthy, and beautiful as the one we inherited. And finally, at the heart of our approach to environmental justice work is the ethic of including the community in every step of public processes to make their environment safe and their area a healthy place to live.

## Climate Justice

The NAACP recognizes that in the United States, climate change is real and the effects of climate change hit BIPOC communities, communities with low-income, and other frontline communities first and worst. **Climate justice**, an extension of environmental justice, emerged as a named concept in the early 2000's. It recognizes that the multiple consequences of climate change –increased flooding, more severe and frequent storms, prolonged drought, and intense wildfires, as well as sea level rising, etc. – impacts people who already experience inequity more than those who experience inequity less in our society. As climate justice advocates and activists, we work to uphold human and civil rights by changing climate policies, principles, and practices. We recognize the injustice of those suffering the most from climate change, as well as those who are too often left out of designing climate legislation.

## Energy Justice

**Energy justice** relates to everyone having access to affordable, safe and renewable energy – and refers explicitly to the size of consumer bills, utility pricing and shut-off policies. In its fullest sense, it also embraces the notion of **energy democracy**. As articulated by our partners at the Climate Justice Alliance, energy democracy represents “*a shift from the corporate, centralized fossil fuel economy to one that is governed by communities, is designed on the principle of no harm to the environment, supports local economies, and contributes to the health and well-being for all peoples.*”<sup>14</sup> Rather than concentrating power in the hands of wealthy fossil fuel companies and utility companies, energy democracy means that community members are innovators, planners, and decision-makers on how to generate and use energy – and ideally, they also are collective owners of the sources of that energy.

## Racial Justice

The NAACP vision of racial justice means *a society in which all individuals have equal rights without discrimination based on race*. **Racial Justice** is defined as the proactive reinforcement of policies, practices, attitudes and actions that produce equitable power, access, opportunities, treatment, impacts and outcomes for all.<sup>15</sup>

Racial justice goes further than the concept of **anti-racism**. It is not just the absence of discrimination and inequities, but also the systematic and deliberate fair treatment of people of all races, resulting in equitable opportunities and outcomes for all.

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<sup>14</sup> “What is Energy Democracy,” *Climate Justice Alliance*, accessed July 2019, <https://climatejusticealliance.org/workgroup/energy-democracy/>.

<sup>15</sup> “Glossary of Terms: Race, Equity and Social Justice,” *International City/County Management Association*, accessed April 2021, <https://icma.org/glossary-terms-race-equity-and-social-justice#R>

## Human Rights

As defined by the United Nations, **human rights** are “rights inherent to all human beings, regardless of race, sex, nationality, ethnicity, language, religion, or any other status.”<sup>16</sup> Human rights include the right to life and liberty, freedom from slavery and torture, freedom of opinion and expression, the right to work and education, and many more.

## Civil Rights

**Civil rights** are basic legal rights that constitute free and equal citizenship and include personal, political, and economic rights.

Title VI of the Civil Rights Act of 1964 provides that “no person in the United States shall, on the ground of race, color, or national origin, be excluded from participation in, be denied the benefits of, or be subjected to discrimination under any program or activity receiving federal financial assistance.”<sup>17</sup> This provision applies to all levels of government, institutions of higher education and school systems, and private sector organizations, all of which provide education, health care, housing, social services, parks and recreation, and more.

Communities of color nationwide are, and have historically been, beset by disproportionate exposure to pollution, crime, substandard living conditions, and more. African Americans who reside near energy production facilities including coal fired power plants, nuclear power plants, or biomass power plants, are more likely to suffer the negative health impacts of prolonged exposure to smog, lead, asbestos, mercury, arsenic, sulfur dioxide, nitrogen oxide and other toxins than any other group of Americans.

## Vision and Framework for Justice

***Just Transition is a principle, a process, and a practice revolving around the belief that a healthy economy and a clean environment can and should co-exist.***

To achieve transformative environmental, climate, and energy justice we must advance solutions that not only address the negative impacts the current energy system has on our environment, but also on the health and well-being of our communities. This means that while we transition to clean energy, we must build thriving, community-centered

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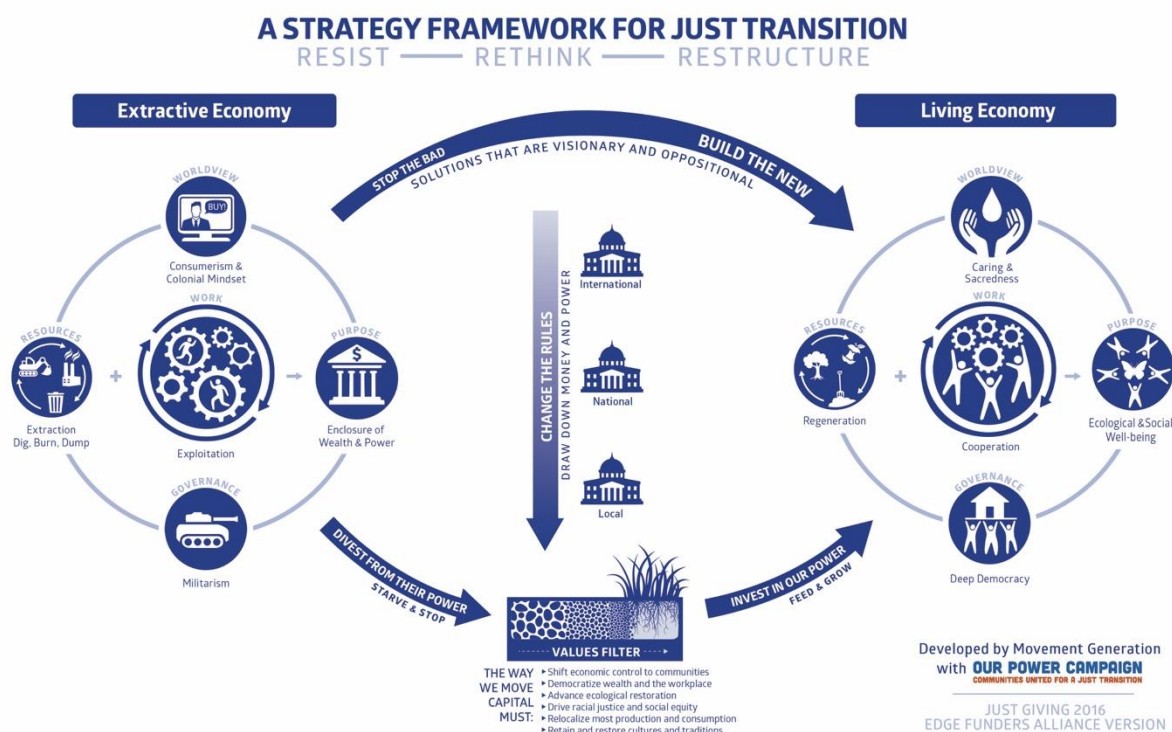
<sup>16</sup> “Human Rights,” *United Nations*, accessed April 2021, <https://www.un.org/en/global-issues/human-rights#:~:text=Human%20rights%20are%20rights%20inherent,and%20education%2C%20and%20many%20more>

<sup>17</sup> “Title VI, Civil Rights Act of 1964,” Department of Labor, accessed April 2021, [https://www.dol.gov/agencies/oasam/regulatory/statutes/title-vi-civil-rights-act-of-1964#:~:text=No%20person%20in%20the%20United,activity%20receiving%20Federal%20financial%20a](https://www.dol.gov/agencies/oasam/regulatory/statutes/title-vi-civil-rights-act-of-1964#:~:text=No%20person%20in%20the%20United,activity%20receiving%20Federal%20financial%20assistance)  
[ssistance](https://www.dol.gov/agencies/oasam/regulatory/statutes/title-vi-civil-rights-act-of-1964#:~:text=No%20person%20in%20the%20United,activity%20receiving%20Federal%20financial%20a).



economies in so doing. The current reliance on fossil fuels is unsustainable, and the transition to renewable energy is common sense. With that said, while **a transition is inevitable, justice is not.**

The concept of a “Just Transition” has gained prominence in organizing and policy circles in recent years. In the context of the energy sector, it is rooted in the building of alliances between workers in polluting industries and communities heavily harmed by that pollution. Labor unions and environmental justice groups first forged Just Transition strategies that aim to phase out the extractive industries that harm workers, community health and the planet, while also providing just pathways for those workers to move into new jobs.<sup>18</sup> Just Transition strategies advance alternative economic and energy models that are in alignment with our collective survival. Alongside colleagues in the climate justice movement, the NAACP adopts the definition of **Just Transition** to include: “a host of strategies to *transition whole communities* to build thriving economies that provide dignified, productive and ecologically sustainable livelihoods; democratic governance and ecological resilience.”<sup>19</sup>



<sup>18</sup> “From Banks and Tanks to Cooperation and Caring: A Strategic Framework for a Just Transition” Movement Generation Justice and Ecology Project, [http://movementgeneration.org/wp-content/uploads/2016/11/JT\\_booklet\\_English\\_SPREADs\\_web.pdf](http://movementgeneration.org/wp-content/uploads/2016/11/JT_booklet_English_SPREADs_web.pdf).

<sup>19</sup> “Just Transition Principles,” Climate Justice Alliance, accessed July 2019, [https://drive.google.com/file/d/0BxqkHpjiFq\\_eWk9QR1JwNFRDSndzZEVwRmtWZkZFcXdWWTBn/view](https://drive.google.com/file/d/0BxqkHpjiFq_eWk9QR1JwNFRDSndzZEVwRmtWZkZFcXdWWTBn/view)

The Indigenous Environmental Network (IEN) has recently compiled a toolkit of resources to help lead discussions and training on Just Transitions. For the IEN, action towards a Just Transition includes building “the cultural, social, economic, and political power of Native Nations and its Indigenous Peoples to develop action” in order to stop the addictive cycles of high energy production that exploit natural resources.<sup>20</sup>

*“What all these false promises have in common, apart from being untested and unproven to be safe or effective, is that **they emerge from a worldview defined by racist doctrines of discovery and conquest; blind faith in market-based policies and corporate technologies; ideological practices of privatization, commodification and the exploitation of nature – putting a price on the sky, on forests, on waters, oceans and soils to create new derivative markets that increase inequality and expedite the destruction of all life.**”*

*Hoodwinked In the Hothouse: Resist False Solutions to Climate Change  
Third Edition, 2021*

The dominant economy is extractive. The story goes back to the “explorers” who traveled “west” in search of riches that they decided to acquire by force. Enacted through exploitation, domination, extraction, and murder, these fortunate seekers drove the original inhabitants off of their lands. They traveled to Sub Saharan Africa to violently extract and enslave Black people for the purpose of building this nation and further amassing wealth and power.

In the context of the environment, it is built on patterns of indiscriminate taking of natural resources – trees, water, clean air, wild plants and animals, minerals, metals, precious and semi-precious stones, and fossil fuels – with little to no regard of the impact on the surrounding communities and workers involved – or on future generations. Often this attitude is described in shorthand as “**dig, burn, and dump**,” where we dig up resources, burn them, and then dump the waste.

This “life without limits” ideology creates a culture and economy where infinite growth and dominion over nature are not only normalized and valued but also equated with success and progress. In the United States (and increasingly, abroad), this system is often validated by the rhetoric of “freedom” achieved through the unregulated marketplace.

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<sup>20</sup> Gilbertson, T. *Carbon Pricing*, 10.





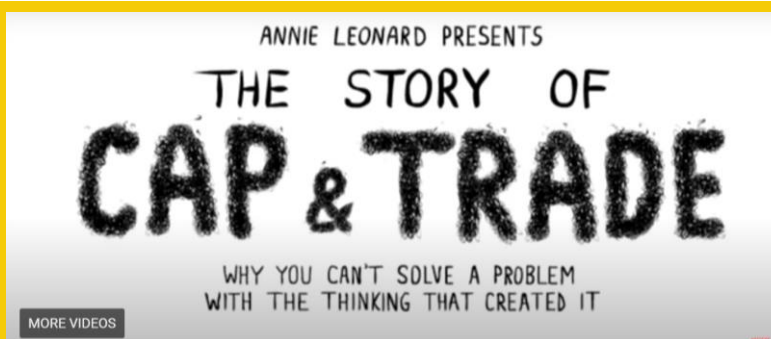
## Section I: Carbon Pricing Basics

While carbon pricing and emissions trading schemes have been a part of climate policy discussions for decades, the concept has gained significant traction in recent years. The concept usually refers to three common policy mechanisms—“cap and trade,” a “carbon tax,” and a carbon fee and dividend—which are market-based regulations that create a carbon market by putting a tax, fee, or price on greenhouse gas emissions for the purpose of reducing carbon pollution.

***The theory supporting these policies is that by introducing negative economic signals for emissions, polluters will be incentivized to reduce emissions and be encouraged to invest in alternative forms of energy.***

Carbon pricing advocates also credit the system as a means to account for the external risks and costs, such as the public health costs, associated with carbon pollution, forcing polluters to pay the full costs of the energy they produce. Champions of carbon pricing—including Wall Street financiers, venture capitalists, and some environmental organizations characterize the climate crisis as **—a technical problem that we can maneuver out of with an easy, market-based fix.**<sup>22</sup>

The purpose of this section is to define the basic terms, concepts, and assumptions associated with carbon pricing. In the sections that follow, we will discuss the historical



There are several short and useful videos available online that help explain how carbon pricing works. These are great resources for understanding carbon pricing, especially for visual-learners, and for sharing with others. Check them out:

**The Story of Cap and Trade**, available at <https://storyofstuff.org/movies/story-of-cap-and-trade/>

**What is a Carbon Price?** available at <https://energypolicy.columbia.edu/what-you-need-know-about-federal-carbon-tax-united-states>.

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<sup>22</sup> Gilbertson, “Carbon Pricing: A Critical Perspective.”



case studies in carbon pricing and offer a critical analysis of the effectiveness and environmental justice implications of carbon pricing schemes.

## Glossary of Key Terms

**Allowance:** An allowance is the permit that companies must acquire in order to pollute up to a certain limit in a cap and trade program. A company may pollute at the rate that matches their permitted allowances. Depending on how the cap and trade program is set up, companies are allocated permits, purchase permits, or often some combination thereof. Companies whose emissions are less than their allowances can trade/sell their allowances to other companies.

**Cap and Trade:** Legislation that sets a jurisdiction-wide limit or “cap” on emissions. Entities that are regulated under the cap and trade system must acquire permits, or allowances, to pollute either through allocation, auction, or a combination thereof.

**Cap and Invest:** The same as cap and trade but aims to invest some of the revenues back into the community.

**Carbon Pricing:** An “umbrella term” that encompasses carbon trading, carbon taxes, and carbon offsets. All of these programs result in monetary value being attached to units of carbon dioxide pollution.<sup>23</sup>

**[Carbon] Offset:** Carbon offsets are typically associated with cap and trade systems. These are emissions reduction “equivalents” that a corporation, government, or other participating entity can purchase as a pollution “right” (or allowance) that allows them to continue pollution on-site beyond an agreed-upon cap.<sup>24</sup> Allowances are usually awarded in exchange for investment in greenhouse gas emission-reduction projects, usually off-site and often out-of-state or out-of-country.

**Greenhouse Gas (GHG):** Atmospheric gases responsible for causing climate change, notably carbon dioxide (CO<sub>2</sub>) and methane (CH<sub>4</sub>).

**Hot Spot:** The geographic concentration or hyper localization of pollution. Hot spots are areas with heavy pollution burdens.

**IPCC:** Intergovernmental Panel on Climate Change, the scientific body that advises the United Nations Framework on Convention on Climate Change (UNFCCC).

**Leakage:** A term used to describe the shifting of emissions from inside to outside of a jurisdiction where regulation applies in order to avoid the regulatory costs. For example, rather than changing pollution practices, a company might opt to move operations to another state with less regulation.

**Linkage:** Setting up a carbon pricing system so that it is “linked” with another. For example, a state cap and trade program in California could be “linked” with a state cap

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<sup>23</sup> Ibid.

<sup>24</sup> Ibid.

and trade program in Oregon. Usually when programs are linked (specifically with cap and trade, allowances can be traded between jurisdictions.

**Market Fundamentalism (Free Market Fundamentalism):** Term used to describe the strong belief in unregulated, laissez-faire or free market policies to solve economic and social problems.

**Neo-liberalism:** An economic ideology revolving around maximum deregulation and the belief that “the market” delivers the most optimum solution in terms of economic well-being that could never be achieved by policy or planning.<sup>25</sup>

**Sacrifice Community/Zone:** A geographic area in close proximity to toxic contamination, impaired by environmental damage and/or economic disinvestment.



## Guide to Common Carbon Pricing Mechanisms

### Carbon Trading

Carbon trading systems are structured to make it cheaper and easier for companies and governments to meet emissions reductions targets.<sup>26</sup> Carbon trading takes two main forms: cap and trade and carbon offsetting.

**Cap and trade** is a type of carbon trading where governments place a limit, or cap, on the on the overall level of carbon emissions from industries within a certain jurisdiction such as state, region, or country. Typically, that cap is reduced each year to reach a set pollution target. Companies

*"Carbon credits are **permission** to pollute."*

*Alberto Saldamando of the Indigenous Environmental Network*

<sup>25</sup> George Monbiot, "Neoliberalism-the ideology at the root of all our problems," *The Guardian*, <https://www.theguardian.com/books/2016/apr/15/neoliberalism-ideology-problem-george-monbiot>.

<sup>26</sup> Gilbertson and Reyes, "Carbon Trading," 9.

regulated under the cap and trade system must acquire permits, or **allowances**, to pollute either through allocation, auction, or a combination thereof. Allowances are issued to match the cap on total emissions. Usually the emissions cap and the corresponding allowances decline over time. Companies can trade permits between one another, introducing a market for carbon pollution. As the cap decreases each year, those polluters which have not sufficiently adjusted their operations, and thus plan to exceed their emissions quota, buy unused quota from other companies. In theory, this results in the desired emissions target. Some cap and trade systems allow companies to purchase credits, known as **offsets**, from carbon offset reduction programs such as mass tree plantings.

**Carbon offsets** is a type of carbon trading where companies (and sometimes international financial institutions, governments, or individuals) finance “emissions-saving projects” meant to offset the impacts of their direct emissions.<sup>27</sup> Carbon offsets are sometimes utilized as compliance mechanisms in cap and trade mechanisms, but also exist as stand-alone projects. Through the United Nations-administered Clean Development Mechanism, for example, industrialized countries can earn certified emissions reductions (CER) credits (each equivalent to one ton of CO<sub>2</sub>) by developing emissions-reduction projects in developed countries. CERs can then be traded and sold to meet a part of their emissions reductions targets under the Kyoto Protocol.<sup>28</sup>

## Carbon Tax

The other main approach to carbon pricing is through a **Carbon Tax** where a government levies a tax on the distribution, sale, or use of fossil fuels. This model sets a direct price on carbon by defining a tax rate, usually expressed in dollars per unit of greenhouse gas emissions and applied to designated greenhouse gas emitting entities.

There are several carbon trading systems with variations, but they are essentially the same as a typical cap and trade system or a carbon tax. We outline several in the table below.

Carbon Pricing Model	Description
“Revenue Neutral Carbon Tax”	A <b>revenue-neutral</b> carbon tax is an increasingly common carbon-pricing model. As the name implies, a revenue neutral carbon tax means that the government ultimately does not derive any additional funds as a result of the carbon tax. This can happen in a few ways. A popular way is to directly re-grant the tax revenues to consumers, households, or taxpayers more generally, or possibly indirectly return funds through cuts in one

<sup>27</sup> Ibid, 11.

<sup>28</sup> “What is the CDM,” UNFCCC, accessed July 2019, <https://cdm.unfccc.int/about/index.html>.

