

The Corporate Climate Coup

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Global Research, May 04, 2007

activistteacher.blogspot.com 4 May 2007

Theme: [Environment](#), [Science and Medicine](#)

In-depth Report: [Climate Change](#)

Don't breathe. There's a total war on against CO2 emissions, and you are releasing CO2 with every breath. The multi-media campaign against global warming now saturating our senses, which insists that an increasing CO2 component of greenhouse gases is the enemy, takes no prisoners: you are either with us or you are with the "deniers." No one can question the new orthodoxy or dare risk the sin of emission. If Bill Clinton were running for president today he would swear he didn't exhale.

How did we get here? How did such an arcane subject only yesterday of interest merely to a handful of scientific specialists so suddenly come to dominate our discourse? How did scientific speculation so swiftly erupt into ubiquitous intimations of apocalypse? These are not hypothetical questions but historical questions, and they have answers. Such events as these do not just happen; they are made to happen. On the whole our ideas tend not to be our own ideas; rarely do we come up with them ourselves but rather imbibe them from the world around us. This is especially obvious when our ideas turn out to be the same as nearly everyone else's, even people we've never met or communicated with. Where did this idea about the urgent crisis of global warming and CO2 emissions come from and get into our heads, given that so few of us have ever read, or even tried to read, a single scientific paper about greenhouse gases? Answering such a question is not as difficult as it might seem, for the simple reason that it takes a great amount of reach and resources to place so alien an idea in so many minds simultaneously so quickly, and the only possessors of such capacity and means are the government and the corporations, together with their multi-media machinery. To effect such a significant shift in attention, perception, and belief requires a substantial, and hence visible and demonstrable, effort.

Until quite recently most people were either unaware of or confused and relatively unconcerned about this issue, despite a growing consensus among scientists and environmentalists about the possible dangers of climate change. Global warming activists, such as Al Gore, were quick to place the blame for that popular ignorance, confusion, and lack of concern on a well-financed corporate propaganda campaign by oil and gas companies and their front organizations, political cronies, advertising and public relations agencies, and media minions, which lulled people into complacency by sowing doubt and skepticism about worrisome scientific claims. And, of course, they were right; there was such a corporate campaign, which has by now been amply documented. What global warming activists conveniently failed to point out, however, is that their own, alarmist, message has been drummed into our minds by the very same means, albeit by different corporate hands. This campaign, which might well prove the far more significant, has heretofore received scant notice.

Over the last decade and a half we have been subjected to two competing corporate campaigns, echoing different time-honored corporate strategies and reflecting a split within

elite circles. The issue of climate change has been framed from both sides of this elite divide, giving the appearance that there are only these two sides. The first campaign, which took shape in the late 1980's as part of the triumphalist "globalization" offensive, sought to confront speculation about climate change head-on by denying, doubting, deriding, and dismissing distressing scientific claims which might put a damper on enthusiasm for expansive capitalist enterprise. It was modelled after and to some extent built upon the earlier campaign by the tobacco industry to sow skepticism about mounting evidence of the deleterious health-effects of smoking. In the wake of this "negative" propaganda effort, any and all critics of climate change and global warming have been immediately identified with this side of the debate.

The second -"positive"- campaign, which emerged a decade later, in the wake of Kyoto and at the height of the anti-globalization movement, sought to get out ahead of the environmental issue by affirming it only to hijack it and turn it to corporate advantage. Modelled on a century of corporate liberal cooptation of popular reform movements and regulatory regimes, it aimed to appropriate the issue in order to moderate its political implications, thereby rendering it compatible with corporate economic, geopolitical, and ideological interests. The corporate climate campaign thus emphasized the primacy of "market-based" solutions while insisting upon uniformity and predictability in mandated rules and regulations. At the same time it hyped the global climate issue into an obsession, a totalistic preoccupation with which to divert attention from the radical challenges of the global-justice movement. In the wake of this campaign, any and all opponents of the "deniers" have been identified - and, most importantly, have wittingly or unwittingly identified themselves - with the corporate climate crusaders.

