

# Cap and Profit

Europe's example is nothing to emulate

**T**his paper published an opinion piece on June 4 ("The best option among flawed choices?"). The author (Erin Noble) described cap and trade as efficiently and politically viable and said Congress need only look to Europe as an example to bypass any mistakes for an American version of cap and trade.



With the exception of Mr. Noble, most analysts deem Europe's cap and trade plan a failure. Emissions on the continent have risen every single year under cap and trade. Meanwhile, costs to consumers have skyrocketed while speculators and hedgers trade \$60 billion worth of pollution allowances annually in a lucrative market.

So, what did Europe get wrong?

First, it gave away pollution allowances to industry for free based on historical emission levels. A fairer approach would have been to auction the allowances to the highest bidder. This would have generated billions in revenues that could have been used to assist consumers with rising energy costs and to invest in cleaner technology.

Second, Europe deregulated its carbon market, allowing speculators to buy, trade and sell allowances. But speculators, hedgers and investment banks aren't in the market to reduce emissions; their bottom line is maximum profits (remember credit default swaps?). With speculators come market manipulation, profiteering and higher costs to consumers without benefits.

Third, Europe allowed polluters to use "offsets" to meet emission targets. An example of an offset is a promise to plant trees in Indonesia. Polluters can "buy" the potential carbon stored by the trees, claim it as a pollution credit and apply it to their emission cap. This allows polluters to forego any meaningful change in behavior since there are endless "offset" possibilities.

As Congress moves forward with cap and trade in the U.S. (as planned in the Waxman-Markey bill), you'd expect we would at least attempt to avoid the pitfalls experienced by Europe. But we haven't learned our lesson. Instead, we're heading down the same road.

As in Europe, the Waxman-Markey bill also gives away most allowances to polluters free of charge. Total giveaways to industry are estimated to be \$821 billion over the first seven years of cap and trade alone. Again, an auction would have been more efficient and fair. But the government trusts the energy industry to "pass through" the benefits of the \$821 billion to consumers. This from the same industry that produced Enron.

As in Europe, the Waxman-Markey bill allows speculators into the pollution market. This provides Wall Street with enormous opportunities to game the system. We should expect new exotic financial products, new derivative markets and volatile prices for allowances. Merrill Lynch recently predicted the carbon market created by a cap and trade will be the fastest growing market in history, with volumes comparable to credit derivatives (\$35 trillion) within a decade. Get ready for the "carbon bubble."

As in Europe, the Waxman-Markey bill relies on dubious offsets to meet emission targets. The bill allows polluters to buy up to two billion offsets per year before actually having to change their business-as-usual emissions. In fact, the combination of offsets and free allocation of allowances potentially delays any reduction in emissions until 2025. We can't wait 15 years before cutting GHG emissions.

I'm old fashioned. I think a better approach is to regulate. We should cap GHG emissions, establish a schedule for reductions and fine polluters that don't meet the standards (see my alternative, HR 1683). This is the approach we used under the Clean Water Act to clean up our rivers, waterways and streams. It was phenomenally successful and didn't involve the added costs of obscene profits for Wall Street speculators.

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## THIS MODERN WORLD

by TOM TOMORROW



## LETTERS TO THE EDITOR

### FEAR OF DIFFERENCE?

I understand the withdrawal of the photo exhibit at Meadowlark, but I am always disappointed when discord trumps discussion. Once again the opportunity to learn and broaden our collective range of understanding is undermined by a few minority opinions.

I try to respect the right to disagree, but when further division and discord, not to mention hostility, is created then I'm saddened and puzzled. Is it fear-based, and if so, fear of what? Difference? Gender identity is real but forced to live largely in shadows. The focus of the controversy is a young woman of extraordinary courage, most of you have no idea how much. Why should that be true? The statistics of violence are a matter of record directed toward those who identify as gay, lesbian, transgendered or queer. There is no evidence of violent retribution directed back to those who identify as heterosexual.

Why the fear? Why the violence? When will it end? Why can't all people regardless of any kind of difference live and let live? It starts with each of us. Onward.

*Judy Moseley  
Eugene*

### FUNKY IS BEAUTIFUL

I don't even know where to begin. There are so many directions to take on the topic of Civic Stadium. I guess a good place to begin is with the past, the present and the future.

Not necessarily the stadium's past, but mine. I have been going to baseball games with my family at Civic as long as I can remember, as a child and now as a parent. Now that I have children of my own, I look so forward to June, when we can go make new memories and learn more about America's favorite pastime. The future is part of the past, and the past is part of the future.

If Civic Stadium with its old wood benches and its steep wooden stairs isn't here for my family, I will feel like a part of America has been taken away.

Please, don't update the stadium and

make it "new" or "improved." Don't "update" anything. In fact, the worn-out benches, railings, steps and toilets are what keep the stadium perfect. They also keep the pride of knowing it is an old stadium and not a new one.

Civic Stadium is a great place to take a date, great place to forget the worries of the world and a safe and fun place to take the family — no matter if it's a mom and dad taking their small children or a son taking his cane-using dad. It is a wonderful, absolutely not upscale, evening of memories.

*Brenda Royce  
Springfield*

### TAKE A RIDE FIRST

Federal stimulus package dollars are working their way through the pipes toward Eugene and Springfield. Of the \$2.4 billion that is coming to the state, \$8 million will be spent on bicycle infrastructure in our area. That any money was dedicated to sustainable modes of transportation at all is a point to be celebrated, but before city planners start designing the projects specified in the bill, I'd like them to do one small thing: Take a bike ride.

The specific ride I have in mind should include a trip through the Hilyard Street intersection of Franklin Boulevard. On Hilyard, the bike lane ends at Franklin, and from here you have two options. The inconvenient way is to take the pedestrian route, maneuvering on to the sidewalk and then waiting again halfway through the intersection. The faster option may be to wait for the green light to appear on its own, then merge with the automobiles as you enter the intersection. This is risky enough in itself, but don't neglect to watch out for traffic coming in from your right once you get to the other side. Be prepared for honking cars at your tail since traffic from both streets has now been funneled into your lane, and there's no way to get on to that nice wide sidewalk from here.

Level two: Use the same intersection to go south, taking a left on Franklin



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