	<p>or more other portions of the tax code. The “revenue-neutral” approach is popular among economists and economic conservatives because it does not increase the size of government, its budget, or the total amount of taxes levied.</p> <ul style="list-style-type: none"> <li>• British Columbia introduced a revenue-neutral carbon tax in 2008.<sup>29</sup></li> </ul>
“Carbon Fee and Dividend”	<p>Under a <b>fee and dividend</b> policy, the revenues generated are returned directly to citizens or households through a dividend or rebate.</p> <ul style="list-style-type: none"> <li>• In 2018, the Energy Innovation and Carbon Dividend Act was introduced in both houses of the U.S. Congress.<sup>30</sup></li> </ul>
“Cap and Invest”	<p>The term <b>cap (or carbon fee) and invest</b> usually refers to a carbon fee or cap-and-trade system where the revenues generated are invested, at least in part, in clean energy, energy efficiency, climate mitigation programs, etc. Some environmental justice-minded groups advocate specifically in investments for those communities most affected by carbon pollution and climate change. Examples of these kinds of carbon pricing programs are profiled in the state case study portion of this document.</p> <ul style="list-style-type: none"> <li>• California’s SB 535 was signed into law in 2012, mandating that at least twenty-five percent of cap-and-trade auction revenues be invested in programs that benefit disadvantaged communities, and that at least ten percent of the funds be invested within those geographic areas.<sup>31</sup></li> </ul>

<sup>29</sup> “How B.C.’s formerly ‘revenue neutral’ carbon tax turned into another government cash grab,” *Financial Post*, February 16, 2017, <https://business.financialpost.com/opinion/how-b-c-s-formerly-revenue-neutral-carbon-tax-turned-into-another-government-cash-grab>.

<sup>30</sup> “Energy Innovation and Carbon Dividend Act: The Bipartisan Climate Solution,” *Citizens Climate Lobby*, accessed July 2019, <https://energyinnovationact.org/>.

<sup>31</sup> Vien Truong, “Addressing Poverty and Pollution: California’s SB 535 Greenhouse Gas Reduction Fund,” *Harvard Civil Right-Civil Liberties Law Review* 49 (2014), [https://harvardcrcl.org/wp-content/uploads/sites/10/2011/09/493\\_Truong.pdf](https://harvardcrcl.org/wp-content/uploads/sites/10/2011/09/493_Truong.pdf).



While these are the basic structures of carbon trade and carbon tax mechanisms, it is possible to modify the way each of these systems are set up in many different ways. **There are also hybrids** that combine components of a cap, trading and a carbon tax. One example is the ‘carbon cap and fee’ approach that sets a limit on carbon emissions and taxes emissions.

*“A tax is also just saying we are accepting that you are going to continue doing this. It’s almost like, well he cheats on me, but every time he cheats, he buys me a Birkin.”*

*Kari Fulton, Frontline Policy Coordinator at the Climate Justice Alliance*

## Section II: How Carbon Pricing Became the Focus of Climate Politics

Over the course of the last decade, carbon pricing has emerged as a “silver bullet” solution across climate policy circles as the climate crisis becomes increasingly visible while relative inaction persists. At a time when putting a price on carbon dioxide emissions is widely promoted as the central solution to climate change, it is important to understand the historical context of carbon pricing as it relates to climate politics. In this section we discuss carbon pricing politics in a global context and briefly outline the history of carbon pricing policies in the United States.

*“The linking of carbon markets across the United States and the World is a tool that fossil-fuel companies have shaped and built to continue to extract and dump on frontline communities. **Carbon pricing is a slap on the wrist, a reward really.** History shows that it does not have the ability to move us away from oil addiction or reach our targets for climate justice. The only true way to reach our goals of 1.5 °C is to stop the fossil fuel machine at its source, to provide stricter regulations, and to hold polluters accountable for their legacy of pollution. We need this Just Transition to survive!”*

*Angela Adrar, Former Executive Director of the Climate Justice Alliance*

## Global Context

***Global climate summits have consistently been influenced by fossil fuel interests and pressure for flexibility through market-based mechanisms.***

***Meanwhile, the largest carbon trading system in the world has failed to meaningfully curb emissions.***

The idea to price carbon emissions has steadily spread around the globe over the past two decades, becoming the centerpiece of official efforts to address climate change within a longer wave of increasing governmental confidence in “neoliberal ideology.” This ideology revolves around economic deregulation and the belief that, “the market’ [efficiently] delivers benefits that could never be achieved by planning.”<sup>32</sup> This deep faith in markets to solve economic and social problems, which is called “market fundamentalism,” is reflected in the primary international economic and climate policies from this era.

Positioned within this broader context, the United Nations Conference on Environmental and Development (UNCED)—known as the Earth Summit—held in Rio de Janeiro in 1992 – attempted to, “link environmental solutions to [various] forms of capital accumulation.”<sup>33</sup> The Summit was led by Secretary-General Maurice Strong, who was a gas and energy entrepreneur and an advisor to the World Bank:

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<sup>32</sup> Monbiot, “Neoliberalism.”

<sup>33</sup> Gilbertson, “Carbon Pricing: A Critical Perspective,” 20.

“He was very influential with the corporate sector, promoted a market-led approach, and mentored Al Gore and the US delegation. The Summit promoted the idea of “sustainable development through trade liberalization”, and the “positive” role that transnational corporations could play in linking development and environmental matters.”<sup>34</sup>

Under this leadership and guided by these neoliberal assumptions, several key outcomes resulted from the Earth Summit, including the United Nations Framework Convention on Climate Change (UNFCCC), which provided a basic framework for international decision-making on climate change.<sup>35</sup> The first Conference of the Parties (COP) to the UNFCCC took place in Berlin in 1995. Two years later, the third COP was held in Kyoto, Japan, resulting in a Protocol that was to become the “major pillar of international climate policy,” aptly known as the Kyoto Protocol.<sup>36</sup> **Prior to the 1997 COP in Kyoto, the United States government (under the leadership of then Vice President Al Gore) decided to push for international emissions trading to be included in international agreements to the Convention, making “flexibility” a cornerstone of its position—and a requirement for its participation—in the negotiations. Given their powerful position in the negotiations, other parties eventually gave in to the US interests.**<sup>37</sup>

The Kyoto Protocol was the first international agreement to set internationally binding emission reduction targets. The Protocol established a principle of “**Common but Differentiated Responsibilities**,” which instilled the idea that “the largest share of historical and current global emissions of greenhouse gases has originated in developed countries,” thus requiring so-called developed nations to meet emissions reductions while so-called developing nations were not required (for the time being) to comply with emissions limits.<sup>38</sup> Under the Protocol, countries are expected to meet their targets through national measures. *Importantly*, the Protocol offers countries additional means to “meet” their targets by way of three market-based mechanisms, including:

- **International Emissions Trading**

*“Emissions trading, as set out in Article 17 of the Kyoto Protocol, allows countries that have emission units to spare - emissions permitted them but not ‘used’ - to sell this excess capacity to countries that are over their targets. Thus, a new commodity was created in the form of emission reductions or removals. Since carbon dioxide is the principal greenhouse gas, people speak simply of trading in*

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<sup>34</sup> Ibid.

<sup>35</sup> Notably, the Earth Summit resulted in the following documents: Rio Declaration on Environment and Development, Agenda 21, Convention on Biological Diversity (CBD), Forest Principles, and Framework Convention on Climate Change (UNFCCC).

<sup>36</sup> Gilbertson and Reyes, “Carbon Trading,” 23.

<sup>37</sup> Deborah Stowell, *Climate Trading: Development of Kyoto Protocol Markets* (New York: Palgrave Macmillan, 2005), 15-16.

<sup>38</sup> Gilbertson, “Carbon Pricing: A Critical Perspective,” 25.

carbon. Carbon is now tracked and traded like any other commodity. This is known as the 'carbon market.'"<sup>39</sup>

- **Clean Development Mechanism (CDM) (Offsets)**

*"The Clean Development Mechanism (CDM), defined in Article 12 of the Protocol, allows a country with an emission-reduction or emission-limitation commitment under the Kyoto Protocol (Annex B Party) to implement an emission-reduction project in developing countries. Such projects can earn saleable certified emission reduction (CER) credits, each equivalent to one [ton] of CO<sub>2</sub>, which can be counted towards meeting Kyoto targets."*<sup>40</sup>

- **Joint Implementation (JI) (Offsets)**

*"The mechanism known as 'joint implementation', defined in Article 6 of the Kyoto Protocol, allows a country with an emission reduction or limitation commitment under the Kyoto Protocol (Annex B Party) to earn emission reduction units (ERUs) from an emission-reduction or emission removal project in another Annex B Party, each equivalent to one [ton] of CO<sub>2</sub>, which can be counted towards meeting its Kyoto target."*<sup>41 42</sup>

**It was clear from the start that the Kyoto Protocol was inadequate.** Even before the Protocol went into effect a scientific journal pointed out that, "30 Kyotos would be needed merely to stabilise the concentration of carbon dioxide (CO<sub>2</sub>) in the atmosphere at twice the level it stood at the time of [the] Industrial Revolution."<sup>43</sup> Beyond setting weak targets, the Protocol was predicated on allowing the industrialized countries included in the treaty to trade away commitments in exchange for the promise of emissions reductions in other countries.

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<sup>39</sup> "Emissions Trading," UNFCCC, accessed July 2019, <https://unfccc.int/process/the-kyoto-protocol/mechanisms/emissions-trading>.

<sup>40</sup> "The Clean Development Mechanism" UNFCCC, accessed July 2019, <https://unfccc.int/process-and-meetings/the-kyoto-protocol/mechanisms-under-the-kyoto-protocol/the-clean-development-mechanism>.

<sup>41</sup> "Joint Implementation," UNFCCC, accessed July 2019, <https://unfccc.int/process/the-kyoto-protocol/mechanisms/joint-implementation>.

<sup>42</sup> The key difference between the JI and CDM is that the former involves projects hosted in countries that already have binding targets for the reduction of their greenhouse gas emissions.

<sup>43</sup> Gilbertson and Reyes, "Carbon Trading," 9.



*“A detailed gender analysis of the Kyoto Mechanisms and their impacts is yet to be conducted. However, there are some general observations suggesting that **the social impacts of carbon markets are largely negative, particularly for women.** Economic instruments that lead to higher energy prices more heavily impact low-income users. They also serve to further disadvantage those who are already marginalised in economic and public life. Both in developing and developed countries, women are disproportionately affected by poverty, and female headed households, in particular, have fewer assets and more limited access to resources. Furthermore, the benefits of current market-based financing mechanisms exclude the majority of the world's poor, and the non-commercial sector. As women and men do not have equal access to property, money, funds and markets, women are less likely to benefit from market based projects.”*

*Gender CC, Women for Climate Justice*

Despite taking such a central role in bringing emissions trading into the regulatory apparatus of the Kyoto Protocol, the US never became a formal party to the treaty.<sup>44</sup> Even still, **the market-based carbon trading language embedded in the Protocol set the stage for climate policy around the world.**

The European Union, for example, gradually strengthened its support for emissions trading, eventually designing and implementing the **European Union Emissions Trading Scheme** (EU ETS). Originally conceptualized as a means to comply with the mandates of the Kyoto Protocol and heavily influenced by industry interests, the European Emissions Trading Directive was passed into the law with the scheme coming into effect at the start of 2005. Covering more than 30 countries and roughly 12,000 industrial installations, the EU ETS is the largest carbon trading system in the world.<sup>45</sup> A recent *New York Times* examination of the effectiveness of carbon pricing schemes around the world concluded, **“The program has had a relatively muted effect on**

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<sup>44</sup> “Text of a Letter from the President to Senators Hagel, Helms, Craig, and Roberts,” *George W. Bush White House Archives*, March 2001, <https://georgewbush-whitehouse.archives.gov/news/releases/2001/03/20010314.html>.

<sup>45</sup> Gilbertson, “Carbon Pricing: A Critical Perspective,” 26.

**emissions.**<sup>46</sup> A recent study came to similar conclusions: “The EU ETS has so far failed to contribute meaningfully to curbing emissions of greenhouse gases.”<sup>47</sup> Nonetheless, the EU ETS continues to be used as a model for the design and implementation of other trading systems.

Today, more than 40 governments worldwide have adopted some sort of price on carbon.<sup>48</sup>

Although existing carbon markets have not demonstrated significant emissions reductions, the trend toward this “solution” persists, with new mechanisms scheduled or under consideration. The World Bank maintains a **Carbon Pricing Dashboard**, which can be navigated online to track carbon pricing mechanisms worldwide.

To access the tool, visit: [https://carbonpricingdashboard.worldbank.org/map\\_data](https://carbonpricingdashboard.worldbank.org/map_data)

*“The rules on the UN Paris Agreement’s Article 6 will define the extent to which carbon markets will undermine the already insufficient commitments by governments to reduce the burning of fossil fuels. False solutions like REDD have brought conflict to communities and falsely blame peasant farming for deforestation while corporations continue to destroy forests at large scale. Oil companies and the conservation industry are promoting a new version of these false solutions, now called “nature-based solutions” or “natural climate solutions”. These are not solutions to the climate crisis because they do not address the real causes– the burning of fossil carbon that maintains capitalist growth. They also fail to address the real causes of large-scale deforestation and harm the livelihoods of millions of people for whom forests are not landscapes but territories of which they are part and on which they depend for survival.”*

*Anne Peterman of the Global Ecology Project*

<sup>46</sup> Brad Plumer and Nadja Popovich, “These Countries Have Prices on Carbon. Are They Working?” *The New York Times*, April 2, 2019, <https://www.nytimes.com/interactive/2019/04/02/climate/pricing-carbon-emissions.html>.

<sup>47</sup> Frederic Hache, “50 Shades of Green: The Rise of Natural Capital Markets and Sustainable Finance,” *Green Finance Observatory*, Part 1 (March 2019).

<sup>48</sup> Plumer and Popovich, “These Countries Have Prices on Carbon.”

*“Unfortunately but not surprisingly, **the climate talks continue to reflect unjust systems** that are central to the root causes of the climate crisis, such as neoliberal economic models that drive the destructive commodification of nature and the implementation of market-based mechanisms that often harm people and planet. At this time of urgency, we need real solutions operationalized quickly, not false solutions like carbon trading schemes that are being promoted by too many governments and fossil fuel corporations that have an overwhelming presence at the COP.*

*Article 6 of the Paris Climate Agreement was a central focus of the COP25 climate talks, which concentrates on developing rules around the implementation of market-based mechanisms like carbon markets. These mechanisms are not new, and studies repeatedly have shown that these mechanisms fail to reduce emissions while also often violating human and Indigenous rights and causing further harm to biodiverse ecosystems. WECAN, along with many civil society organizations, are advocating to **stop any ‘solutions’ that commodify nature and do not contain safeguards** for human and Indigenous rights, gender justice, and ecological integrity.”*

*Women’s Earth and Climate Action Network (WECAN) Statement on COP25*

## History of Carbon Pricing in the United States

### Sulfur Dioxide Trading

***Put simply, the United States trading program was significantly less successful at reducing SO<sub>2</sub> pollution than direct regulations implemented elsewhere.***

The United States Environmental Protection Agency (EPA) made several early attempts to implement emissions trading schemes for various forms of pollution, including a baseline-and-credit lead control program in the 1980s and a sulfur dioxide (SO<sub>2</sub>) trading scheme in 1990.<sup>49</sup> The latter, introduced as part of US Clean Air Act Amendments,

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<sup>49</sup> Gilbertson, “Carbon Pricing: A Critical Perspective,” 22.

intended to use trading as a means to cheaply reduce SO<sub>2</sub> emissions by ten million tons below 1980 levels in order to reduce acid rain.<sup>50</sup> One hundred and ten electric power-generating plants were issued a set quantity of SO<sub>2</sub> emissions allowances and plant owners received additional allowances for each ton of SO<sub>2</sub> emissions reduced below the limit. These allowances could be saved for future use or traded in a newly created marketplace. Plants were then fined for each ton of SO<sub>2</sub> emitted in excess of allowances.<sup>51</sup>

**The US SO<sub>2</sub> emissions trading program produced meager results, especially when compared to other national SO<sub>2</sub> reduction programs which relied on direct regulation rather than trading.** By the end of 2007, the United States reduced SO<sub>2</sub> emissions by about 43%, whereas the European Union saw a decrease in emissions of 71% over the same period with direct regulation.<sup>52</sup> Germany cut SO<sub>2</sub> emissions from public power plants by 90% between 1982 and 1998. Japan cut the same emissions in ten years as what took the United States 23 with a trading program; meanwhile, it took China only three.<sup>53</sup> According to research by the Indigenous Environmental Network on this topic:

“The US Clean Air Act was already set up to phase-out sulfur dioxide through regulatory means. **What reductions the sulfur dioxide scheme did achieve were entirely the result of these legislated limits, not trading itself**, whose function was merely to try to make the regulated reductions cheaper for polluting industries. Why only a 40% SO<sub>2</sub> reduction was achieved over almost two decades compared to bigger and faster cuts in other countries using direct regulation may well be linked to interference by the cap and trade system.”<sup>54</sup>

Nonetheless, this early emissions trading model paved the way for later trading programs in the United States and abroad.

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<sup>50</sup> Gilbertson and Reyes, “Carbon Trading,” 19.

<sup>51</sup> Hache, “50 Shades,” 11.

<sup>52</sup> Gilbertson and Reyes, “Carbon Trading,” 21.

<sup>53</sup> Gilbertson, “Carbon Pricing: A Critical Perspective,” 22.

<sup>54</sup> Ibid.





## Origins of Carbon Offsets

***Carbon offsets have been used since their inception to claim emissions reductions that are, at best, happening regardless and, at worst, prompting land grabs that take forests away from the people most connected to the land.***

As defined previously, offsets are allowance credits that are awarded to companies which invest in greenhouse gas emission-reduction projects, usually off-site and often out-of-state. The concept of pollution offsetting did not begin with the Kyoto Protocol or with carbon trading. Eager to make pollution targets easier to meet, various US authorities and corporations advocated for pollution-offset markets in the 1970s and 1980s. **In order for offsets to be tradable with emissions allowances, offset credits had to be framed as equivalent to direct emissions reductions.**

In 1976, the United States Environmental Protection Agency promulgated a policy “allowing major new pollution sources to be sited in locations where standards were not being attained as long as they obtained ‘offset’ pollution credits generated from other projects that saved or reduced emissions.”<sup>55</sup> **Environmentally, the implementation of the policy often proved a sham.** For example, “entrepreneurs sold credits for destroying cars that in fact had already been abandoned, while states lured industry by providing it with offsets created through substitution processes that were already occurring for non-environmental reasons.”<sup>56</sup> These early projects in the United States set the groundwork for global proposals in the 1990s.

On the global scale, the logic of carbon offsets extended the logic of offsetting to include the displacement of claimed reductions from one country to another—as demonstrated in the offset compliance mechanisms associated with the Kyoto Protocol (explained in

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<sup>55</sup> Gilbertson and Reyes, “Carbon Trading,” 24.

<sup>56</sup> Ibid., 25.

the prior “Global Context” section). **The idea behind these projects was to identify the cheapest location to tackle the climate change problem**, regardless of where it had been caused.<sup>57</sup> One of the most controversial global carbon offset schemes is **REDD** (or REDD+), which stands for Reducing Emissions from Deforestation and forest Degradation. The program is led by the United Nations and the World Bank and allows polluting states and industries in the global North to purchase carbon stocks stored in forests in the global South. Framed as a forest conservation initiative, REDD+ is a cheap way for emitters to compensate for fossil-fuel pollution without reducing emissions. Since the early 2000s, REDD and REDD+ “have been explicitly promoted as among the quickest, cheapest and most cost-effective ways to tackle both deforestation and climate change.”<sup>58</sup>

*“Oftentimes, we get caught in the moment of the micro victory. And we’ll say this program has been able to offer this particular solution for my particular community. We have to have a broader perspective. How might it be harming somebody else?”*

*Kari Fulton, Frontline Policy Coordinator at the Climate Justice Alliance*

A typical REDD+ project offers economic incentives to a community or State in the Global South to conserve or augment the carbon stored there. While proponents of REDD+ claim that providing money for forest conservation will help protect them, Indigenous Peoples and forest communities warn, “that **putting a price on forests has in fact encouraged further land grabs by carbon traders, large companies and governments.**”<sup>59</sup> In turn, this action has potential to disrupt the sacred traditions and cultural connections Indigenous peoples have with forest lands. As highlighted in previous resources from the IEN such as *Carbon Pricing: A Popular Educational Toolkit for Community Resistance*, these practices “keep the wheels of an extractive economy turning while building a green image that distracts the public from uprising and enacting effective, community-based, just solutions.”<sup>60</sup>

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<sup>57</sup> Ibid., 27.