The first campaign, dominant throughout the 1990's, suffered somewhat from exposure and became relatively moribund early in the Bush II era, albeit without losing influence within the White House (and the Prime Minister's Office). The second, having contributed to the diffusion of a radical movement, has succeeded in generating the current hysteria about global warming, now safely channeled into corporate-friendly agendas at the expense of any serious confrontations with corporate power. Its media success has aroused the electorate and compelled even die-hard deniers to disingenuously cultivate a greener image. Meanwhile, and most important, the two opposing campaigns have together effectively obliterated any space for rejecting them both.

In the late 1980's the world's most powerful corporations launched their "globalization" revolution, incessantly invoking the inevitable beneficence of free trade and, in the process, relegating environmental issues to the margins and reducing the environmentalist movement to rearguard actions. Interest in climate change nevertheless continued to grow. In 1988, climate scientists and policy-makers established the Intergovernmental Panel on Climate Change (IPPC) to keep abreast of the matter and issue periodic reports. At a meeting in Toronto three hundred scientists and policy-makers from forty-eight countries issued a "call for action" on the reduction of CO2 emissions. The following year fifty oil, gas, coal, and automobile and chemical manufacturing companies and their trade associations formed the Global Change Coalition (GCC), with the help of public relations giant Burson-Marsteller. Its stated purpose was to sow doubt about scientific claims and forestall political efforts to reduce greenhouse-gas emissions. The GCC gave millions of dollars in political contributions and in support of a public relations campaign warning that misguided efforts to reduce greenhouse-gas emissions through restrictions on the burning of fossil fuels would undermine the promise of globalization and cause economic ruin. GCC efforts effectively put

the climate change issue on hold.

Meanwhile, following an indigenous uprising in Chiapas in January, 1994, set for the first day of the implementation of the North American Free Trade Agreement, the anti-globalization movement erupted in world-wide protest against market capitalism and corporate depredation, including the despoiling of the environment. Within five years the movement had grown in cohesion, numbers, momentum and militancy and coalesced in designated “global days of action” around the world, particularly in direct actions at G8 summits and meetings of the World Bank, the International Monetary Fund and the new World Trade Organization, reaching its peak in the shutting down the WTO meetings in Seattle in November, 1999. The movement, which consisted of a wide range of diverse grass-roots organizations united in opposition to the global “corporate agenda,” shook the elite globalization campaign to its roots. It was in this charged context that the signatories of the UN Framework Convention on Climate Change, which had been formulated by representatives from 155 nations at the Rio Earth Summit in 1992, met at the end of 1997 in Kyoto and established the so-called Kyoto Protocol to reduce greenhouse gas emissions through carbon targets and trading. The Kyoto treaty, belatedly ratified only in late 2004, was the sole international agreement on climate change and immediately became the bellwether of political debate about global warming.

Corporate opposition anticipated Kyoto. In the summer of 1997 the U.S. Senate passed a unanimous resolution demanding that any such treaty must include the participation and compliance of developing countries, particularly emerging economic powers like China, India, and Brazil, which were nevertheless excluded in the first round of the Kyoto Protocol. Corporate opponents of Kyoto in the GCC, with the swelling global justice movement as a back-drop, condemned the treaty as a “socialist” or “third-world” plot against the developed countries of the West.

The convergence of the global justice movement and Kyoto, however, prompted some of the elite to rethink and regroup, which created a split in corporate ranks regarding the issue of climate change. Defections from the GCC began in 1997 and within three years had come to include such major players as Dupont, BP, Shell, Ford, Daimler-Chrysler, and Texaco. Among the last GCC hold-outs were Exxon, Mobil, Chevron, and General Motors. (In 2000, the GCC finally went out of business but other like-minded corporate front organizations were created to carry on the “negative” campaign, which continues.)

Those who split off from the GCC quickly coalesced in new organizations. Among the first of these was the Pew Center for Global Climate Change. funded by the philanthropic offering of the Sun Oil/Sunoco fortune. The board of the new Center was chaired by Theodore Roosevelt IV, great grandson of the Progressive Era president (and conservation icon) and managing director of the Lehman Brothers investment banking firm. Joining him on the board were the managing director of the Castle-Harlan investment firm and the former CEO of Northeast Utilities, as well as veteran corporate lawyer Frank E. Loy, who had been the Clinton administration’s chief negotiator on trade and climate change.