<sup>58</sup> Ibid., 29

<sup>59</sup> Ibid.

<sup>60</sup> Gilbertson, “Carbon Pricing,” 9.

*“Moreover, as a source of financial support for mitigation activities carbon markets have proven to be totally unreliable, unstable, and unpredictable. In the case of REDD+, more than 90% of all funding is public, and everybody now admits that at least until 2020, the main source of finance will remain public. ...The case of REDD shows how Measuring, Reporting and Verification (MRV) systems are used as a Trojan horse to force developing countries to accept forest carbon markets, even though they will totally undermine the Climate Convention.”*

*Simone Lovera, Global Forest Coalition*

## Regional Greenhouse Gas Initiative (RGGI)

***Evidence and trends suggest that shifts in carbon pollution are completely unrelated to RGGI.***

With decades of Congressional gridlock on climate policy and an inconsistent patchwork of federal subsidies and regulations, **efforts to reduce greenhouse gas emissions in the United States have largely taken place at the state level—including the main carbon pricing efforts.**

Established in 2009, the Northeast is home to the first carbon-trading program implemented in the United States. Nine states currently participate in the Regional Greenhouse Gas Initiative (RGGI), a cap-and-trade system regulating CO<sub>2</sub> emissions in the states of **Connecticut, Delaware, Maine, Maryland, Massachusetts, New Hampshire, New York, Rhode Island, and Vermont**—with New Jersey and Virginia slated to join (re-join in the case of New Jersey, which dropped out in 2011). RGGI is composed of individual CO<sub>2</sub> Budget Trading Programs in each participating state, which places limits on CO<sub>2</sub> emissions from electric power plants, issues CO<sub>2</sub> allowances (CO<sub>2</sub> pollution permits), and establishes participation in regional CO<sub>2</sub> allowance auctions.<sup>61</sup>

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<sup>61</sup> “Elements of RGGI,” *The Regional Greenhouse Gas Initiative*, 2019, <https://www.rggi.org/program-overview-and-design/elements>.

Regulating just shy of 170 facilities, the program applies to fossil-fuel power plants of 25 Megawatts or greater.<sup>62</sup>

RGGI states set a declining cap on the total greenhouse gases permitted from those facilities. On a three-year basis, each facility must report its total tons of carbon emissions and submit an equal number of emission allowances (as the cap declines, so does the number of allowances). Pollution allowances are auctioned once per quarter, requiring power generators to pay for allowances but allowing the market to set the price. Once allowances are purchased at auction, they can be traded with other power generators on secondary markets or they can be “banked,” meaning they are set-aside for future years.

While auctions were not a mandatory component of the program, RGGI governments have overwhelmingly opted for them. Participating states agreed that 25% of the auction revenues would be allocated to consumer benefit programs such as energy efficiency and bill assistance programs. **RGGI has generated over two billion dollars since the program began.**<sup>63</sup>

Visit the following website to review how RGGI revenue has been allocated state-by-state: <https://www.cleanenergyeconomy.us/>

**Despite functioning as a source of revenue generation to fund good programs, RGGI has had quite a modest role in carbon emissions reductions.** Besides the fact that RGGI regulates less than two percent of US carbon emissions, there’s little evidence to tie carbon emissions reductions from the electricity sector to the pollution-trading program.<sup>64</sup> As is the case across the country, coal as the dominant fossil-fuel-source has been replaced by cheaper natural gas, while renewable energy and energy

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<sup>62</sup> David Roberts, “The Northeast’s carbon trading system works quite well. It just doesn’t reduce much carbon,” VOX, February 28, 2017, <https://www.vox.com/science-and-health/2017/2/28/14741384/rggi-explained>.

<sup>63</sup> Ibid.

<sup>64</sup> “The Regional Greenhouse Gas Initiative: Background, Impacts, and Selected Issues,” *Congressional Research Service*, updated July 16, 2019, <https://fas.org/sqp/crs/misc/R41836.pdf>.



efficiency have grown. What's more, **CO<sub>2</sub> caps set by the states have been above actual emission rates for most of the program's history.**<sup>65,66</sup>

*"How can you buy or sell the sky, the warmth of the land? The idea is strange to us."*

*Chief Seattle*

*"Today we had this fabulous gathering of people who were talking about Article 6 and the carbon markets and the wrongness of trying to commodify the sacred. Trying to commodify the very air that we breathe that is life, like water is life, and air is life."*

*Casey Camp Hornek, Ponca Nation of Oklahoma (WECAN Delegation Member at COP 25 Action)*

## California Cap and Trade

***There is little in the design of the California cap-and-trade program to ensure localized emissions reduction results.***

The California state legislature passed the California Global Warming Solutions Act in 2006 which authorized the California Air Resources Board (CARB) to develop a market-based mechanism in order to help meet the state's greenhouse gas (GHG) reductions goals. The CARB designed and adopted the nation's first state-administered cap-and-trade program. The program began in 2012, establishing a cap on GHG emissions applying to large electric power plants and large industrial plants. In 2015, the cap extended to fuel distributors, at this point encompassing nearly 85% of the state's total greenhouse gas emissions.<sup>67</sup>

Companies regulated under the program can comply with the emissions cap (which decreases about 3% annually) in three ways: 1) they can make direct emissions

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<sup>65</sup> Jim Walsh, "Carbon Markets: Foolish Climate Policy that Big Banks Can Love," *Common Dreams*, March 20, 2018, <https://www.commondreams.org/views/2018/03/30/carbon-markets-foolish-climate-policy-big-banks-can-love>.

<sup>66</sup> Roberts, "The Northeast's carbon."

<sup>67</sup> "California Cap-and-Trade Program Summary," *Center for Climate and Energy Solutions*, January 2014, <https://www.c2es.org/us-states-regions/key-legislation/california-cap-trade>.

reductions (if need be) in order to emit at a rate far below the cap; 2) purchase allowance permits corresponding with emissions rates; or 3) pay for offsets credits.

Environmental justice advocates were skeptical of the California cap-and-trade program since its inception. Wary of market-based solutions, environmental justice communities voiced concerns of **emissions hot spots**, and that components of the program such as trading and offsets would exacerbate localized emissions.<sup>68</sup> Acknowledging some of the concerns voiced by environmental justice communities, AB 32 required the CARB to:

1. *Design the regulations, including distribution of emissions allowances where appropriate, in a manner that is equitable, seeks to minimize costs and maximize the total benefits to California, and encourages early action to reduce greenhouse gas emissions*
2. *Maximize additional environmental and economic benefits for California*
3. *Ensure that activities undertaken to comply with the regulations do not disproportionately impact low-income communities.*
4. *Ensure that the greenhouse gas emission reduction rules, regulations, programs, mechanisms, and incentives under its jurisdiction, where applicable and to the extent feasible, direct public and private investment toward the most disadvantaged communities in California*
5. *Prior to the inclusion of any market-based compliance mechanism in the regulations...*
  - *Consider the potential for direct, indirect, and cumulative emissions impacts from these mechanisms, including localized impacts in communities that are already adversely impact by air pollution*
  - *Design any market-based compliance mechanism to prevent any increase in the emissions of toxic air contaminants or criteria air pollutants*
  - *Convene an environmental justice advisory committee... The advisory committee shall be comprised of representatives from communities in the state with the most significant exposure to air pollution, including, but not limited to, communities with minority populations or low-income populations, or both.*<sup>69</sup>

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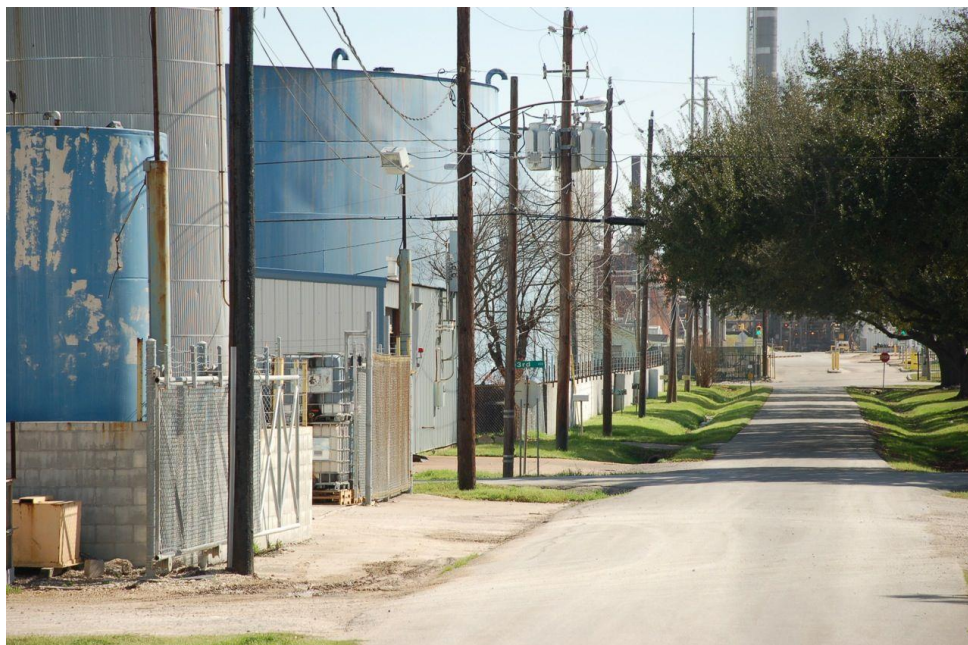
<sup>68</sup> Vien Truong, "Addressing Poverty and Pollution: California's SB 535 Greenhouse Gas Reduction Fund," *Harvard Civil Rights-Civil Liberties Law Review* 49 (2014): 493-529, [http://harvardcrcl.org/wp-content/uploads/2011/09/493\\_Truong.pdf](http://harvardcrcl.org/wp-content/uploads/2011/09/493_Truong.pdf).

<sup>69</sup> Maya Sugarman, "Is California climate law worsening pollution in communities of color?," *KPSS Environment and Science*, 2 February 2017, <http://www.scpr.org/news/2017/02/02/68616/is-california-climate-law-worsening-pollution-in-c/>.

It is important to note, however, that without specific rules or mandates for many of these components, **much of the environmental justice language of AB 32 went unrealized.**

*"I live in Richmond, California and there are 5 refineries in the east bay of San Francisco that includes Shell, Torsoro, Valero, Phillips 66 and Chevron. Growing up, my family had to live through explosions and flares from these refineries, which sometimes sent us to the hospital, only to be met with paperwork so that we couldn't sue the oil company. These refineries and the toxins they release in our communities are causing major health issues; cancers, birth defects and respiratory problems, and the people being affected most are African Americans, Indigenous peoples, Hispanic folks and low-income families. **These places we live in are now called sacrifice zones because we are literally sacrificing our lives just to live where we've always lived.** And for most of us, the idea of [moving] isn't an option because we are low-income. This is why we must stop fossil fuel emissions at the source and not let these companies buy their way out of contaminating towns and cities."*

*Isabella Zizi, Idle No More, SF Bay Area*





*"This policy privatizes the air we breathe. Commodifies the clouds. Buy and sells the atmosphere. Corrupts the Sacred."*

*Tom Goldtooth of the Indigenous Environmental Network on California's Cap and Trade Policy*

In 2012, a broad coalition led by environmental justice advocates passed SB 535 which mandated that 25% of the cap-and-trade auction revenue be invested in programs/projects that benefit "disadvantaged communities" and at least 10% of the funds be invested within those geographic areas. These two percentages could overlap, but need not. In 2016, AB 1550 passed, slightly modifying this distribution. That law requires:

1. A minimum of 25% of cap-and-trade revenue be invested in projects that are located within and benefiting individuals living in **disadvantaged communities**.
2. An additional minimum 5% of cap-and-trade revenue be invested in projects that are located within and benefiting individuals living in **low-income communities** or benefiting low-income households statewide.
3. An additional minimum of 5% cap-and-trade revenue be invested in projects that are located within and benefiting individuals living in **low-income communities, or benefiting low-income households, that are within a half mile of disadvantaged community**.



The “2017 California Climate Investments Annual Report of Cap-and-Trade Auction Proceeds” estimates that the demand for cap-and-trade investments exceeds available funding at a rate of five to one.<sup>70</sup>

The specific numerical mandates to benefit “disadvantaged communities” at the heart of SB 535 (2012) and the 2016 clarification language of AB 1550 were widely claimed as a victory among environmental justice communities, but presented new challenges to the state to define “disadvantaged communities” and determine how available funds would be distributed. **The bill calls on the California EPA to identify disadvantaged communities based on geographic, socioeconomic, public health, and environmental hazard criteria.**

The California Office of Environmental Health Hazard Assessment (OEHHA), an agency within the Cal EPA, developed **CalEnviroScreen**. CalEnviroScreen is a mapping tool used to map and identify which communities in the state of California are most harmed by and vulnerable to pollution. The tool analyzes environmental, health, and socioeconomic data available from state and federal government sources in order to produce scores for every census tract in the state. These scores are mapped on the CalEnviroScreen tool, not only making the spatial distribution of specific pollution burdens visible, but also identifying which communities suffer the highest cumulative impacts of multiple pollutants and where in the state people are most vulnerable to pollution’s effects. The CalEnviroScreen tool is similar in many ways to the federal EPA’s EJSCREEN, an environmental justice mapping and screening tool.

**Check out CalEnviroScreen at:** <https://oehha.ca.gov/calenviroscreen>



<sup>70</sup> “Annual Report to the Legislature on California Climate Investments Using Cap-and-Trade Auction Proceed” *California Climate Investments*, 2017, [https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/cc\\_i\\_annual\\_report\\_2017.pdf](https://ww3.arb.ca.gov/cc/capandtrade/auctionproceeds/cc_i_annual_report_2017.pdf)

The 2017, “California Environmental Justice Movement’s Declaration in Support of Carbon Pricing Reform in California” declared, “**The California Cap and Trade system is inequitable and does not reflect the principles of environmental justice.**” The declaration characterizes carbon trading as “undemocratic” in that excludes affected communities from participating in decisions regarding whether and where greenhouse gas and co-pollutant emissions reductions take place. Critiques specific to the California cap-and-trade program include **lack of public access to compliance data, loopholes such as resource shuffling and out-of-state offsets, and a lack of meaningful penalties to ensure compliance.**

*“Pollution trading will never be the climate solution for California — or anywhere. Carbon trading was born with one foot in the grave and another on the banana peel. Gov. Brown’s championing free-market claims of the efficacy of cap-and-trade are a hair removed from the ‘voodoo economics’ of the Reagan-era. Nowhere on earth — not in the largest market (the EU ETS), nor in the smaller regional markets from the New England Regional Greenhouse Initiative (RGGI) market to the California cap-and-trade market to the newly minted Chinese market — has the carbon price ever been sufficiently high enough to drive the technological innovation to fully stop carbon pollution.”*

*Dr. Michael Dorsey and Jane William*



*“Michelle Chan, Vice President of Programs at Friends of the Earth US, describes California’s climate bill as ‘a huge blow to the cause of environmental justice worldwide.’*

*In Richmond, California, Chevron plans a major refinery expansion to process tar sands crude. For several years, environmental justice activists have been campaigning against the expansion. They fought for the regional air pollution regulator, the Bay Area Air Quality Management District (BAAQMD), to establish a refinery-based cap on pollution, including greenhouse gases. In May 2017, BAAQMD approved a motion to finalise a refinery pollution cap – the world’s strongest and most ambitious.*

*Public health experts estimate that the cap could prevent between 800 and 3,000 deaths over 40 years. Chevron killed the pollution cap through the cap-and-trade bill AB 398, which prevents local air quality agencies from establishing rules limiting greenhouse gases. This was one of the items on the Western States Petroleum Association’s wish list for California’s climate legislation.*

*In Richmond, 80% of the people living within 1.6 kilometres of Chevron’s refinery are people of colour. **The vast majority of the people that Chevron’s increased pollution will kill, will be people of colour. And that’s exactly what environmental racism looks like.***”

Indigenous Environmental Network, [Environmental Racism and Cap-and-Trade in California](#)

A recent study corroborated many of the concerns voiced by members of environmental justice communities in California. The study examined “emitter covered emissions, focusing specifically on localized, in-state emissions from industries regulated under cap-and-trade.” Some of the studies key findings include:<sup>71</sup>

1. **Facilities that emit localized GHGs tend to be located in “disadvantaged communities.”** Neighborhoods located within 2.5 miles of GHG-emitting facilities have a 22% higher proportion of residents of color and 21% higher proportions of residents living in poverty than neighborhoods greater than 2.5 miles from a GHG-emitting facility. In fact, the greater the number of proximate facilities, the larger the population of low-income residents and residents of color.

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<sup>71</sup> Lara J. Cushing, Madeline Wander, Rachel Morello-Frosch, Manual Pastor, Allen Zhu, and James Sadd, “A Preliminary Environmental Equity Assessment of California’s Cap-and-Trade Program,” *University of California, Berkeley, University of Southern California, San Francisco State University, Occidental College*, September 2016, [http://dornsife.usc.edu/assets/sites/242/docs/Climate\\_Equity\\_Brief\\_CA\\_Cap\\_and\\_Trade\\_Sept2016\\_FINAL2.pdf](http://dornsife.usc.edu/assets/sites/242/docs/Climate_Equity_Brief_CA_Cap_and_Trade_Sept2016_FINAL2.pdf)

2. **Co-pollutants *not regulated by cap-and-trade programs*, such as particulate matter, have direct health impacts on residents living in close proximity to emitting-facilities.** The largest emitters of both GHGs and particulate matter tend to be located in close proximity to neighborhoods with higher proportions of low-income residents and residents of color.
3. Even though overall GHG emissions have decreased since a peak in 2001, on average **many sectors regulated under cap-and-trade have reported increases in localized in-state GHG emissions** since the program came into effect in 2013.
4. **A majority of emitting facilities (61%) located in close proximity to “disadvantaged communities” reported increased in their localized emissions** since the cap-and-trade program began. Meaning, low income and BIPOC communities living in close proximity to emitting facilities have tended to actually bear more significant emissions burden under cap-and-trade.
5. **Between 2013 and 2014, more emission offset credits were used than the total reduction in allowable GHG emissions.** 76% of offsets credits used to comply with the program cap were out-of-state projects; only 24% were implemented in California. While a majority of companies did not use offset credits in order to meet compliance requirements, those companies that did tended to have larger quantities of GHG emissions (top ten offset users accounted for 36% of total covered emissions and 65% of the offsets used).

*“The climate science is clear. We have to reduce emissions from all sources as soon as possible, especially fossil fuels. ‘AB 398 completely ignores the consensus scientific mandate to keep fossil fuels in the ground.’ Instead it relies on the fallacy that emissions can be offset.”*

*Dr. Michael Dorsey and Jane William*



The findings of this study reinforce what environmental justice advocates already know: **GHG-emitting facilities tend to be located in neighborhoods with higher proportions of residents of color and residents living in poverty.** Thus, just as these communities have the most to gain in terms of public health and other environmental equity co-benefits from the success of a carbon pricing mechanism, they also stand with the most to lose if programs are ineffective or not implemented equitably.<sup>72</sup>

*“We did not expect to find that there would be actual **emissions increases** in these neighborhoods. And that’s what we found.”*

*Manuel Pastor, Director of the Program for Environmental and Regional Equity at the University of Southern California and a co-author of the research study.*

The California Environmental Justice Alliance (CEJA) has been a vocal proponent for cap-and-trade reform, advocating for “equitable carbon pricing.” The group, which advocates for state-level environmental justice policies, has called for the following key outcomes in **carbon pricing reform**:

1. Strengthen existing climate and air quality regulations
2. Ensure direct emissions reductions in environmental justice communities
3. Incentivize early action, in terms of emissions reductions
4. Increase transparency and data sharing between CARB and local air districts
5. Increase accountability for polluters
6. Provide investments and economic benefits for environmental justice communities<sup>73</sup>

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<sup>72</sup> Maya Sugarman, “Is California climate law worsening pollution in communities of color?,” *KPSS Environment and Science*, 2 February 2017, <http://www.scpr.org/news/2017/02/02/68616/is-california-climate-law-worsening-pollution-in-c/>.