At its inception the Pew Center established the Business Environmental Leadership Council, chaired by Loy. Early council members included Sunoco, Dupont, Duke Energy, BP, Royal Dutch/Shell, Duke Energy, Ontario Power Generation, DTE (Detroit Edison), and Alcan. Marking their distance from the GCC, the Council declared “we accept the views of most scientists that enough is known about the science and environmental impacts of climate

change for us to take actions to address the consequences;" "Businesses can and should take concrete steps now in the U.S. and abroad to assess opportunities for emission reductions. . . and invest in new, more efficient products, practices, and technologies." The Council emphasized that climate change should be dealt with through "market-based mechanisms" and by adopting "reasonable policies," and expressed the belief "that companies taking early action on climate strategies and policy will gain sustained competitive advantage over their peers."

Early in 2000, "world business leaders" convening at the World Economic Forum in Davos, Switzerland declared that "climate change is the greatest threat facing the world." That fall, many of the same players, including Dupont, BP, Shell, Suncor, Alcan, and Ontario Power Generation, as well as the French aluminum manufacturer Pechiney, joined forces with the U.S. advocacy group Environmental Defense to form the Partnership for Climate Action. Like-minded Environmental Defense directors included the Pew Center's Frank Loy and principals from the Carlyle Group, Berkshire Partners, and Morgan Stanley and the CEO of Carbon Investments. Echoing the Pew Center mission, and barely a year after the "battle of Seattle" had shut down the World Trade Organization in opposition to the corporate globalization regime, the new organization reaffirmed its belief in the beneficence of market capitalism. "The primary purpose of the Partnership is to champion market-based mechanisms as a means of achieving early and credible action on reducing greenhouse gas emissions that is efficient and cost-effective." Throughout its initial announcement this message was repeated like a mantra: "the benefits of market mechanisms," "market-oriented rules," "market-based programs can provide the means to simultaneously achieve both environmental protection and economic development goals," "the power of market mechanisms to contribute to climate change solutions." In the spring of 2002, the Partnership's first report proudly stated that "the companies of the PCA are in the vanguard of the new field of greenhouse gas management." "The PCA is not only achieving real reductions in global warming emissions," the report noted, "but also providing a body of practical experience, demonstrating how to reduce pollution while continuing to profit."

This potential for profit-making from climate change gained the avid attention of investment bankers, some of whom were central participants in the PCA through their connections with the boards of the Pew Center and Environmental Defense. Goldman Sachs became the leader of the pack; with its ownership of power plants through Cogentrix and clients like BP and Shell, the Wall Street firm was most attuned to the opportunities. In 2004 the company began to explore the "market-making" possibilities and the following year established its Center for Environmental Markets, with the announcement that "Goldman Sachs will aggressively seek market-making and investment opportunities in environmental markets;" The firm indicated that the Center would engage in research to develop public policy options for establishing markets around climate change, including the design and promotion of regulatory solutions for reducing greenhouse gas emissions. The firm also indicated that Goldman Sachs would "take the lead in identifying investment opportunities in renewable energy;" that year the investment banking firm acquired Horizon Wind Energy, invested in photovoltaics with Sun Edison, arranged financing for Northeast Biofuels, and purchased a stake in Iogen Corporation, which pioneered the conversion of straw, corn stalks, and switchgrass into ethanol. The company also dedicated itself "to act as a market maker in emissions trading" of CO₂ (and SO₂) as well as in such areas as "weather derivatives," "renewable energy credits," and other "climate-related commodities." "We believe," Goldman Sachs proclaimed, "that the management of risks and opportunities arising from climate change and its regulation will be particularly significant and will garner increasing

attention from capital market participants.”

Among those capital market participants was former U.S. Vice President Al Gore. Gore had a long-standing interest in environmental issues and had represented the U.S. in Kyoto. He also had equally long-standing family ties with the energy industry through his father’s friendship with Armand Hammer and his financial interest in Hammer’s company Occidental Petroleum, which the son inherited. In 2004, as Goldman Sachs was gearing up its climate-change market-making initiatives in quest of green profits, Gore teamed up with Goldman Sachs executives David Blood, Peter Harris, and Mark Ferguson to establish the London-based environment investment firm Generation Investment Management (GIM), with Gore and Blood at its helm. In May, 2005 Gore, representing GIM, addressed the Institutional Investor Summit on Climate Risk and emphasized the need for investors to think in the long term and to integrate environmental issues into their equity analyses. “I believe that integrating the issues relating to climate change into your analysis of what stocks are worth investing in, how much, and for how long, is simply good business,” Gore explained to the assembled investors. Applauding a decision to move in this direction announced the day before by General Electric’s CEO Jeff Immelt, Gore declared that “we are here at an extraordinarily hopeful moment. . .when the leaders in the business sector begin to make their moves.” By that time Gore was already at work on his book about global warming, *An Inconvenient Truth*, and that same spring he began preparations to make a film about it.