<sup>73</sup> “Advancing Equitable Carbon Pricing in California,” *California Environmental Justice Alliance*, accessed July 2019, <https://caleja.org/2017/04/advancing-equitable-carbon-pricing-in-california/>.

While local organizations have been vigilant about positioning environmental justice communities in the decision-making process, California's cap and trade systems highlights the **racialization of polluted spaces** as a result of the State's spatial distribution of polluting facilities and demographic characteristics.<sup>74</sup> As reported in a May 2020 study by Hernandez-Cortez and Meng, five years into California's program, the gap still remains and is not eliminated – underscoring the importance of environmental justice policies to address environmental justice inequities.

*"The upcoming CARB scoping plan is an opportunity to address the bifurcation of climate and air pollution, and move towards a mechanism that will allow direct emissions reductions."*

*Neena Mohan, Climate Justice Program Manager, California Environmental Justice Alliance*

In spring 2021, CARB began the process of updating the requirements of the AB 32 Climate Change Scoping Plan. As part of the public process, state and local environmental justice organizations and communities are bringing forth the recent evidence and their clearly defined demands. However, policy experts have warned that Californians, as well as other people around the nation, must pay attention to what CARB's Environmental Justice Advisory Committee (EJAC) does and how much influence it has. It's of the utmost importance that we very closely track the extent to which the state is actually ensuring equity in the new and revised requirements.<sup>75</sup>

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<sup>74</sup> Hernandez-Cortez, D. and Meng, K C. "Do environmental Markets Cause Environmental Injustice," *National Bureau of Economic Research*, accessed April 2020, <https://ideas.repec.org/p/nbr/nberwo/27205.html>.

<sup>75</sup> Becker, R. "California To Review Carbon Trading Program As Part of Climate Roadmap," *CapRadio*, 16 February 2021, <https://www.caprado.org/articles/2021/02/16/california-to-review-carbon-trading-program-as-part-of-climate-roadmap/>; Hughes, G., personal communication, June 28, 2021.

*"You're privatizing forests in our Mother Lands so you'll be able to pollute more in our communities."*

*Tere Almaguer, environmental justice organizer for PODER in San Francisco referring to forest preservation projects*

*"In the early years, we were concerned about carbon markets, and whether it was a real solution or not, but I think everyone was waiting to see. Now, we know they don't cut emissions. That's not what they're about. They are a trading agreement. We are banking on a solution that's going to save Mother Earth and the evidence is that this doesn't lead to [real solutions]."*

*Tom Goldtooth of the Indigenous Environmental Network*

## Oregon Cap and Trade

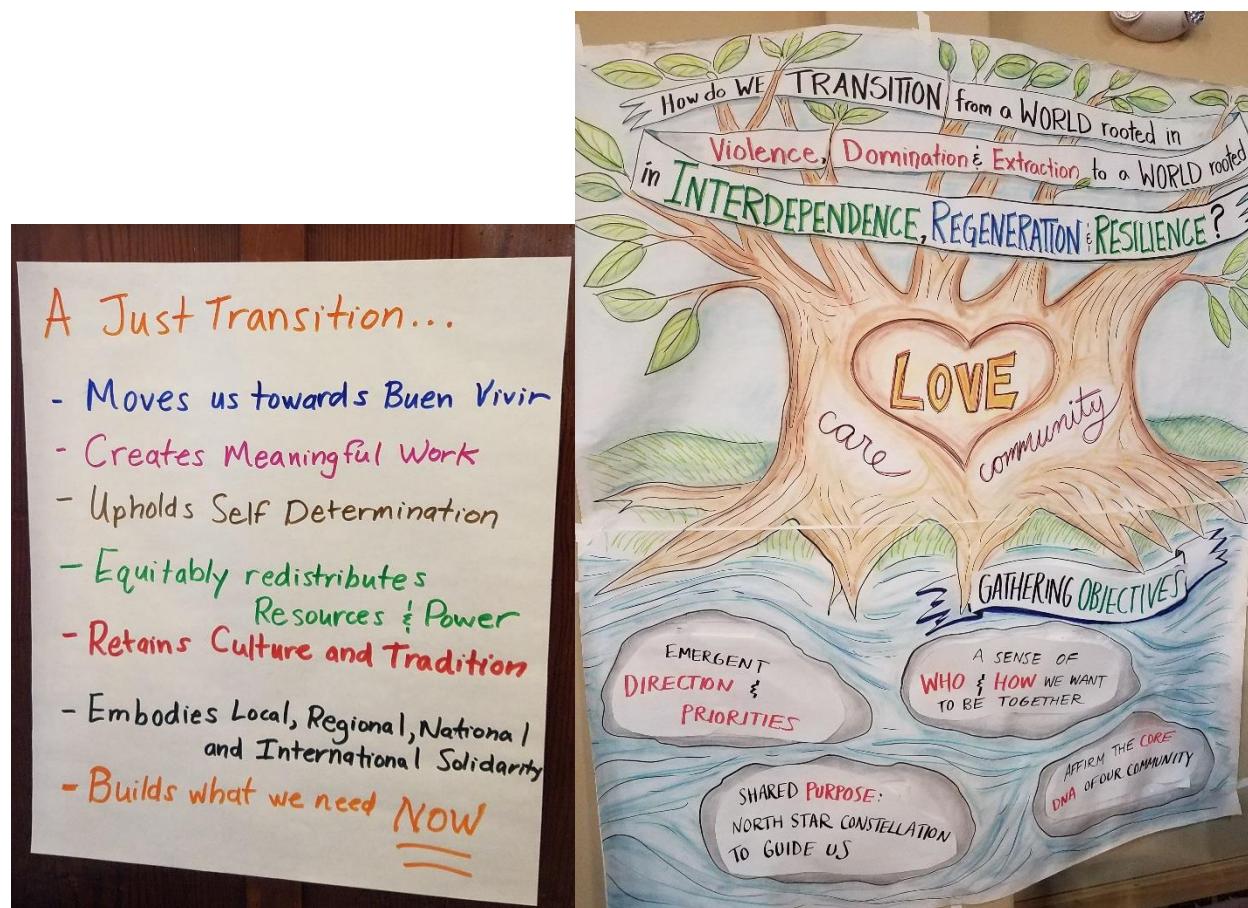
**The effort to establish cap and trade in Oregon in 2019 was rejected, with clear opposition from environmental justice organizations.**

House Bill 2020 was a proposed Oregon bill that introduced a statewide cap and trade system to reduce carbon emissions. It was introduced in the Legislative Assembly in January 2019 and underwent major changes before being passed by the House of Representatives on June 18, 2019. However, on Saturday, June 29, 2019, 27 senators gathered at 9:00 a.m. to remove House Bill 2020 from the Senate's voting calendar, putting an end to the House's controversial attempt to address climate change.

In rejecting HB 2020, a coalition of more than 20 environmental justice organizations sent a letter to the Oregon legislature that included the following statements:

*"Establishing a pollution trading program for carbon means relying on markets to allocate pollution, rather than direct regulation that addresses public health and environmental protection. In a market-based system, polluters can simply purchase credits -- or receive free allowances -- to emit pollution rather than adhering to a hard cap with strong penalties for lack of compliance. The result is a failure to reduce localized pollution causing significant health impacts and creating sacrifice zones. Oregon joining that market will exacerbate the pollution burden on frontline communities. In particular, transportation fuel suppliers and refineries, both sectors that have significant impacts on frontline communities."*

*"Communities have the solutions--100% renewable portfolio standards or renewable energy mandates, investments in public transit, equitable transportation electrification, and direct regulation are proven and effective ways of reducing greenhouse gas emissions. The Portland Clean Energy Fund is one example of a just and equitable funding source that is raising revenue without trading pollution. Under this program, billion-dollar retail companies direct 1% of their revenues to fund clean energy programs in low-income communities that will reduce emissions and save money for ratepayers."*<sup>76</sup>



<sup>76</sup> Organizing People, Activating Leaders, FAQ: Why Are Frontline Leaders Opposing Carbon Trading, Accessed December 2019 <http://www.opalpdx.org/2019/04/faq-why-are-frontline-communities-opposing-carbon-trading/>



## Section III: Paying to Pollute—An Environmental Justice Analysis

As consensus grows around the urgency of the climate crisis, we're confronted with a range of "false solutions" that deepen inequalities in our communities and are insufficient to meet the scale and speed of needed changes. Moreover, these proposed solutions fail to address the root causes of the problem. In fact, some of the worst environmental offenders co-opt the language of environmental advocates in order to protect their bottom line, neutralize climate legislation, and preserve the status quo. It is important to recognize that these *false solutions* not only fail to deliver on their environmental claims, but often worsen our ecological and economic crises. Alongside our frontline allies in the *Climate Justice Alliance*, we understand that false solutions:

- *Extract and further concentrate wealth and political power*
- *Continue to poison, displace, and imprison communities*
- *Reduce the climate crisis to a crisis of carbon*<sup>77</sup>

*"They just set out to get some sort of exception so that if something happens, they're not liable. This corporation is going to be coming to our community three years out, and you have to understand, where they're talking about putting this is really dead in the middle of the city because it's right there at the river that sits in between the West Terra Haute area...in between our two major colleges...and they're throwing the money at us. They're not gonna talk about the fact that Terra Haute sits on a fault line. They're not gonna talk about what that means. It's right there, right across the street from your campus. This will directly affect this community should they start pumping this carbon into our ground. People don't catch what that means to your health, to the land. They just hear the dollars, which are not coming to us.*

*A lot of people just hear, 'Oh Valerie, you're tripping. This is gonna bring some money to the community and gonna bring some jobs to the community.' And I'm like, 'Yeah, but at what expense?' This is the same conversation we were having about coal years ago. We're still on that level."*

*Valerie Hart-Craig, Environmental Climate Justice Chair, Greater Terre Haute NAACP (IN), discussing a planned carbon capture facility*

<sup>77</sup> "Just Transition: A Framework for Change," *Climate Justice Alliance*, accessed March 2019, <https://climatejusticealliance.org/just-transition/>.



Despite embodying these characteristics, **carbon pricing has emerged as a popular solution to climate change among many predominantly white organizations working on environment/climate.** As the urgency of addressing the climate crisis grows and relative inaction persists, the pervasiveness of market-based “solutions” has continued to spread. In fact, in recent years, carbon pricing has begun to permeate some environmental justice spaces as well—or at the very least carbon pricing champions have begun to appropriate the language of the movement.

*“I think it’s important that we are holding close to our narrative and the Jemez Principles when we say that we speak for ourselves. Because oftentimes what happens is when some group wants to push an agenda, they talk to the known people, and there might be EJ leaders who say, ‘Actually, this doesn’t work for us.’ And they say, ‘Okay.’ And then **they go and find another Black group with influence and just try to put it on them.**”*

*Kari Fulton, Frontline Policy Coordinator at the Climate Justice Alliance*

At first glance, a price on carbon appears to make sense as it purports to incentivize shifting to renewable energy, low- or no-carbon technologies, and generally constrains the market to protect the planet. But looking beyond this surface-level analysis, the

limitations and inherent flaws of carbon pricing as a tool to reduce emissions and meaningfully address the climate crisis become clear. It's worth acknowledging that some carbon pricing models are more problematic than others. Likewise, there are some carbon pricing policies that are framed with well-meaning intentions. Ultimately, however, it is evident that carbon pricing is not the solution we need to significantly reduce carbon emissions and, in many cases, results in exacerbated impact on BIPOC as well as low-income communities and other populations vulnerable to the impacts of the extraction and refinement of fossil fuel-forms of energy, and the resulting carbon pollution from its use.

*“US pollution trading schemes have cut only short-term costs, and only for some actors, have raised many questions of equity, and in many ways have distracted attention from fundamental issues.”*

*Larry Lohman in Carbon Trading – A Critical Conversation on Climate Change, Privatisation and Power*

## Key Environmental Justice Critiques of Carbon Pricing

Carbon pricing falls short on many grounds. If we look at the lived realities of frontline communities in the US and around the world, and the track record of various carbon pricing schemes in existence, we can critique it from multiple vantage points:

- moral/ethical
- religious and spiritual
- human rights
- flaws in the economic theory which provides the rationale for the policy
- socio-economic outcomes
- environmental outcomes

In this section, we deepen the environmental justice analysis by describing the four top contentions of carbon pricing advocates juxtaposed against the lived realities, as defined by frontline communities.

### #1: Missing the Bigger Picture

**Carbon pricing proponents say: Market-based solutions are “elegant” and “efficient.” When a price is assigned to carbon emissions, polluters will be incentivized to reduce emissions and encouraged to invest in alternative forms of energy and production practices.**

***Reality: Carbon pollution is not a technical problem that can be fixed with a market-based solution that allows fossil fuels to continue to be extracted from the earth and burned. Climate change is a symptom of—not technical problem within—the dig, dump, and burn economy. Climate change is the earth’s cry for us to profoundly rethink our relationship with each other as humans, and with the larger ecosystems of which we are a part – not simply to tweak prices for fossil fuels.***

As researcher Larry Lohmann asserts, “Many people of strong environmentalist convictions and democratic spirit genuinely believe that if the earth’s carbon-cycling capacity is to be respected and preserved, it is inevitable that it be treated as a commodity.”<sup>78</sup> In fact, they have championed language which looks at nature through the lens of “environmental services” as a way of protecting and defending it. While we acknowledge the appeal of this viewpoint—notably its convenience and simplicity—the reality is that it doesn’t hold up.

The purpose of the dominant, **extractive economy** is the accumulation, concentration, and enclosure of wealth and power achieved through resource extraction and labor exploitation. It is in the context of this deeply flawed economic system that the climate crisis has emerged.



*Photo Credit: Andy Bessler, Sierra Club (with explicit permission by the family to use the photo to advance change)*

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<sup>78</sup> Larry Lohmann, “Carbon Trading: A Critical conversation on Climate Change, Privatisation and Power,” *Development Dialogue*, 48 (September 2006), 198.



Considering how an entrenched logic of domination, exploitation of land and people, and indiscriminate economic growth has set the stage for the climate crisis as we experience it today, supposed solutions that uphold or reinforce this economic system should give us pause (if not set off alarm bells and red flags). A system where companies or governments buy and sell permits to pollute **fails to challenge the economic system that created the climate crisis in the first place. On the contrary, it reinforces it.**

*“Carbon trading is often said to be a ‘more efficient’ way of reaching environmental goals. The trouble with terms like ‘more efficient’ though, is that they’re vague. Efficient in what? And for whom?”*

*Larry Lohman in Carbon Trading – A Critical Conversation on Climate Change, Privatisation and Power*

*“Market-based mechanisms are a false solution to curb catastrophic climate change and deforestation. As an example, these mechanisms allow big polluters to continue to **poison communities at sites of extraction and at points of distribution and processing** by buying up pollution permits from forests around the world and simultaneously continuing dirty pollution practices in a different country.”*

*Women’s Earth and Climate Action Network*

## #2: Carbon Pricing Schemes Are Not Designed to Produce Localized Emissions Reductions

**Carbon pricing proponents say: “Carbon pricing reduces emissions in the cheapest, most efficient means possible.”**

***Reality: Carbon pricing makes pollution hot spots worse and fails to reduce localized emissions, by design.***

Rather than stop pollution at the source, carbon-pricing schemes often add to and reinforce the toxic and disproportionate burdens that BIPOC, low-income communities,

and other frontline communities already face from polluting-facilities—such as power plants, industrial facilities, or trash incinerators.<sup>79,80</sup>

Carbon-pricing schemes are not designed to produce localized emissions reductions, as the California’s cap and trade program has demonstrated.<sup>81</sup> By spreading emissions cuts around so that the “cheapest,” “most efficient,” and “easiest” cuts are made first, carbon pricing explicitly neglects—and actually continues to erase and reinforce—the conditions of **sacrifice communities**. The health and well-being of these communities has been sacrificed in order to further the interests of those benefiting off of the extractive economy.

**By reducing the climate emergency to a crisis of carbon, carbon-pricing policies also fall short in addressing the co-pollutants that are produced from industrial facilities**—notably, particulate matter, sulfur oxides, nitrogen oxides, volatile organic compounds, and air toxics (roughly six hundred chemicals subject to Toxics Release Inventory reporting and beyond).<sup>82</sup> Fossil fuel combustion is not *only* the primary source of greenhouse gas emissions, but a major source of local ambient air pollution. Numerous studies indicate that such co-pollutants are connected to a variety of detrimental health impacts. The World Health Organization estimated that in 2012, approximately three million deaths were attributable to ambient air pollution.<sup>83</sup> This underscores the importance of monitoring co-pollutant emissions during the design and implementation of climate policies.

*“This is carbon trading—a multi-billion dollar scheme whose basic premise is that polluters can pay someone else to clean up their mess so that they don’t have to.”*

*Tamra Gilbertson and Oscar Reyes in Carbon Trading: How it Works and Why It Fails*

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<sup>79</sup> Lara Cushing, et al. “Carbon trading, co-pollutants, and environmental equity: Evidence from California’s cap-and-trade program (2011–2015),” *PLoS Med* 15, 27 (July 2018).

<sup>80</sup> Nathan W. Chan and John W. Morrow. “Unintended consequences of cap-and-trade? Evidence from the Regional Greenhouse Gas Initiative.” *Energy Economics* 80 (May 2019).

<sup>81</sup> “Environmental Justice Issues in California’s Cap and Trade System” *California Environmental Justice Alliance*, <https://caleja.org/wp-content/uploads/2017/04/EJissuesinCAcapandtrade.pdf>

<sup>82</sup> Nicky Sheats, “Achieving Emissions Reductions for Environmental Justice Communities through Climate Change Mitigation Policy,” *William & Mary Environmental Law and Policy Review* 41, 2 (2017), 385, <http://scholarship.law.wm.edu/cgi/viewcontent.cgi?article=1674&context=wmelpr>.

<sup>83</sup> James K. Boyce and Michael Ash, “Carbon pricing, co-pollutants, and climate policy: Evidence from California,” *PLoS Med* 15, 27 (July 2018), 1.

*“We here in the town of Brookhaven are in a **fight for our lives, literally**. We have a power plant that was put here in an overburdened majority-minority community, and now they want to expand it to create an ash facility that will make us the garbage hub of the region. We had an initial victory. The citizen’s panel that was appointed to look at the feasibility of the ash facility has unanimously recommended that it not be built, and that was really a victory for the NAACP. The fight still continues because this is just the beginning. We’re in it. We’re the oldest and the boldest for a reason, because we stay the course.”*

*Nicole Christian, Environmental Justice Chair, Brookhaven Town NAACP (Long Island, NY)*

Carbon offset markets are the most blatant example of relocating emissions instead of reducing them. By design, offsets merely “compensate” for emissions growth by implementing a reduction elsewhere.<sup>84</sup> **In many cases, however, offsets actually increase emissions rather than displace them.**<sup>85</sup> Given that offsets are designed to be cheaper than emissions reductions, they are an attractive means to avoid changing practices and reducing emissions at the source. The largest companies which tend to purchase the largest portion of carbon offsets also tend to be the biggest polluters. When employed as a compliance mechanism in cap and trade, offsets remove the limit (the “cap”) on emissions supposedly imposed by the scheme. In addition to failing to result in real emissions reductions, offsets also allow companies and governments to shirk their responsibilities to clean up their practices.

If a policy supposedly addresses carbon-emissions at large but fails to deliver localized emissions reductions or extend air-quality co-benefits, then it is most certainly a false solution.

### #3: The Origins of Carbon Pricing Advanced Programs Designed to Benefit Polluters

**Carbon pricing proponents say: “Everybody agrees—Republicans, Democrats, Investors, Fossil Fuel Companies—carbon pricing is the best way to address the climate crisis.”**

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<sup>84</sup> Hache, “50 Shades,” 39.

<sup>85</sup> Cushing, Wander, Morello-Frosch, Pastor, Zhu, and Sadd, “A Preliminary Environmental.”

***Reality: Carbon markets were created so that governments and fossil fuel companies could “flexibly” meet emissions reductions standards without having to significantly change their own pollution practices.***

Carbon pricing programs are politically popular, in part, because they are perceived as the least expensive and most-industry friendly approach to reducing carbon pollution. Indeed, carbon markets originated as a means through which responsible entities (i.e. governments and corporations) could “flexibly” meet emissions reductions standards without having to make significant operating changes. This is especially true with mechanisms which offer compliance loopholes such as free allowances or carbon offsets that allow companies to continue polluting at rates that deny direct air quality benefits to those communities living in the shadow of their facilities.





As a carbon pricing critique published by Food and Water Watch clearly articulates, “Companies trade pollution credits with little or no public input. This lack of transparency can concentrate emissions and exacerbate the persistent inequitable health and economic burdens in disadvantaged communities. Unlike the regulatory process, pollution trading leaves almost no room for political or legal recourse.”<sup>86</sup>

*“Market-based approaches such as a carbon tax are accepted by the fossil fuel industry because they **do not actually threaten** the ongoing and continuous extraction of oil and gas.”*

*Cynthia Mellon, Policy Coordinator at the Climate Justice Alliance*

*“At a time when rampant free market capitalism has led to financial crisis, with skyrocketing oil and food prices, market based ‘innovative’ financial mechanisms are still being promoted to commodify nature including, carbon trading, carbon offsets, payments for environmental services, REDD, and biodiversity offsets. These ‘solutions’ are more likely to endanger biodiversity, climate and communities. Such false solutions are really for the benefit of corporations. **The real agenda behind this is to increase corporate control** over land, forests, water, agriculture and biodiversity, using climate change and the biodiversity crisis as an opportunity to further these objectives. This is a new 21st century phase of colonialism.”*

*Climate Justice Group Joint Statement at the Convention on Biological Diversity*

Given the historical fraternization between policymakers and powerful energy lobbyists, who have always subsidized, benefited, and favored the oil and gas industry at the expense of consumers, why would we venture to now trust the government to be fully accountable in fairly and accurately administering carbon pricing regulations? When carbon market advocates assert that pricing carbon is “efficient” or “cost-effective,” those advocates fail to specify for whom: polluting industries.” If our objective is to achieve drastic emissions reductions or bring about a change in a larger technological system, a solution designed for polluters is not it.

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<sup>86</sup> “Paying to Pollute: The Environmental Injustice of Pollution Trading,” *Food and Water Watch*, November 2017.



*"These cap and trade proposals are mostly about protecting business as usual. Right now, the US subsidizes fossil fuels at more than twice the rate of renewables. What? We shouldn't be subsidizing fossil fuels at all! These guys don't seem to realize that the simplest way to keep carbon out of the atmosphere is to leave it safely in the ground. U.S. congressman, Rick Boucher, a well-known friend of the coal industry voted for cap and trade. He said it '**strengthens the case for utilities to continue to use coal.**' No law that encourages coal use can stop climate change. Period. Solid caps, strong laws, citizen action, and paying off ecological debt and creating a clean energy economy, that's how we can save our future."*

*Annie Leonard, Story of Stuff Project*

#### #4: Existing Carbon Markets Haven't Produced Significant Results

**Carbon pricing proponents say: Carbon pricing is an efficient and effective way to reduce emissions.**

***Reality: Existing carbon markets have not produced significant emissions reductions at the rate we need. Carbon prices have consistently been low. Policymakers have often had more success in reducing emissions by imposing direct regulations.***

Beyond the deeply flawed ideological basis of carbon markets, existing carbon pricing approaches have dismal track records of producing significant emissions reductions.

**Countries where governments have imposed fees on carbon emissions haven't shown significant decline in carbon emissions.** As a matter of fact, after remaining flat for three years, global greenhouse emissions rose to an all-time high in 2017.<sup>87</sup>

Take British Columbia, Canada, for example, where carbon emissions have actually increased since a carbon tax was introduced in 2008.<sup>88</sup> Recent data indicates that CO<sub>2</sub> emissions went up from 61.3 million tons in 2015 to 62.3 in 2016; CO<sub>2</sub> emissions have *increased* in five of the last six years that data is available.<sup>89</sup> In the United States, existing carbon pricing programs are encountering difficulties achieving reductions or spurring innovation. There is concern in California, for instance, that an oversupply of allowances could result in industries buying and hoarding so many that they might evade the need to actually reduce emissions in the future, when the state's emission targets tighten.<sup>90</sup>

**In many cases, governments are unwilling to impose carbon prices that are high or broad enough to make a significant difference.** In 2017, a group of economists known as the High-Level Commission on Carbon Prices concluded that carbon prices would need to be between \$40-\$80 per metric ton by 2020, and between \$50-\$100 by 2030 in order to achieve the emission cuts called for in the Paris Climate Accord. (It's worth noting that the goals set by the Paris Agreement are widely considered to be insufficient.)<sup>91</sup> A report from the United Nations called for a steeper price, estimating that governments would need to impose effective carbon prices of \$135 to \$5,500 per ton of carbon dioxide pollution by 2030 to keep overall global warming below 1.5 degrees Celsius.<sup>92</sup> Of the global emissions now subject to a carbon price, only one percent are priced at or above \$40, while three-quarters are priced below \$10. **Only 0.15 percent of global greenhouse gas emissions are subject to a carbon price that economists deem high enough to make much of an environmental difference.**<sup>93</sup>

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<sup>87</sup> Chestney, N., "Global carbon emissions hit record high in 2017," *Reuters*, March 28, 2018, <https://www.reuters.com/article/us-energy-carbon-ia/global-carbon-emissions-hit-record-high-in-2017-idUSKBN1GY0RB>

<sup>88</sup> "The British Columbia Carbon Tax: A Failed Experiment in Market-Based Solutions to Climate Change," *Food and Water Watch*, October 24, 2016. <https://www.foodandwaterwatch.org/insight/british-columbia-carbon-tax-failed-experiment-market-based-solutions-climate-change>.

<sup>89</sup> Adam Reaburn, "CO<sub>2</sub> emissions continue to rise in BC. Despite Provincial Carbon Tax," *Energetic City*, January 7, 2019, <https://www.energeticcity.ca/2019/01/co2-emissions-continue-to-rise-in-b-c-despite-provincial-carbon-tax/>.

<sup>90</sup> Hiltzik, M., "Column: No longer termed a 'failure,' California's cap-and-trade program faces a new critique: Is it too successful?," *Los Angeles Times*, January 12, 2018, <https://www.latimes.com/business/hiltzik/la-fi-hiltzik-captrade-20180111-story.html>

<sup>91</sup> Jeffrey Ball, "Why Carbon Pricing Isn't Working," *Foreign Affairs*, July/August 2018, [https://www.foreignaffairs.com/articles/world/2018-06-14/why-carbon-pricing-isnt-working?utm\\_campaign=reg\\_conf\\_email&utm\\_medium=newsletters&utm\\_source=fa\\_registration](https://www.foreignaffairs.com/articles/world/2018-06-14/why-carbon-pricing-isnt-working?utm_campaign=reg_conf_email&utm_medium=newsletters&utm_source=fa_registration).

<sup>92</sup> Brad Plumer, "New U.N. Climate Report Says Put a High Price on Carbon," *The New York Times*, October 8, 2018, <https://www.nytimes.com/2018/10/08/climate/carbon-tax-united-nations-report-nordhaus.html>.

<sup>93</sup> Ball, "Why Carbon Pricing."

It's important to point out here, that to date, policymakers have often had more success in reducing emissions by imposing direct regulations. Examples include the case of sulfur dioxide trading mentioned previously, as well as the United States' strict fuel-economy standards, which have reduced domestic oil consumption by billions of barrels.<sup>94,95</sup>

*"That agreement is nothing but a trade agreement. Nothing more. And it privatizes, commodifies and sells forests in these carbon offset schemes, and they're fraudulent, in a system that allows the polluters off the hook."*

*Tom Goldtooth, Executive Director of the Indigenous Environmental Network, commenting on UN 21st Conference of Parties Agreement negotiated in Paris in 2015*

## Debunking “Equity” Language in Carbon Pricing

Climate movements have been resisting carbon pricing, especially carbon trading, for decades. While carbon pricing is often framed as *the only*, *the best*, or *the most realistic* solution to the climate crisis, in reality there are *many far more effective* means through which climate movements can build power and move towards a just transition. With that said, activists and advocates for climate justice should be aware of the ways that fossil fuel interests attempt to pacify and co-opt the climate movement. It is critical that we remain vigilant to the way that changes in language or framing are used to confuse, compel, and divide us. In this section, we dissect and debunk the “equity” language that has permeated carbon-pricing discourse in recent years. Below are the three most common ways that carbon pricing advocates falsely use equity framing.

### “Polluters Pays” Discourse

**Carbon pricing proponents say: “*Carbon pricing makes polluters pay!*”**

**Reality: Carbon pricing allows polluters to buy their way out of stopping their pollution.**

If you've been pitched a carbon pricing policy in recent years, you've likely encountered “make polluters pay” discourse. Especially when attempting to frame carbon pricing as a solution rooted in economic justice, “make polluters pay” is one of the most common catch phrases used by carbon pricing pundits. So, the rhetoric goes, carbon pollution is

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<sup>94</sup> Plumer, “New U.N.”

<sup>95</sup> “Fuel Economy Standards Bring Major Oil Savings Benefits.”



not free, and everyday people are shouldering the cost of carbon pollution— paying to clean up after natural disasters, paying for their medical expenses due to poor air quality, etc. Advocates for “Carbon Price and Invest” claim that by making polluters pay for their emissions, we can reinvest those funds in programs that benefit communities.<sup>96</sup> In other words, by putting a price on carbon, polluters will be required to pay what some call, “the true cost of carbon” while also creating an opportunity for revenue generation for programs and communities.<sup>97</sup>

On its head, this framing of the ‘polluter pays principle’ sounds reasonable: Of course, we agree that polluting industries should be accountable for the impacts of their pollution. But, as demonstrated by numerous carbon-pricing case studies, “The ‘polluter pays’ principle has been turned into a ‘polluter buys his way out’ principle.”<sup>98</sup> Even if a price on carbon were to slowly grow over a period of time and eventually shift the way energy is generated in favor of a renewable energy economy, we take issue with the health, well-being, and survival of our communities being reduced to the outcome of a cost-benefit analysis. And, as we discuss in the following section, allocating revenue generated from a price on carbon to frontline communities absolutely *does not* make up for or resolve the fundamental problems with carbon pricing or it’s inadequacy as a climate policy solution.

*“To date, there is little evidence to indicate that the revenues derived from carbon pricing schemes genuinely supports communities of color over the long term. On the contrary: there is much evidence to demonstrate the harms produced by carbon pricing schemes.”*

*Tamra Gilbertson in Carbon Pricing: A Critical Perspective for Community Resistance*

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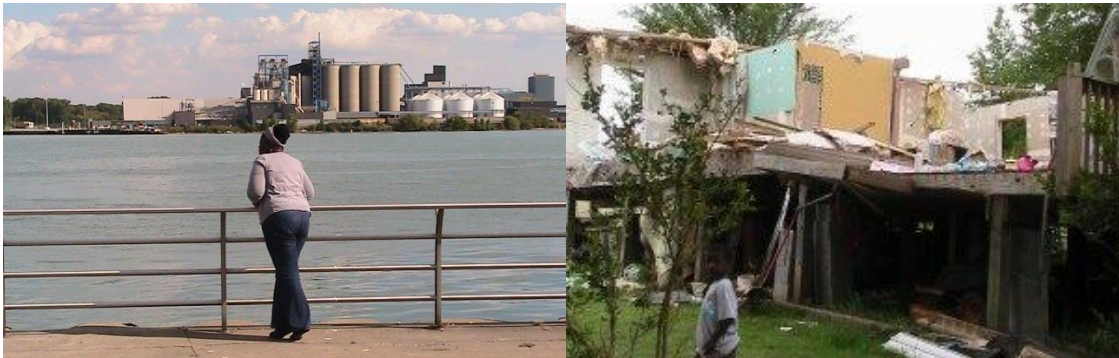
<sup>96</sup> “Make Polluters Pay,” *Green For All*, accessed July 2019, <https://www.greenforall.org/makepolluterspay>.

<sup>97</sup> Originating in the early 1970s and later included in the UN Rio Declaration of 1992, the polluter pays principle states that polluters should “bear the cost of pollution, with due regard to the public interest and without distorting International trade and investment.” According to the European Commission, “The preventative function of the PPP is based on the assumption that the polluter will reduce pollution as soon as the costs which he or she has to bear are higher than the benefits anticipate from continuing pollution.”

<sup>98</sup> C Lohmann, “Carbon Trading,” 117.

*“A price on carbon is like a sales tax—it doesn’t make polluters pay for greenhouse gas pollution. **It makes end-users pay.** A regulatory solution, that phases out fossil fuel extraction and use, can be designed to penalize those who are responsible for the problem, not everyone else.”*

*Basav Sen, Climate Justice Project Director at the Institute for Policy Studies*



*“While we would like to think that there might be some justice in solving the climate crisis by penalizing the businesses causing the problem, the reality is that **businesses can pass their carbon costs down to their employees in the form of wage cuts, loss of benefits, worsened working conditions, or job loss.** Businesses can also pass costs further down to other workers on the supply chain and to communities who consume their products or services. The phrase “polluter pays” is used to substitute “carbon tax,” but this is misleading because it is not necessarily the employer who feels the brunt of the carbon tax, it is the workers who feel the impact directly on their lives and the community consumers who pay more at the register.”*

*Irene HongPing Shen from Trade Unions for Energy Democracy (TUED), “Carbon Pricing Toolkit,” 29.*



### **But What about a Carbon Fee or Tax as a Revenue Generator via Dividends or Other Mechanisms?**

Too often, a carbon tax is framed as a “miracle cure-all” alternative to carbon trading. While directly taxing carbon emissions avoids some of the pitfalls associated with carbon trading, it’s misleading to assert that a carbon tax alone is capable of solving the climate crisis. In fact, carbon taxes have many of the same problems of carbon trading. Just like cap and trade, carbon taxes rely on incremental cost changes to redirect investment rather than directly tackling the root problems associated with the production of the pollution itself.

To be clear, some carbon tax models are better than others, both in their ability to reduce carbon emissions and to do so equitably. Put forth as a component of a broader strategy to reduce emissions, taxation can be a potential source of revenue generation for climate financing.

However, ultimately, we believe that there are better ways for climate movements to build power towards a Just Transition; several are introduced in the final section.

*“The belief that a tax-driven process is possible **distracts from the more complex and deep-reaching political changes necessary** to drastically cut carbon emissions, such as regulating against the extraction and use of fossil fuels and seeking the best and most inclusive ways of transitioning toward a regenerative economy—one that doesn’t leave vulnerable people and communities behind.”*

*Cynthia Mellon, Policy Coordinator at the Climate Justice Alliance*

## Faulty Economic Justice Arguments

**Carbon pricing proponents say: “Carbon pricing helps deliver economic justice while fighting climate change.”**

**Reality: Token revenues distributed to environmental justice communities, via Carbon Fee and Dividend or other models, will never make up for the destruction resulting from the source of that revenue.<sup>100</sup>**

Some iterations of carbon pricing policy attempt to make-up for the shortfalls described above by claiming to advance economic justice or function as a revenue generator for “disadvantaged” communities. Communities that policymakers often characterize as “disadvantaged” have long experienced systemic discrimination and oppression in the United States, often as a direct result of the policies and systems designed and implemented by U.S. policymakers. The suggestion that these communities should have to rely on funds generated from cap-and-trade or other carbon pricing schemes—which disproportionately harm the very communities that are supposedly receiving financial benefits from carbon markets—is frankly insulting.

*“How do we ever repay the damage to people, to their belongings, to crops, and to everything? How do we go forth to where we don't continue to do the damage?”*

*Kentucky NAACP ECJ Chair Arnita Gadson*

Effective climate policy should deliver economic justice outcomes alongside environmental ones. This is not achieved through carbon pricing, even when revenues are distributed to most impacted communities. Our allies at the Indigenous Environmental Network state: “Accepting such revenue not only does not compensate for the damage to our air, bodies, environment, and nature, but also implicates the receiver in the extraction, pollution and natural disasters that such pollution causes.”<sup>101</sup>

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<sup>100</sup> Gilbertson, “Carbon Pricing: A Critical Perspective,” 4-5.

<sup>101</sup> Ibid.



It is ironic that well-intentioned proponents of carbon pricing schemes cannot understand that we intrinsically devalue the health, lives, and welfare of communities by actually attempting to place a dollar value on them. Who would be qualified to make such an, albeit illegitimate, judgment?

*"It is so sophisticated. It's so invested in, that it makes it very hard for grassroots folks to battle against it. You have groups that are highly well-established like the Citizens' Climate Lobby that are going around to all of our NAACP branches and they're always asking if the Citizens' Climate Lobby can come and speak. We don't agree with this buying and selling and trading the air that we breathe."*

*Denise Abdul-Rahman, NAACP Environmental & Climate Justice Program Regional Field Organizer & Indiana State Conference NAACP ECJ Chair*

## Language of Urgency of "Realistic" Action

**Carbon pricing proponents say: "Putting a price on carbon isn't perfect, but we don't have time to wait for a better solution."**

**Reality: We don't have time for false solutions like carbon pricing that fail to disrupt the power of the fossil fuel industry. There are numerous more effective, real solutions that promote the structural changes we urgently need.**

Throughout this section, we've argued that carbon pricing is an ineffective, false solution that gets in the way of the solutions we need to address the root causes of the climate crisis. A common response to these critiques sounds something like, "*Sure, carbon markets aren't perfect, but there is no alternative*" or "*It's better than nothing.*" For example, Democratic Representative Salud Carbajal of California remarked, for example, "I'm for anything and everything that moves the ball forward. What the carbon pricing legislation does is move forward the only significant bipartisan legislation that seems to be out there."<sup>102</sup>

Many environmentalists, especially in the global North, concede to some of the limitations of carbon pricing, but argue that addressing the climate crisis is *too urgent* to wait for the political will to pursue other solutions. Citing broad support—among governments, industry, finance institutions—for carbon pricing mechanisms, many argue that the only "realistic" policy measures for climate action are carbon markets.

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<sup>102</sup> Justin Worland, "Anything that moves the Ball Forward.' Some Green New Deal Supporters Back Carbon Tax, Too," *Time*, 12 July 2019, <https://time.com/5613542/green-new-deal-carbon-tax/>.

Indeed, the pervasiveness of this belief is apparent, as some environmental justice advocates have felt compelled to join the carbon pricing discourse to shape a policy that is perceived as inevitable into having the best possible outcomes for frontline communities.

**The imagination for what is possible has been so stifled by the dominant neo-liberal mentality** that carbon pricing has become, in the minds of many, the only feasible solution to climate change.