The book and the film of the same name both appeared in 2006, with enormous promotion and immediate success in the corporate entertainment industry (the film eventually garnering an Academy Award). Both vehicles vastly extended the reach of the climate change market-makers, whose efforts they explicitly extolled. “More and more U.S. business executives are beginning to lead us in the right direction,” Gore exulted, adding “there is also a big change underway in the investment community.” The book and film faithfully reflected and magnified the central messages of the corporate campaign. Like his colleagues at the Pew Center and the Partnership for Climate Action, Gore stressed the importance of using market mechanisms to meet the challenge of global warming. “One of the keys to solving the climate crisis,” he wrote, “involves finding ways to use the powerful force of market capitalism as an ally.” Gore repeated his admonition to investors about the need for long-term investment strategies and for integrating environmental factors into business calculations, proudly pointing out how business leaders had begun “taking a broader view of how business can sustain their profitability over time.” The one corporate executive actually quoted in the book, in a two-page spread, was General Electric’s CEO Jeffrey Immelt, who succinctly explained the timing and overriding purpose of the exercise: “This is a time period where environmental improvement is going to lead to profitability.”

By the beginning of 2007 the corporate campaign had significantly scaled up its activity, with the creation of several new organizations. The Pew Center and Partnership for Climate Action now created a political lobbying entity, the U.S. Climate Action Partnership (USCAP). USCAP membership included the key players in the initial effort, such as BP, Dupont, the Pew Center, and Environmental Defense, and added others, including GE, Alcoa, Caterpillar, Duke Energy, Pacific Gas and Electric, Florida Power and Light, and PNM, the New Mexico and Texas utilities holding company. PNM had recently joined with Microsoft’s Bill Gates’ Cascade Investments to form a new unregulated energy company focused on growth opportunities in Texas and the western U.S. PNM’s CEO Jeff Sterba also chaired the Climate Change Task Force of the Edison Electric Institute. Also joining USCAP was the Natural Resources Defense Council, the World Resources Institute, and the investment banking firm

Lehman Brothers whose managing director Theodore Roosevelt IV chaired the board of the Pew Center and was soon also to chair Lehman's new Global Center on Climate Change. As Newsweek now noted (March 12, 2007). "Wall Street is experiencing a climate change," with the recognition that "the way to get the green is to go green."

In January, 2007, USCAP issued "A Call for Action," a "non-partisan effort driven by the top executives from member organizations." The "Call" declared the "urgent need for a policy framework on climate change;" stressing that "a mandatory system is needed that sets clear, predictable, market-based requirements to reduce greenhouse gas emissions." USCAP laved out a "blueprint for a mandatory economy-wide market-driven approach to climate protection," which recommended a "cap and trade" program as its "cornerstone," combining the setting of targets with a global carbon market for trading emission allowances and credits. Long condemned by developing countries as "carbon colonialism," carbon trading had become the new orthodoxy. The blueprint also called for a "national program to accelerate technology, research, development, and deployment" and measures to encourage the participation of developing countries like China, India, and Brazil, insisting that "ultimately the solution must be global." According to USCAP spokesperson General Electric's CEO Jeff Immelt, "these recommendations should catalyze legislative action that encourages innovation and fosters economic growth while enhancing energy security and balance of trade."

The following month yet another corporate climate organization made its appearance, this one specifically dedicated to spreading the new global warming gospel. Chaired by Al Gore of Generation Investment Management, the Alliance for Climate Protection included among its members the now familiar Theodore Roosevelt IV from Lehman Brothers and the Pew Center, former national security advisor Brent Scowcroft, Owen Kramer from Boston Provident, representatives from Environmental Defense, the Natural Resources Defense Council, and the National Wildlife Federation, and three former Environmental Protection Agency Administrators. Using "innovative and far-reaching communication techniques," Gore explained, "the Alliance for Climate Protection is undertaking an unprecedented mass persuasion exercise" - the multi-media campaign against global warming now saturating our senses. Don't breathe.