*“Carbon trading is **aimed at the wrong target**. It is not directed at reorganizing industrial societies’ energy, transport and housing systems—starting today—so that they don’t need coal, oil and gas. It is not contributing to the de-industrialisation of agriculture or the protection of forests through the recognition of local and Indigenous People’s tenure rights or food sovereignty. Instead, it is organised around keeping the wheels on the fossil fuel industry for as long as possible.”*

*Tamra Gilbertson and Oscar Reyes in Carbon Trading: How it Works and Why it Fails.*

**While we absolutely agree that taking bold action on climate is urgent, we reject the suggestion that carbon markets are the only “realistic” avenues through which change can occur. In fact, we’re doubtful as to the extent that carbon pricing will bring any gains at all towards the change we need.** *For whom* is carbon pricing the most “realistic” or “efficient” solution? Certainly not for communities on the frontlines of fossil fuel extraction, transportation, combustion, or waste storage, for whom significant improvements in environmental conditions have not occurred even as carbon pricing mechanisms are imposed. As Gilbertson and Reyes remark, “Carbon trading has failed to change the way we acquire and use energy, while short-circuiting demands for the fundamental reforms we need.”<sup>103</sup>

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<sup>103</sup> CPB 7

*"The future of the planet will depend on communities standing strong against false solutions. UNFCCC COP is nothing but a carbon stock exchange because what is really being discussed on the negotiation floors are deals, who can buy what and sell what, who has the rights to keep polluting, whether it's trees in Nigeria or Kenya or Cameron or Uganda...The polluters don't want to change from the pattern that has brought us to where we are at today and this is the sickening and the sad thing about the COP. How can we pretend that fiction will solve reality? Carbon Pricing is fiction, selling the price of air, of carbon, and doing anything to stop the pollution but instead they keep pumping the toxic stuff into the atmosphere."*

*Nnimmo Bassey, Director, Health of Mother Earth Foundation, No REDD in Africa Network, Oil Watch, Nigeria, Africa*

## Summarizing and Framing the Critiques

As we consider how to best advocate against carbon pricing and trading schemes, we may need to shape our arguments according to the audience. Below are some general ways to do this from various vantage points, referring to the evidence and perspectives discussed above (Sections III and IV provide guidance on positive policies).

### Making the Moral/Ethical Argument:

By participating and promoting carbon pricing schemes, we are essentially participating in the further commodification of people and the planet. People's lives are not meant to be subject to a cost/benefit analysis. We are sacrificing populations burdened by oppression and discrimination – exacerbating inequalities within the US and globally among nations. We also are sacrificing future generations for the comfort and convenience of a few today. We are failing to address the underlying moral imperatives of this moment: to learn to live within the physical bounds of this planet; to address

*"I never intend to adjust myself to economic conditions that will take necessities from the many to give luxuries to the few..."*

*Dr. Martin Luther King Jr.*

the ways the US and global economies perpetuate and exacerbate racism and economic inequalities; and to uphold everyone's human rights.

### Making the Religious/Spiritual Argument:

At the heart of most religious traditions and spiritual practices is the profound respect for the sacredness of all life. We do not put a price tag on that which we understand to be sacred. It is hubris to lift up so-called economic freedom over responsibility. We have sacred and moral obligations to the Holy, to ourselves, each other, future generations, and to Creation itself (of which we are a part) to live in right relationship. We do not achieve right relationship by buying, selling and trading the right to pollute.

*"Once we start to think about the kind of world we are leaving to future generations, we look at things differently; we realize that the world is a gift which we have freely received and must share with others. Since the world has been given to us, we can no longer view reality in a purely utilitarian way, in which efficiency and productivity are entirely geared to our individual benefit. **Intergenerational solidarity is not optional**, but rather a basic question of justice, since the world we have received also belongs to those who will follow us."*

*Pope Francis in Laudato Si': On Care for Our Common Home*

*"Disruption of the global climate is a consequence of our corruption in the earth. We are but one of the multitude of living beings with whom we share the earth, and a minuscule part of the divine order, yet we have exceptional power, and bear the responsibility to establish good and avert evil in every way we can."*

*Islamic Declaration on Global Climate Change*





## Making the Arguments Related to Human Rights and Socio-economic Impact

In national and international law, humans have framed their highest aspirations in the form of political, civil, economic, social and cultural rights. Putting a price on carbon does not explicitly protect human rights. In fact, studies have shown that this strategy to curb carbon emissions often **directly jeopardizes** human rights by worsening the environmental, health, cultural, social and economic harms certain communities face which live in the shadow of fossil-fuel energy extraction, refining or use. This compounding of harm occurs because actual emissions reductions often are taken in locations far away from the sites producing the emissions, and in some instances, emissions at the most-polluting sites **actually increase** under carbon trading schemes. In the United States, the majority of the residents in these affected communities are often BIPOC and low-income. These same patterns of inequality and harm also exist globally. There is also a second human rights concern. Because of the heavy reliance on carbon pricing mechanisms, and the fact that overall they have not worked to significantly reduce greenhouse gas emissions, and thus curb climate change, those communities which are most vulnerable to the impacts of climate change continue to be harmed and have their rights to property, life, health, livelihood, cultural traditions, education, etc. significantly eroded.

## Making the Flawed Economic Theory Argument

The economic logic behind carbon trading/pricing is highly problematic. At the most profound level, tinkering with the price of carbon fails to address the root causes of climate change – which are the particular extractive ways an unconstrained capitalist economy functions. Neo-liberalism is the particular economic philosophy behind carbon markets. It assumes such things as: unlimited consumption and economic growth as desirable; treats discrimination, oppression and pollution as “externalities” and therefore tends to ignore or discount them; and is unfazed by capitalism’s tendency to commodify everything – including humans and nature. The claims that carbon pricing is the most efficient and least cost solution to addressing the climate crisis are belied by the evidence that carbon market prices are deemed consistently too low to work and that they are not robust in their results (i.e. sufficiently cutting carbon emissions).

*“I will not sell or exchange my life and my health for a check. To me, that would be the same as authorizing someone to pollute me.... Just to make matters simple for people who are very aggressive and want to tell me how I don’t understand how this is going to benefit me. Nothing taking away my life and my health will ever benefit me, so there’s no explanation that you can ever give me that will make me support any of this no matter what name you call it.”*

*Kathy Egland, Chair of the ECJ Committee of the NAACP National Board of Directors*

*“We have to realize companies look at the bottom line...And of course we know if the bottom line is under attack, then there will be some changes in rules and changes in regulations because of the influence that the companies have.”*

*Arnita Gadson, Kentucky NAACP ECJ Chair*

## Making the Argument Related to Environmental Impact

Carbon pricing policies have not proven to be effective in the US or globally for meeting the challenge of cutting greenhouse gas emissions. Studies have shown that:

- a) in some circumstances, carbon emissions have actually increased while they are in effect,

- b) in others, the use of offsets and allowances turns pollution into a shell game with no net decrease in emissions, or
- c) in cases where there has been a reduction in carbon emissions, it has been slow and tepid – insufficient in size and speed to meet the need compared to direct regulation.

## Section IV: In Cases Where Carbon Pricing is Going Forward

Communities on the frontlines of this crisis have been advocating for decades for strategies that will significantly reduce carbon emissions while also protecting the health and well-being of our communities. We need to see forward movement now. And, as we've outlined in this paper, carbon pricing is not the solution we need to dramatically reduce carbon emissions and advance a just transition that responds to the scale of the climate emergency. With that said, if carbon pricing continues to move ahead in spite of the best attempts of environmental justice communities to make our voices heard, any pricing scheme must include provisions to mitigate harms to the communities which are too often the “collateral damage” of poorly crafted policies.

In some cases where carbon-pricing policies have advanced through state houses and made it onto voting ballots, environmental justice advocates have secured a seat at the table to ensure these policies have the best possible outcomes for and mitigate harms to their communities. In Section II, we outlined the ways that environmental justice advocates responded to cap and trade in California. In Washington State, BIPOC and low-income communities were critical to ensuring that the carbon pricing ballot initiative, Initiative 1631, was “designed with equity as a core principle.”<sup>104</sup> This ballot initiative was crafted with the input of BIPOC and low-income communities to ensure that pollution reductions reach those communities that bear the brunt of climate injustice. This win was achieved because Washington frontline communities formed “Front and Centered,” a coalition to ensure that environmental policy centers equity and is led by people of color. Having been confronted with a previous carbon pricing state ballot initiative with numerous equity pitfalls (Initiative 732), the group played a key role in identifying and mitigating these problems in subsequent versions of the policy proposal.

While carbon pricing is *not* an effective solution and there are numerous more promising strategies to address climate change (we outline several in the following section), we also recognize that in some cases our communities are put in a defensive position

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<sup>104</sup> Debolina Banerjee, Katrina Peterson and Howard Greenwich, “Initiative 1631: How does it work? And what is in it for Our Communities,” *Puget Sound Sage*, <https://www.pugetsoundsage.org/how-does-1631-work/>.

where we must make the best of a bad policy. Even as we fight the good fight and seek to advance systems-changing solutions, it is also critical that we play a role in at-least minimizing the harms of policies put in place despite our objections. Any pricing scheme must include the following:

1. **Mandate point source reductions with a priority on facilities located in environmental justice communities.** Evidence demonstrates that without taking explicit preventative measures, carbon-pricing programs tend to produce or exacerbate pollution hot spots. Given the disproportionately negative impacts hot spots have on BIPOC and low-income communities, measures must be taken to ensure that emissions reductions cannot be in the aggregate. As noted by researchers James K. Boyce and Manuel Pastor who have studied the environmental justice impacts of California's cap and trade policy, *"This pitfall could be addressed through strategies such as declaring high-priority zones where no polluter could buy out of emission reduction requirements. A just carbon pricing policy should be accompanied by provisions that ensure emissions reductions where they matter most."*<sup>105</sup> (emphasis added)
2. **Carbon pricing policies must also account for co-pollutants.** There are costs that must be paid for -- not only carbon pollution but also co-pollutants, such as particulate matter, and other greenhouse gases, such as methane. While carbon pollution is the primary source of global climate change, each of these pollutants harm the environment and have a disproportionate and negative impact BIPOC and low-income communities.
3. **The "price" must be set high in the short-run and quickly ramp up through 2030.** Past and existing carbon prices have been too low to drive the steep reductions we need to advance a rapid transition away from fossil fuels.
4. **Prohibit carbon offsets and other loopholes that allow emitters to avoid localized emission reductions while still complying with the pricing mechanism.**<sup>106</sup>
5. **A carbon pricing model's equity analysis must factor in multiple environmental and socioeconomic indicators and be shaped by the direct participation from communities most affected** in order to adequately respond to the direct experiences of BIPOC and low-income communities which face overlapping socio-economic disparities and environmental hazards. Cumulative

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<sup>105</sup> James K. Boyce and Manuel Pastor, "Can Carbon Pricing Address Climate Justice?" *The Nation*, 7 November 2019, <https://www.thenation.com/article/carbon-economics-climate-change/>.

<sup>106</sup> "New Report Highlights Equity Flaws in California's Cap-and-Trade Program," *California Environmental Justice Alliance*, <https://caleja.org/2016/09/new-report-highlights-equity-flaws-in-californias-cap-and-trade-program/>.



effects mapping analysis is one way to identify disparities, inform decision-making, and guide solutions. Such methodology is the best way to ensure that investments are allocated equitably and that BIPOC and low-income communities stand to benefit from the policy.<sup>107</sup>

6. **Mechanisms must be built into the policy to ensure the pricing mechanism is responsive to the most impacted communities.** This can be achieved through an environmental justice oversight board.<sup>108</sup>
7. **Revenue generated from carbon markets must be equitably allocated in ways which support the transition to clean, resilient communities, including dedicated and targeted funds for workforce transition and funding to the communities most affected.**

*“Pollution is not free; it costs family in medical bills, depressed property values, etc. We need to make sure polluters are actually paying the true cost of pollution. If our goal is to figure out how to make it appetizing to these polluters as possible, then we’re missing the whole mark and it’s not going to be effective climate policy.”*

*Michelle Romero, Green for ALL*



<sup>107</sup> “Equitable Carbon Pricing,” *Front and Centered*, <https://frontandcentered.org/on-target-climate-action-must-deliver-for-communities-at-the-intersections/>.

<sup>108</sup> “Equitable Carbon Pricing,” *Front and Centered*, <https://frontandcentered.org/equitable-carbon-pricing-our-priorities/>.

## Case Studies: Examples of Integrating Equity into Carbon Pricing

### The New York Climate and Community Investment Act (CCIA)

Making polluters pay for the just transition, the CCIA was designed to generate the revenue to accomplish the legally binding mandates of the Climate Leadership and Community Protection Act (2019). Although it did not pass in the 2021 legislative session, the CCIA's justice and equity principles remain key to guiding communities. The CCIA would levy a starting greenhouse emissions price (tax) of **\$55 per ton**, increasing 2-5% each year. The primary climate pollution fee would be collected on all carbon-based fuels sold, used, and/or entered into the state, as well as other sources of greenhouse gases as the furthest upstream point. The CCIA also **does not include offsets**. It instead includes a **'Co-Pollutant' surcharge** to address localized pollution, which disproportionately harms BIPOC and low-income communities. The surcharge would fund mitigation and emission reduction efforts with a focus on the most significant pollutants for human health impacts. The CCIA would raise \$15 billion each year, used to create good, **green jobs**, to **invest in frontline communities**, and to **build a renewable economy**.

- One-third of the funds raised would go to community-based organizations, for local programs like community-owned solar. Additional funds would be available for current fossil fuel workers and host communities; "Climate Change Just Transition for Impacted Workers and Community Assurance Programs" established dedicated revenue streams for impacted and transitioning communities as well as a framework for a social dialogue and proactive transition support. Examples of economic support include replacing lost payment in-lieu-of taxes and small business retraining and re-tooling.
- The CCIA would create and sustain 150,000+ good, green jobs. People in frontline communities, formerly incarcerated New Yorkers, women in non-traditional trades, and people coming off of unemployment would receive priority.
- Thirty percent of the money would go to large-scale investments such as major solar arrays, offshore wind, electric vehicle infrastructure, public transit, and grid stability.
- One-third would be used to provide direct assistance to low- and moderate-income families via transit vouchers, weatherization or LIHEAP credits, and/or direct cash benefits. Eligible households would be automatically enrolled in the rebate program so that their energy costs remain affordable; small businesses and nonprofits would also receive energy rebate checks.

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"The Climate and Community Investment Act (CCIA), *NY Renews*, <https://www.nyrenews.org/ccia>.

"Climate and Community Investment Act Section by Section Bill Summary," NY Renews, <https://zmm.org/wp-content/uploads/2021/02/CCIA-Bill-Summary-12.7.20.pdf>.

"The Climate and Community Investment Act (CCIA), *NY Renews*, <https://www.nyrenews.org/ccia>.

"Climate and Community Investment Act Section by Section Bill Summary," NY Renews, <https://zmm.org/wp-content/uploads/2021/02/CCIA-Bill-Summary-12.7.20.pdf>.

Personal Interview with Anthony Rogers-Wright, 18 June 2021.

*"Emissions pricing has to be rooted in equity--it's a revenue generator for regulation. Switching energy sources must come first. Market-based solutions alone are myopic and incomplete in solving the climate crisis and in paying restitution to people for decades of intentional, concentrated, and systemic environmental racism."*

*Anthony Rogers-Wright, Director of Environmental Justice, NY Lawyers for the Public Interest*

- **"Good policy only with good organizing:"** Rogers-Wright emphasized how **organizers** made it known to community members that co-pollutants present clear and pressing threats to public health. They "laid out the facts" to legislators--addressing climate change must include protecting all aspects of environmental health.
- **"Frontline communities themselves:"** Rogers-Wright explained how frontline communities and organizations accountable to them have possessed the solutions to the climate crisis for some time now. Pragmatism in the true sense of the word calls for us **to scale up and scale out** these solutions.

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## The Transportation and Climate Initiative Program (TCI-P)

The Transportation and Climate Initiative (TCI) is a collaboration among Northeast, Mid-Atlantic, and Southeast states and the District of Columbia. The Transportation and Climate Initiative Program (TCI-P) is a newly launched 'cap-and-invest' program that will cut carbon emissions from on-road motor vehicles by 26% from 2022-2032; generate hundreds of millions of dollars to invest in equitable, cleaner, and more resilient transportation systems; and energize economic recovery.

1. **Equity is the central organizing focus:** the TCI-P includes robust public input and requires that jurisdictions designate **an advisory body** with diverse representation to identify underserved and overburdened communities; to provide guidance for investments; and to define goals and metrics for measuring progress. Jurisdictions work with their Equity Advisory Bodies to assess equity impacts on an ongoing basis. This includes monitoring air quality in communities overburdened by air pollution to ensure the effectiveness of carbon reduction policies, strategies, and investments.
2. **Allowances to regulated entities will not be given away for free:** participating jurisdictions will invest proceeds from the sale of allowances--allowance auctions--in equitable, cleaner, and more resilient transportation projects to further reduce emissions and to provide communities, workers, and businesses with equitable, clean, safe, and affordable low-carbon transportation choices.

The TCI includes specific commitments designed to ensure that the program is implemented equitably, including that **at least 35%** of the program proceeds--nearly \$100 million in the first year--are invested in **for the benefit of communities that are overburdened by pollution and underserved by the transportation system**. Each participating jurisdiction will work with stakeholders to make sure investments deliver what people need; example projects include:

- Improving and expanding public transportation
- Zero-emission buses, ride-shares, cars, and trucks
- Electric vehicle charging infrastructure; development of interstate electric vehicle corridors
- Improving high speed wireless internet in rural and low-income areas to allow for teleworking
- Repairing existing roads and bridges
- Providing safer bike lanes and sidewalks

*"There must be representation in the decision-making body--communities should be the ones guiding project priorities. As states plan their electric and alternative fuels networks, they need to use an equity-based lens to make sure that the same amount of focus is being extended to marginalized communities and the most vulnerable populations within them."*

*Karen Campblin, Environmental and Climate Justice Chair, Virginia State Conference NAACP*

- **"50% or more, higher is better:"** Campblin stressed that the revenue generated must go to the communities. Decades of disinvestment and neglect warrant greater allocations.
- **"Land use controls:"** Existing local residents should have the right to remain in place; they should be able to stay in their communities as new projects begin and redevelopment occurs. They should be able to benefit, and the money being generated should stay within their communities.
- **"Need to keep it out of the politics:"** The advisory body should be independent and unbiased, protected from politics.

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"Frequently Asked Questions," *Transportation & Climate Initiative*,  
<https://www.transportationandclimate.org/TCIP-FAQ>.  
Personal Interview with Karen Campblin, 22 June 2021.

## The Washington Climate Commitment Act (CCA)

In spring of 2021, the Washington State Legislature passed a suite of climate bills meant to cut net greenhouse gas emissions to zero by 2050. Many legislators argued that they worked to put environmental justice "front and center" in the cap-and-trade law, the Climate Commitment Act (CCA). First, alongside the carbon regulations, the CCA creates a program to monitor and to regulate air pollutants that can harm people's health, co-pollutants such as ozone and sulfur dioxide. Senator Reuven Carlyle, who sponsored the legislation, argued that Washington "learned from California" and measures "the real-time reality on the frontlines of pollution." Additionally, the CCA establishes a rising price floor for credit prices and it does not rely on offsets to reach emission targets. Finally, the cap-and-trade program will bring in billions of dollars, which will go towards projects that reduce carbon emissions or help mitigate the effects of climate change; at least 35% will target communities overburdened by air pollution, and another 10% will back projects supported by tribal nations.

Although the CCA includes many key equity and justice provisions--leaders such as Representative Debra Lekanoff worked to incorporate the funding commitments for overburdened communities--local environmental justice advocates and organizations still strongly opposed the bill. Activists argued that corporations know how to find loopholes and that state agency regulation remains underfunded and inadequate. Instead, emissions reduction requirements on individual polluters, reducing emissions directly at the source, would be much more successful in accomplishing carbon emissions targets and in protecting communities.

Thus, the 2021 Washington CCA demonstrated how legislation that involves significant efforts and actions to integrate equity is anything but straightforward and consensus-building. Such a proposal will often lack the championship of environmental justice groups **because** carbon pricing itself is a fundamentally flawed and highly controversial model. It goes to show how even when there are measures to lessen exacerbated inequalities, the issues remain complex.

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*"The willpower for the state agencies and people in power to actually hold them [industry] accountable is not there."*

*Rosalinda Guillen, Leader, Community to Community Development*

*"They said, 'We're not going to let what happened in California happen here,' but it's all an experiment and we're the guinea pigs. The mainstream green groups have supposedly fixed the problems, but it's a big gamble for our communities."*

*Jill Mangaliman, Executive Director, Got Green*



## Section V: Recommendations for an Equitable and Just Path Forward

Beneath an environmentalist façade, false solutions maintain dominant economic, cultural, and political systems. Carbon markets are not only ineffective at achieving the drastic emissions reductions we urgently need, but they keep environmental policy inextricably linked with systems of violent extraction, exploitation, colonialism, racism, sexism, and ecological destruction.<sup>112</sup>

It is revealing that the fossil fuel industry supports carbon-pricing mechanisms, reflecting a strategic calculation to help shape climate policy to preserve their own interests and power. Rather than perpetuating the injustices at the core of the climate crisis, we must address root causes and pursue strong regulation that cuts emissions at the source.

As the moment for action becomes increasingly urgent, we must remain vigilant to the distractions and misleading promises of the false solutions often championed by the very perpetrators of climate injustice. It is critical that we reorient and expand our political imagination beyond the stifling confines of carbon-pricing mechanisms and towards a rights-based/justice-based approach to climate policy.

*“Under the rubric of carbon pricing, these cap-and-trade, carbon offsets, carbon tax systems are false solutions that do not cut emissions at source, create toxic hot spots, and result in land grabs and violations of human rights and rights of Indigenous peoples in the forest regions of developing countries. **People have a right to know the truth** about these national and global initiatives that are nothing but the financialization of nature, the privatization of Mother Earth.”*

*Tom Goldtooth, Executive Director of the Indigenous Environmental Network*

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Brown, A. “New Environmental Justice Measures Might Revive Cap-and-Trade,” *The Pew Charitable Trusts*, 18 May 2021, <https://www.pewtrusts.org/en/research-and-analysis/blogs/stateline/2021/05/18/new-environmental-justice-measures-might-revive-cap-and-trade>.

Pulkkinen, L. “Washington Passed its Cap-and-Trade Climate Legislation. Now What?” *U.S. News & World Report*, 10 May 2021, <https://www.usnews.com/news/best-states/articles/2021-05-10/washington-passed-its-cap-and-trade-climate-legislation-now-what>.

<sup>112</sup> Gilbertson, “Carbon Pricing: A Critical Perspective.”

**As a baseline standard, climate policy must not further exacerbate existing economic and environmental inequalities but work to repair them.** In order to advance such solutions, successful climate policy must be shaped by the frontline communities that have long fought the extractive and exploitative practices of the fossil fuel industry. Governments and other framers of climate policy must recognize these communities as experts, or run the risk of continuing to draft “solutions” that fail to address the root causes of the climate crisis and often do as much harm as good.<sup>113</sup> Primary to this analysis is a climate justice framing that recognizes that there are communities that are disproportionately harmed by the extraction of fossil fuels and/or by climate change.



As writer Naomi Klein pens in her book *This Changes Everything: Capitalism vs. Climate*, “We are left with a stark choice: allow climate disruption to change everything

*“Lastly, some positive news: **Bolivia launched an alternative, non-market based approach to REDD in 2012**, and it is fighting hard to ensure that there is at least a clear reference to this proposal in the text. The proposal emphasizes the role of forests in mitigation and adaptation. It is very much hoped that an increasing number of donors will realize this is a much more sensible approach to forests, also to fully take into account all the benefits of forests, and all the rights and needs of Indigenous Peoples and women related to REDD+.”*

*Simone Lovera, Global Forest Coalition*

<sup>113</sup> Gilbertson and Reyes, “Carbon Trading,” 82.

about our world, or change pretty much everything about our economy to avoid that fate.”<sup>114</sup>

Fortunately, another future is possible. It is possible to transform our extractive economy to a regenerative one, and we can do it in ways that are equitable, with the needs of the most-affected communities at the center and the most responsible bearing the bulk of the burden. Guided by these truths, we offer the following recommendations for an equitable and just path forward.

## Peoples’ Demands for Climate Justice

Alongside our allies in the Climate Justice Alliance and in alignment with more than 150 organizations globally, as we participate in global climate negotiations such as the recent UNFCCC COP 25, we advance the People’s Demands for Climate Justice that the NAACP participated in formulating:

- Keep fossil fuels in the ground;
- Reject false solutions that are displacing real, people-first solutions to the climate crisis;
- Advance real solutions that are just, feasible, and essential;
- Honor climate finance obligations to developing countries;
- End corporate interference in and capture of the climate talks;
- Ensure developed countries honor their “Fair Shares” for largely fueling this crisis.<sup>115</sup>

*“If equity is a priority, then achieving emissions reductions for EJ communities should not be left solely to the market, but should be planned. **Society should not wait and decide if what the market yields for equity is satisfactory.** Instead, we should very intentionally and purposefully decide what is needed. To do less is a failure to fulfill our responsibility to strive for environmental justice.”*

***Dr. Nicky Sheats. Esq.***

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<sup>114</sup> Naomi Klein, *This Changes Everything: Capitalism vs. the Climate* (New York: Simon & Schuster, 2014), 22.

<sup>115</sup> “The People’s Demands for Climate Justice,” *Peoples Demands*, <https://www.peoplesdemands.org/>.



## United States Policy Recommendations—Legislating Climate Justice

While a price on carbon is increasingly characterized as the only viable solution to the climate crisis, in reality, there are numerous alternative paths forward. In the long history of environmental protection in the United States, carbon markets are a relatively new idea, which, as we discussed in Sections II and III, redefine the basis of the climate crisis to fit the assumptions of the dominant economy (an economic system we reject). Rather than rely on this false solution, we need to pursue environmental policies that rapidly phase out fossil fuel use, cut emissions at the source, and address the root causes of the climate crisis. Equity and environmental justice must be integral components of climate change mitigation and adaptation policy.

*"The climate crisis cannot be tackled without gauging 'decarbonization' efforts by their ability to **detoxify, decommmodify, degentrify, demilitarize, decentralize, decolonize and democratize** our economies. Such an integrated approach ensures that harm reduction in one aspect of any process does not exacerbate burdens in another."*

*Hoodwinked In the Hothouse: Resist False Solutions to Climate Change  
Third Edition, 2021*

There are no miracle cure-all solutions. Considering the unprecedented scale and severity of the crisis before us, no single action will suffice. In planning and pursuing a transition away from fossil fuels, and the unsustainable industrial and agricultural systems that they enable, a broad range of systems-changing approaches hold far more

promise than carbon markets.<sup>116 117</sup> A non-exhaustive list must include the following measures:

1. **Restructure the utility system, including shifting away from centralized energy generation and transitioning to community-owned and distributed energy generation.** Programs such as New York’s Community Distributed Generation Program, established in 2015, represent a shift from traditional energy generation models by empowering communities to receive a share of the power produced from a shared local renewable project.<sup>118</sup>
2. **Invest in large-scale public works projects that promote energy efficiency and develop community-based clean energy infrastructure.** It is critical that increases in public finances to transition the energy system are accompanied by democratization of governance of the expenditure, as to embody the principles of a Just Transition outlined in the introduction of this document. Community-based energy infrastructure includes a variety of energy technologies with numerous ownership and development structures. The following are a few examples of community energy projects cited by the Environmental and Energy Study Institute<sup>119</sup>:
  - **Massachusetts:** Projects in Boston by Resonant Energy and local churches to install solar panels to provide energy to churches and the local communities.
  - **Puerto Rico:** Solar plus storage projects installed to provide electricity to hospitals and to aid in the recovery from Hurricane Maria.
  - **Michigan:** Rural landowners joined together to install wind turbines on their land and sell the power to local utilities and businesses.
  - **South Carolina:** Rural electric cooperatives offer loans to co-op members to improve their home’s energy efficiency. The loans are then repaid through the member’s electric bill, in a process known as “on-bill financing.”

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<sup>116</sup> Gilbertson and Reyes, “Carbon Trading,” 91.

<sup>117</sup> Lohmann, “Carbon Trading,” 330.

<sup>118</sup> “Distributed Generation,” NYSEG,

[https://www.nyseg.com/wps/portal/nyseg/saveenergy/innovation/distributedgeneration/!ut/p/z1/tZPLcolwFlafpQuWTFIuAktKGazDRUUKZMNwiRinBMXU6ts3dJzBRZVOp80uyTkn3\\_nPH4BAAhDNj6TOGWlp\\_sb3KZpk8qNnTxUL-oEbSHABZ45hREvZnmkgvhdghipAP8mHN5YJx\\_JfAQKopGzHNiCl5wOu87rLhh4EuMF5hTsBHpg8Y5jiri4LkFDaHi8BFTmwjhtvDFd1f\\_913JfdlaQCKa6wvtY0RdTztSlqgiqJhSHrYqVUUomLSVEach8dW17muMGT6WZW4K\\_sZAVSAfppaDums8z8K6TpBSnskewL0ssV0vOA5AxI8dgw0H0p4x5zZFpjNVLOoN2qMJ-oiD4S\\_AEi2nYN90\\_4Ox0Xkb3kL\\_2\\_pFMIZmMW439A6jzLq3knOduhK5bkAwOAsn3DuJ5ZLvI5MbtKUMnxhl\\_tKhuyaKGI1uxARu1brRT6ITz13z4RO\\_HtEV/](https://www.nyseg.com/wps/portal/nyseg/saveenergy/innovation/distributedgeneration/!ut/p/z1/tZPLcolwFlafpQuWTFIuAktKGazDRUUKZMNwiRinBMXU6ts3dJzBRZVOp80uyTkn3_nPH4BAAhDNj6TOGWlp_sb3KZpk8qNnTxUL-oEbSHABZ45hREvZnmkgvhdghipAP8mHN5YJx_JfAQKopGzHNiCl5wOu87rLhh4EuMF5hTsBHpg8Y5jiri4LkFDaHi8BFTmwjhtvDFd1f_913JfdlaQCKa6wvtY0RdTztSlqgiqJhSHrYqVUUomLSVEach8dW17muMGT6WZW4K_sZAVSAfppaDums8z8K6TpBSnskewL0ssV0vOA5AxI8dgw0H0p4x5zZFpjNVLOoN2qMJ-oiD4S_AEi2nYN90_4Ox0Xkb3kL_2_pFMIZmMW439A6jzLq3knOduhK5bkAwOAsn3DuJ5ZLvI5MbtKUMnxhl_tKhuyaKGI1uxARu1brRT6ITz13z4RO_HtEV/)

<sup>119</sup> “Community Energy,” *Environmental and Energy Study Institute*,  
<https://www.eesi.org/topics/communities/description>



- **Ohio:** The East Akron Neighborhood Development Corporation provides energy efficiency outreach and services to local residents and businesses.
  - **Connecticut:** The City of Stamford created local energy improvement districts to coordinate and finance the development of distributed and renewable energy systems.
3. **Create pathways for displaced fossil fuel workers to transition into the clean energy economy.** Investments and supports ranging from comprehensive training to high wages to healthcare and pension coverage will ensure no workers are left behind during the reshaping of the workforce.<sup>120</sup> In 2019, Colorado signed legislation creating the state's Just Transition Office – the first of its kind in the U.S. and a prospective model for use in other cities. Colorado, who ranks 11th in the national for coal production, has delegated the office to administer workforce retraining grants and other benefits to displaced coal workers in rural Colorado that affect employees of retired fossil fuel companies.<sup>121</sup>
  4. **Push for affordability policies that reduce energy cost and lowers the energy burden for low-income and frontline communities.** The clean energy transition should not strain the fragile household budgets of low-income people.<sup>122</sup> The New Jersey Clean Energy Equity Act deploys onsite solar or community solar combined with energy efficiency to reduce the energy burden of 35 percent of low-income households in the state by 2030.<sup>123</sup> It also requires that all new construction in low-income communities be solar ready.
  5. **Promote zero energy homes and buildings to curb emissions from the built environment.** Decarbonization can be achieved in new construction and existing buildings through strategies ranging from expanded access to weatherization assistance programs to building code requirements that facilitates renewable energy installations and energy efficiency. In January 2021, the City and County of Denver released *Net Zero Energy (NZE) New Buildings & Homes Implementation Plan*, a comprehensive plan to achieve net zero energy in all new buildings by 2030. Cornerstone actions of the plan include updating building

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<sup>120</sup> "Comprehensive Building Blocks for a Regenerative & Just 100% Policy," *The 100% Network*, January 2020, [https://assets.website-files.com/5fd79e486925d847f843cad8/5ffcaf1b7e91d46d7bd54a0f\\_100-network\\_comprehensive-building-blocks-for-a-just-regenerative-100-policy-2020.pdf](https://assets.website-files.com/5fd79e486925d847f843cad8/5ffcaf1b7e91d46d7bd54a0f_100-network_comprehensive-building-blocks-for-a-just-regenerative-100-policy-2020.pdf)

<sup>121</sup> Turrentine, J. "We need a just transition – because we should abandon coal, not coal workers," *NDRC*, October 2019, <https://www.nrdc.org/onearth/we-need-just-transition-because-we-should-abandon-coal-not-coal-workers>

<sup>122</sup> Ibid.

<sup>123</sup> "New Jersey Clean Energy Equity Act," Vote Solar, <https://www.njshines.org/wp-content/uploads/2021/03/NJ-Clean-Energy-Equity-Act-Flyer.pdf>

codes to require new homes be all electric by 2024 and all-electric new buildings by 2027.<sup>124</sup>

6. **Move away from investments in highway capacity expansion projects for single-occupancy vehicles to public transit.** Decades-long investment in highways has driven the climate crisis while disproportionately burdening marginalized communities with air pollution.<sup>125</sup> Prioritizing investments in public transit options that are renewable, free or low-cost, and guards against displacement would restore equity to a deeply inequitable transportation system. In December 2020, more than 30 members of Congress introduced the Transit Parity Resolution, legislation that would end the federal government's practice of spending four times as much on highways than on public transit.<sup>126</sup> Current policy restricts the U.S. Department of Transportation from spending more than 20 percent of its Highway Trust Fund on transit projects, leaving at least 80 percent of the funding for highway projects.<sup>127</sup>

Despite funding inequities, cities across the U.S. are turning visions of an equitable, climate-focused transportation system into reality. In 2021, Chicago Transit Authority (CTA) started electric buses along its #66 daily route. Based on relevant research, it is reported that electric buses significantly lower harmful emissions. In fact, CTA's public reports highlight that "operating one electric bus is the equivalent of removing 23 cars from the road each year."<sup>128</sup> In 2014, CTA began testing electric buses and found the energy-efficient systems to stand up to the snowy, severe Chicago winters. Chicago is planning to have an all-electric bus fleet over the next 20 years.<sup>129</sup> Route #66 was specifically selected to receive the first wave of all-electric bus services based on the city's analysis of air quality and the increased cases of respiratory illnesses along the route.<sup>128</sup>

Currently, CTA offers reduced fares and free bus fares for specific residents. During the onset of the COVID-19, pandemic the Active Transit Alliance along

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<sup>124</sup> City and Country of Denver Office of Climate Action, Sustainability, & Resilience, *Net Zero Energy (NZE) New Buildings & Homes Implementation Plan*, January 2021, [https://www.denvergov.org/files/assets/public/climate-action/documents/denver-nze-implementation-plan\\_final\\_v1.pdf?mc\\_cid=08ac00a33c&mc\\_eid=6047a91d8b](https://www.denvergov.org/files/assets/public/climate-action/documents/denver-nze-implementation-plan_final_v1.pdf?mc_cid=08ac00a33c&mc_eid=6047a91d8b)

<sup>125</sup> "A People's Orientation to a Regenerative Economy," United Frontline Table, June 2020. <https://climatejusticealliance.org/regenerativeeconomy/>

<sup>126</sup> MilNeil, C, "Rep. Pressley Calls on Feds to Fund Highways, Transit Equally," *StreetsBlog Mass*, December 11, 2020, <https://mass.streetsblog.org/2020/12/11/rep-pressley-calls-on-feds-to-end-federal-favoritism-for-highways/>

<sup>127</sup> Ibid.

<sup>128</sup> "Electric Buses." Chicago Transit Authority. <https://www.transitchicago.com/electricbus/>

<sup>129</sup> "CTA To Begin Testing Six New Electric Buses on #66 Route, Aiming for Full Electric Fleet by 2040." CBS. April 2, 2021. <https://chicago.cbslocal.com/2021/04/02/cta-electric-buses-route-number-66-chicago-avenue/>

with other Chicago businesses and organizations demonstrated quick action with an open letter to transit authorities establishing more equitable processes, including a “unified fare policy” that would expand reduce fares to low-income riders during the pandemic and for the long-term and using an equity lens in the spending of stimulus funds.<sup>130</sup>

7. **Put an end to corporate agricultural consolidations and restore localized food systems.**<sup>131</sup> Investing in a localized model will reduce agricultural dependence on fossil fuels and increase the resilience of food systems to the concerning effects of the climate crisis. It also promotes the democratization of food policies and strategies.

Through collective action, many U.S. residents have influenced local land use decisions by resisting the “corporatization” of agriculture and, instead, promoting county-wide bans on the propagation of genetically modified organisms (GMOs). Recent research has shown that since 2013 at least 19 districts in the U.S. have set ordinances restricting propagation and cultivation of GMO crops, a practice that has degraded soil health relying on nitrogen fertilizers produced from fossil fuels. Growing GMOs also increases the use of pesticides, which are particularly harmful to the ecosystem and human health.<sup>132</sup> Several counties in California, including Mendocino County, which has a long history of agriculture and timber, have adopted ordinances that prohibits the propagation, cultivation, raising, or growing of GMOs within the county.<sup>133</sup> According to the research, such resistance to biotech farming demonstrates community “power over seeds, knowledge, farming practices and food systems” moving towards local food sovereignty.<sup>134</sup>

8. **Set aggressive targets to completely transition the entire economy away from fossil fuels.** Targets should align with the Intergovernmental Panel on Climate Change’s (IPCC) greenhouse gas emission pathway that radically reduces emissions by 2030, keeping global warming below the preferred limits of the Paris Agreement. As of April 2020, at least 15 U.S. states and territories have taken legislative or executive action to move towards a 100 percent clean

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<sup>130</sup> “Public and Stakeholder Engagement in Chicago’s Transit’s COVID-19 Response.” <https://activetrans.org/busreports/wp-content/uploads/2020/04/Public-and-Stakeholder-Engagement-in-Chicago-Transit%E2%80%99s-COVID-19-Response.pdf>

<sup>131</sup> Ibid.

<sup>132</sup> Bachelder, Jill. “De-corporatizing GMOs.” <https://www.mcgilldaily.com/2015/10/43781/>

<sup>133</sup> “GMO legislation summary.” *National Conferences of State Legislatures*, <https://www.ncsl.org/research/agriculture-and-rural-development/state-legislation-addressing-genetically-modified-organisms-report.aspx>

<sup>134</sup> Daye, R. “Competing food sovereignties: GMO-free activism, democracy and state preemptive laws in Southern Oregon,” *Journal of Agriculture, Food, and Human Values Society*, April 2020.

energy future.<sup>135</sup> The same year, Virginia became the ninth state and the first state in South to affirm its commitment to a clean energy future with some of the most aggressive energy and wind legislation in its The Clean Economy Act.

*“We shouldn’t be discussing anything about fossil fuels in a just energy transition. That’s plain and simple.”*

*Kathy Egland, Chair of the ECJ Committee of the NAACP National Board of Directors*

9. **End new fossil fuel exploration and extraction immediately.** Multi-billion dollar fossil fuel infrastructure constructed today has a multi-decade economic lifespan that will lock-in unaffordable emissions.<sup>136</sup>

The governments of France, New Zealand, and Denmark all banned new oil and gas exploration, while Belize and Costa Rica have banned offshore oil extraction.<sup>137</sup> On January 27, 2021, President Biden directed the Secretary of the Interior to “pause new oil and natural gas leases on public lands or in offshore waters pending completion of a comprehensive review and reconsideration of federal oil and gas permitting and leasing practices.”<sup>138</sup>

10. **Cease the operation of currently-producing fossil fuel infrastructure near adjacent communities experiencing present-day and generational impacts to human and environmental health resulting from energy infrastructure.** In 2021, the New York State Senate passed new legislation that protects low income communities and communities of color who bear disproportionate burdens and harm related to pollution. Among the legislation is the Pollution Justice Act of 2021 that requires fossil-fuel burning power plants located in or

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<sup>135</sup> Ricketts, S., Clifton, R., Odumeru, L. “States Are Laying a Road Map for Climate Leadership,” *Center for American Progress*.