If the corporate climate change campaign has fuelled a fevered popular preoccupation with global warming, it has also accomplished much more. Having arisen in the midst of the world-wide global justice movement, it has restored confidence in those very faiths and forces which that movement had worked so hard to expose and challenge: globe-straddling profit-maximizing corporations end their myriad agencies and agendas; the unquestioned authority of science and the corollary belief in deliverance through technology, and the beneficence of the self-regulating market with its panacea of prosperity through free trade, and its magical powers which transforms into commodities all that it touches, even life. All the glaring truths revealed by that movement about the injustices, injuries, and inequalities sowed and sustained by these powers and beliefs have now been buried, brushed aside in the apocalyptic rush to fight global warming. Explicitly likened to a war, this epic challenge requires single-minded attention and total commitment, without any such distractions. Now is not the time, nor is there any need, to question a deformed society or re-examine its underlying myths. The blame and the burden has been shifted back again to the individual, awash in primordial guilt, the familiar sinner facing punishment for his sins, his excesses, predisposed by his pious culture and primed now for discipline and sacrifice. On opening day of the 2007 baseball season, the owner of the Toronto Blue Jays stood in front of the giant

jumbotron, an electronic extravaganza, encircled by a ring of dancing corporate logos and advertising, and exhorted every person in the crowd, preposterously, to go out and buy an energy-efficient light bulb. They applauded.

In his bestselling 2005 book *The Weather Makers*, Tim Flannery called his readers to battle in “our war on climate change.” With a forward for the Canadian edition written by Mike Russill, former CEO of the energy giant Suncor and now head of World Wildlife Fund/Canada, the book well reflected the corporate campaign. Each of us “must believe that the fight is winnable in social and economic terms,” Russill insists, “and that we do not have to dramatically change the way we live,” “The most important thing to realize,” Flannery echoes, “is that we can all make a difference and help combat climate change at almost no cost to our lifestyle.” “The transition to a carbon-free economy is eminently achievable,” he exults, “because we have all the technology we need to do so.” “One great potential pitfall on the road to climate stability,” he warns, however, “is the propensity for groups to hitch their ideological wagon to the push for sustainability.” “When facing a grave emergency,” he advises, “it’s best to be single-minded.” The book is inspiring, rallying the reader to battle against this global threat with ingenuity, enthusiasm, and hopefulness, except for one small aside, buried in the text, that gnaws at the attentive reader: “because concern about climate change is so new, and the issue is so multi-disciplinary,” Flannery notes, “there are few true experts in the field and even fewer who can articulate what the problem might mean to the general public and what we should do about it.”

The corporate campaign has done more than merely create market opportunities for mainstream popular science writers like Flannery. By constructing an exclusively Manichean contest between mean and mindless deniers, on the one hand, and enlightened global warming advocates, on the other, it has also disposed otherwise politically-astute journalists on the left to uncharacteristic credulity. Heat, George Monbiot’s impassioned 2006 manifesto on the matter, is embarrassing in its funneled focus and its naive deference to the authority of science, “Curtailing climate change,” he declaims, “must become the project we put before all others. If we fail in this task, we fail in everything else.” “We need a cut of the magnitude science demands,” he declares; we must adopt “the position determined by science rather than the position determined by politics,” as if there was such a thing as science that was not also politics.

Monbiot pulls no punches against the “denial industry,” excoriating the negative corporate campaigners for their “idiocy” and bitingly suggesting that some day soon “climate-change denial will look as stupid as Holocaust denial, or the insistence that AIDS can be cured with beetroot.” Yet he has not a word of acknowledgement much less criticism for the campaigners on the other side whose message he perhaps unwittingly peddles with such passion. And here too, oddly, a brief paragraph buried in the text, seemingly unconnected to the rest, disturbs the otherwise inspired reader. “None of this is to suggest,” Monbiot notes in passing, “that the science should not be subject to constant skepticism and review, or that environmentalists should not be held to account. . . . Climate-change campaigners have no greater right to be wrong than anyone else.” “If we mislead the public,” he allows, “we should expect to be exposed,” adding that “we also need to know that we are not wasting our time: there is no point in devoting your life to fighting a problem that does not exist.” Here perhaps some remnants of truth seep between the managed lines, hinting yet at the opening of another space and another moment.

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