<https://www.americanprogress.org/issues/green/reports/2020/04/30/484163/states-laying-road-map-climate-leadership/>

<sup>136</sup> “Burn the Gas ‘Bridge Fuel’ Myth: Why Gas Is Not Clean, Cheap, or Necessary,” *Oil Change International*, May 2019, <http://priceofoil.org/content/uploads/2019/05/gas-myth-2-pager-final-web-r2.pdf>

<sup>137</sup> Georgia Piggot and Peter Erickson. “How the Paris Agreement can take on fossil fuel supply,” *Climate Home News*, July 2018. <https://www.climatechangenews.com/2018/07/17/paris-agreement-can-take-fossil-fuel-supply/>

<sup>138</sup> “Executive Order on Tackling the Climate Crisis at Home and Abroad.” President Joseph R. Biden, Jr., January 2021. <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

near environmental justice communities to convert their operations to renewable energy systems.<sup>139</sup>

- 11. Bring utility systems and energy-generating infrastructure into public ownership.** Public ownership will recognize energy as a public good and ensure a just transition for workers and communities while phasing out fossil fuel production. Many communities across the U.S. have embraced public ownership. Publicly-owned electric utilities are providing reliable, low-cost electricity to more than 49 million Americans in 2,000 communities, including large cities like Austin, Nashville, Los Angeles, and Seattle.<sup>140</sup>

*"We have a great opportunity right now to reclaim our energy source by converting from an investor owned utility to a public power, community-owned utility, which you can only imagine is not necessarily pleasing to the investor owned utilities that literally profit over a million dollars a day."*

*Sonja Robinson, San Diego NAACP ECJ Chair*

- 12. Expand conventional, direct regulation to accelerate a managed transition away from fossil fuels.** Regulation encompasses a range of instruments, from efficiency standards to production caps, to feed-in tariffs/net metering for renewables. Direct regulation can improve efficiency faster, at a lower cost, and in a less coercive way than market mechanisms such as trading or taxes.

In 2020, Virginia became the ninth state and the first state in South to affirm its commitment to a clean energy future with some of the most aggressive energy and wind legislation in its The Clean Economy Act. The legislation requires the closure of nearly all coal-fired plants by the end of 2024 and for the state to achieve a zero-carbon grid by 2050. The legislation also lifts a series of restraints many county governments, businesses, and residents faced when selecting renewable energy resources for themselves.<sup>141</sup> Policymakers believe that by setting clear targets for the private sector, new opportunities in renewable products and clean energy tech industries will be more readily available to the public.

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<sup>139</sup> "Senate Passes New Legislation To Improve Environmental Justice," *New York State Senate Online*. <https://www.nysenate.gov/newsroom/press-releases/senate-passes-new-legislation-improve-environmental-justice>

<sup>140</sup> "Public Power," American Public Power Association, <https://www.publicpower.org/public-power>

<sup>141</sup> Banker, M. "The Clean Economy Act Is a Breakthrough for Virginia and the South." <https://rmi.org/the-clean-economy-act-is-a-breakthrough-for-virginia-and-the-south/>



- 13. Develop strategies that maximize the reductions of co-pollutants while achieving a specific greenhouse gas reduction goal.** These strategies should include explicit mandates for reductions in point source pollution as well as the collection of data on emissions and outcomes. California’s Assembly Bill (AB) 197, passed in 2016, requires the state to prioritize direct emissions reductions from major sources that are likely to improve air quality.<sup>142</sup>
- 14. Reject policies built around false solutions which include loopholes that allow facilities or jurisdictions to meet emissions obligations without reducing their own emissions, such as through emissions offsets and allowances.** Part of this process involves a broader education initiative for the public. It Takes Roots, an alliance of some 200 indigenous and grassroots groups in the United States and Canada organized “No Carbon Markets Day” during the 25<sup>th</sup> annual UN Conference of Parties to the United Nations Framework Convention on Climate Change held in 2019.<sup>143</sup> This day of protest by climate justice organizations shed light on carbon markets as false solutions and called for their removal from the Paris Agreement.<sup>144</sup>

*“Cap and trade is not the same as cap and dividend. It’s not the same as a carbon fee or a carbon tax. There are different elements. But at the end of the day, it is all accepting of a situation we don’t want to be in. It’s also accepting of the fact that we are already giving a lot of leeway to these industries that they don’t necessarily have to have.”*

*Kari Fulton, Frontline Policy Coordinator at the Climate Justice Alliance*

- 15. Phase out subsidies for fossil fuel exploration, extraction, refining, and transport, including direct subsidies to corporations as well as other tax**

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<sup>142</sup> “Justice Deferred: A Break Down of California’s Cap & Trade Bill from the Environmental Justice Perspective,” *California Environmental Justice Alliance*, July 2017, <https://caleja.org/2017/07/justice-deferred-a-break-down-of-californias-cap-trade-bill-from-the-environmental-justice-perspective/>

<sup>143</sup> Lavelle, M, “A Key Climate Justice Question at COP25: What Role Should Carbon Markets Play in Meeting Paris Goals?,” *Inside Climate News*, December 6, 2019, <https://insideclimatenews.org/news/06122019/cop25-un-climate-talks-environmental-justice-pollution-carbon-markets-article-6/>

<sup>144</sup> Ibid.

**benefits.** Rather than spending to the tune of \$20 billion annually<sup>145</sup> to drive further climate destabilization, redirect those funds to help keep fossil fuels in the ground. A recent report indicates, for example, that if just 10% of the annual coal, oil, and gas subsidies were shifted to the renewable energy sector, countries could see a nearly 20% drop in carbon dioxide pollution.<sup>146</sup> Introduced by Sen. Bernie Sanders (I-VT) in the 117<sup>th</sup> Congress, S. 1167 eliminates \$15 billion<sup>147</sup> in annual direct subsidies for fossil-fuel production.<sup>148</sup>

**16. Shift funds away from military expenditures.** Representing a majority of the federal discretionary budget, the United States military budget is as large as that of the next seven countries put together.<sup>149</sup> It is critical that the federal budget reflect the urgency of the climate crisis, and we can shift a portion of the bloated security budget to help fund a clean energy transition for the U.S. economy as a whole. The Institute for Policy Studies has further shown how militarism and the climate crisis “are deeply intertwined and mutually reinforcing.”<sup>150</sup> The military itself is a huge polluter, is often deployed to sustain extractive industries fueling the climate crisis, and thereby contributes to displacement, militarized borders, and increased prospects for further conflict.

**17. Pursue legal action against climate offenders to provide justice and compensation for past and current harm inflicted on frontline communities.** A surge of climate change lawsuits in recent years attempt to hold governments and fossil fuel companies accountable for climate change and human rights violations. At stake in these cases are billions of dollars in liability and legal precedents.<sup>151</sup> As of this publication, the 21 youth plaintiffs of *Juliana v. United*

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<sup>145</sup> “Fossil Fuel Subsidies: A Closer Look at Tax Breaks and Societal Costs,” *Environmental and Energy Study Institute*, July 29, 2019, <https://www.eesi.org/papers/view/fact-sheet-fossil-fuel-subsidies-a-closer-look-at-tax-breaks-and-societal-costs>.

<sup>146</sup> “Study Finds Shifting fossil Fuel Subsidies to Renewables Would Slash Emissions,” *Democracy Now!*, August 2, 2019, [https://www.democracynow.org/2019/8/2/headlines/study\\_finds\\_shifting\\_fossil\\_fuel\\_subsidies\\_to\\_renewables\\_would\\_slash\\_emissions](https://www.democracynow.org/2019/8/2/headlines/study_finds_shifting_fossil_fuel_subsidies_to_renewables_would_slash_emissions).

<sup>147</sup> “Omar, Sanders, Merkley, Markey, Barragan Introduce Bill to End Corporate Handouts to the Fossil Fuel Industry,” *Jeff Merkley United State Senator for Oregon*, 24, July 2020, <https://www.merkley.senate.gov/news/press-releases/omar-sanders-merkley-markey-barragn-introduce-bill-to-end-corporate-handouts-to-the-fossil-fuel-industry-2020>

<sup>148</sup> A bill to eliminate subsidies for fossil-fuel production, S. 1167, 117th Cong. (2021). <https://www.congress.gov/bill/117th-congress/senate-bill/1167/all-info?r=3&s=2>

<sup>149</sup> “Peace Transitions,” *Institute for Policy Studies*, accessed August 2019, <https://ips-dc.org/peace-economy-transitions/>.

<sup>150</sup> Lorah Steichen and Lindsay Koshgarian, “No Warming, No War: How Militarism Fuels the Climate Crisis — and Vice Versa,” *Institute for Policy Studies*, April 22, 2020. <https://ips-dc.org/climate-militarism-primer/>

<sup>151</sup> Umair Irfan, “Pay attention to the growing wave of climate change lawsuits,” *Vox*, June 4, 2019, <https://www.vox.com/energy-and-environment/2019/2/22/17140166/climate-change-lawsuit-exxon-juliana-liability-kids>.

States were awaiting a ruling from the U.S. District Court on their request to amend their 2015 complaint.<sup>152</sup> In 2015, the plaintiffs filed a constitutional lawsuit against the U.S. government asserting that the government has violated the youngest generation's constitutional rights to life, liberty, and property through its climate change causing actions.

**18. Finally, we should consider going even beyond regulation to**

**criminalization.** Allowing corporations to buy the ability to pollute is sanctioning murder, (or at least negligent homicide or involuntary manslaughter if we are being super charitable) whether it's through the poisoning of the air, water, and land of communities to fatal effect, or it's through the deadly impacts of climate change, including the increasing severity of disasters that are claiming the lives of thousands. Being responsible for fatalities, if performed by any other means, is against the law.

*"This is a case of the tail wagging the dog. I can't wrap my head around this thing called cap and price. It's backwards. So let's not buy into that. We can come up with something better."*

*Rose Joshua, President of the Chicago Southside NAACP*

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<sup>152</sup> "Juliana v. United States," *Our Children's Trust*, <https://www.ourchildrenstrust.org/juliana-v-us>

## Conclusion

As summarized by the Climate Justice Alliance and the Indigenous Environmental Network's in the report "Carbon Pricing: A Critical Perspective for Community Resistance," purported carbon reduction mechanisms continue to **concentrate power, imprison communities, and distract the public from the addressing the root cause of the issue – fossil fuels.**<sup>153</sup>

1. Carbon pricing, including carbon trading, carbon taxes and carbon offsets, are false solutions to climate change that do not keep fossil fuels in the ground.
2. Carbon taxes will always be low, will always be evaded, do not cut pollution to the degree needed, and are greenwashed.
3. Carbon trading, carbon offsets and REDD+ are fraudulent climate mitigation mechanism that in fact help corporations and governments keep extracting and burning fossil fuels.
4. Token revenues distributed to environmental justice communities from carbon trading or carbon pricing can never compensate for the destruction wrought by the extraction and pollution that is the source of that revenue.
5. The injustices, racism and colonialism of carbon pricing schemes are international in scope. Our resistance needs to be international as well.

NAACP state, local, and national leadership is needed, now more than ever, to **shift the narrative and transform the agenda** across the country. In partnership with allies from the frontlines of the climate crisis in the United States and across the globe, the NAACP's voice as a civil rights and movement leader can ring out for true government and corporate accountability for the lives lost and damaged from the climate crisis, and the just transition we so desperately need and deserve.



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<sup>153</sup> Tamra Gilbertson, "Carbon Pricing: A Critical Perspective for Community Resistance," *Indigenous Environmental Network*, <http://www.ienearth.org/wp-content/uploads/2017/11/Carbon-Pricing-A-Critical-Perspective-for-Community-Resistance-Online-Version.pdf>.

# Appendices

## Appendix A: Additional Resources

- [The Story of Cap and Trade](#) by the Story of Stuff Project
- [Carbon Pricing: A Popular Education Toolkit for Community Resistance](#) by Indigenous Environmental Network
- [Hoodwinked in the Hothouse: The G8, Climate Change and Free-Market Environmentalism, First Edition](#) (2005) by Carbon Trade Watch
- [Hoodwinked in the Hothouse: False Solutions to Climate Change, Second Edition](#) (2014) by Rising Tide North America and Carbon Trade Watch
- [Hoodwinked in the Hothouse: Resist False Solutions to Climate Change, Third Edition](#) (2021)
- [Exposing REDD: The False Climate Solution](#)
- [NCEL Carbon Pricing Resources](#)
- [Carbon Pricing 101](#) by Union of Concerned Scientists
- [Green For All Carbon Pricing Policy Paper](#)
- [Years Project Handy Guide to Carbon Pricing](#)
- [Stronger RGGI for a Clean Energy Economy](#)
- [“Environmental Justice Issues in California’s Cap and Trade System”](#) by California Environmental Justice Alliance
- [“Fund the Solutions, Price the Pollution. An Equitable Climate Action Policy”](#) by Alliance for Jobs and Clean Energy (Washington State)
- [“Climate Justice Alliance Just Transition Principles.”](#) by the Climate Justice Alliance
- [“A Preliminary Environmental Equity Assessment Of California’s Cap-and-Trade Program”](#) by the University of Southern California
- [“Legislator Toolkit: Carbon Pricing and Equity”](#) by SiX Action
- [“A Handy Guide to Carbon Pricing Resources”](#) by Put a Price On It
- [California EJ Declaration on Carbon Pricing Reform](#)
- [Carbon Trade Watch Publications](#)



## Appendix B: Bali Principles of Climate Justice

### Bali Principles of Climate Justice

29 August 2002

#### P R E A M B L E

Whereas climate change is a scientific reality whose effects are already being felt around the world;

Whereas if consumption of fossil fuels, deforestation and other ecological devastation continues at current rates, it is certain that climate change will result in increased temperatures, sea level rise, changes in agricultural patterns, increased frequency and magnitude of "natural" disasters such as floods, droughts, loss of biodiversity, intense storms and epidemics;

Whereas deforestation contributes to climate change, while having a negative impact on a broad array of local communities;

Whereas communities and the environment feel the impacts of the fossil fuel economy at every stage of its life cycle, from exploration to production to refining to distribution to consumption to disposal of waste;

Whereas climate change and its associated impacts are a global manifestation of this local chain of impacts;

Whereas fossil fuel production and consumption helps drive corporate-led globalization;

Whereas climate change is being caused primarily by industrialized nations and transnational corporations;

Whereas the multilateral development banks, transnational corporations and Northern governments, particularly the United States, have compromised the democratic nature of the United Nations as it attempts to address the problem;

Whereas the perpetration of climate change violates the Universal Declaration On Human Rights, and the United Nations Convention on Genocide;

Whereas the impacts of climate change are disproportionately felt by small island states, women, youth, coastal peoples, local communities, indigenous peoples, fisherfolk, poor people and the elderly;

Whereas local communities, affected people and indigenous peoples have been kept out of the global processes to address climate change;

Whereas market-based mechanisms and technological "fixes" currently being promoted by transnational corporations are false solutions and are exacerbating the problem;

Whereas unsustainable production and consumption practices are at the root of this and other global environmental problems;

Whereas this unsustainable consumption exists primarily in the North, but also among elites within the South;

Whereas the impacts will be most devastating to the vast majority of the people in the South, as well as the "South" within the North;

Whereas the impacts of climate change threaten food sovereignty and the security of livelihoods of natural resource-based local economies;

Whereas the impacts of climate change threaten the health of communities around the world-especially those who are vulnerable and marginalized, in particular children and elderly people;

Whereas combating climate change must entail profound shifts from unsustainable production, consumption and lifestyles, with industrialized countries taking the lead;

**We**, representatives of people's movements together with activist organizations working for social and environmental justice resolve to begin to build an international movement of all peoples for Climate Justice based on the following core principles:

1. Affirming the sacredness of Mother Earth, ecological unity and the interdependence of all species, Climate Justice insists that communities have the right to be free from climate change, its related impacts and other forms of ecological destruction.
2. Climate Justice affirms the need to reduce with an aim to eliminate the production of greenhouse gases and associated local pollutants.
3. Climate Justice affirms the rights of indigenous peoples and affected communities to represent and speak for themselves.
4. Climate Justice affirms that governments are responsible for addressing climate change in a manner that is both democratically accountable to their people and in accordance with the principle of common but differentiated responsibilities.
5. Climate Justice demands that communities, particularly affected communities play a leading role in national and international processes to address climate change.
6. Climate Justice opposes the role of transnational corporations in shaping unsustainable production and consumption patterns and lifestyles, as well as their role in unduly influencing national and international decision-making.
7. Climate Justice calls for the recognition of a principle of ecological debt that industrialized governments and transnational corporations owe the rest of the

world as a result of their appropriation of the planet's capacity to absorb greenhouse gases.

8. Affirming the principle of ecological debt, Climate Justice demands that fossil fuel and extractive industries be held strictly liable for all past and current life-cycle impacts relating to the production of greenhouse gases and associated local pollutants.
9. Affirming the principle of Ecological debt, Climate Justice protects the rights of victims of climate change and associated injustices to receive full compensation, restoration, and reparation for loss of land, livelihood and other damages.
10. Climate Justice calls for a moratorium on all new fossil fuel exploration and exploitation; a moratorium on the construction of new nuclear power plants; the phase out of the use of nuclear power world wide; and a moratorium on the construction of large hydro schemes.
11. Climate Justice calls for clean, renewable, locally controlled and low-impact energy resources in the interest of a sustainable planet for all living things.
12. Climate Justice affirms the right of all people, including the poor, women, rural and indigenous peoples, to have access to affordable and sustainable energy.
13. Climate Justice affirms that any market-based or technological solution to climate change, such as carbon-trading and carbon sequestration, should be subject to principles of democratic accountability, ecological sustainability and social justice.
14. Climate Justice affirms the right of all workers employed in extractive, fossil fuel and other greenhouse-gas producing industries to a safe and healthy work environment without being forced to choose between an unsafe livelihood based on unsustainable production and unemployment.
15. Climate Justice affirms the need for solutions to climate change that do not externalize costs to the environment and communities, and are in line with the principles of a just transition.
16. Climate Justice is committed to preventing the extinction of cultures and biodiversity due to climate change and its associated impacts.
17. Climate Justice affirms the need for socio-economic models that safeguard the fundamental rights to clean air, land, water, food and healthy ecosystems.
18. Climate Justice affirms the rights of communities dependent on natural resources for their livelihood and cultures to own and manage the same in a sustainable manner, and is opposed to the commodification of nature and its resources.
19. Climate Justice demands that public policy be based on mutual respect and justice for all peoples, free from any form of discrimination or bias.

20. Climate Justice recognizes the right to self-determination of Indigenous Peoples, and their right to control their lands, including sub-surface land, territories and resources and the right to the protection against any action or conduct that may result in the destruction or degradation of their territories and cultural way of life.
21. Climate Justice affirms the right of indigenous peoples and local communities to participate effectively at every level of decision-making, including needs assessment, planning, implementation, enforcement and evaluation, the strict enforcement of principles of prior informed consent, and the right to say "No."
22. Climate Justice affirms the need for solutions that address women's rights.
23. Climate Justice affirms the right of youth as equal partners in the movement to address climate change and its associated impacts.
24. Climate Justice opposes military action, occupation, repression and exploitation of lands, water, oceans, peoples and cultures, and other life forms, especially as it relates to the fossil fuel industry's role in this respect.
25. Climate Justice calls for the education of present and future generations, emphasizes climate, energy, social and environmental issues, while basing itself on real-life experiences and an appreciation of diverse cultural perspectives.
26. Climate Justice requires that we, as individuals and communities, make personal and consumer choices to consume as little of Mother Earth's resources, conserve our need for energy; and make the conscious decision to challenge and reprioritize our lifestyles, re-thinking our ethics with relation to the environment and the Mother Earth; while utilizing clean, renewable, low-impact energy; and ensuring the health of the natural world for present and future generations.
27. Climate Justice affirms the rights of unborn generations to natural resources, a stable climate and a healthy planet.

*Adopted using the "Environmental Justice Principles" developed at the 1991 People of Color Environmental Justice Leadership Summit, Washington, DC, as a blueprint.*