

Greener pastures

A common sense approach to reducing greenhouse gases

As promised, this issue my focus is on politically implementable strategies or policies to reduce CO₂ emissions and ensure a meaningful start to mitigating man's impact on the climate and our environmentally compromising footprint. Such solutions can best be found in those areas in which CO₂ emissions have the least economic benefit or can be most economically substituted. This is key to garnering political support at a time when public opinion everywhere is still fixated on the economy and its recovery.

An obvious place to start is deforestation as practiced in Southeast Asia and South America, particularly Brazil. Undertaken almost solely to permit agriculture, it is estimated the practice is currently responsible for between 12 and 18 per cent of all CO₂ emissions. This is a huge constituency but surprisingly one which generates an economic benefit of only \$1-billion to \$1.2-billion (USD) annually. Still, in an area dominated by dense rain forests and little economic activity, such benefits have to be respected. So, what are we to do?

For starters, tax all gasoline consumption in the United States with a 10 cent a gallon (2.5 cents a litre) contribution to the world's environment, instantly creating a fund of \$10-billion (USD) a year. Now, use that money to shut down deforestation. Money works when rules don't, so make sure the incentive is generous. For instance, for every dollar of current economic benefit from agriculture, the region would receive three to four dollars for alternative economic activity that precludes deforestation. Local governments in these areas would be given these funds to encourage, promote and invest in responsible, sustainable economic activity.

What a global PR coup it would be for the Obama Administration, and indeed for all Americans who have long been criticized as the most flagrant per capita polluters on the planet. The cost would have a token impact on the American consumer but a manifestly global impact on one of the world's major sources of CO₂ emissions.

Another huge constituency is our use of coal in generating electricity. Coal accounts for about 50 per cent of all electricity generation in the U.S., some 40 per cent in Germany and a rapidly increasing amount in China. Beyond CO₂ emissions, coal is bad stuff, containing nitrous oxides and other nasties like mercury which has rendered a

lot of freshwater fish in the U.S. unsafe. Yes, technology offers the promise of cleaner coal emissions, but the pace of implementation is not nearly sufficiently rapid.

The past two or three years have seen huge new finds of natural gas and new methods of extracting previously known fields of trapped gas. These finds are not in politically insecure areas of the world but here in our backyard in northern British Columbia, southern Saskatchewan, Texas and Louisiana. There are no mad dictators here to preside over investment considerations which require long

term political stability and tax certainty in order to attract the investment necessary to deliver this gas to market. And natural gas is clean burning and produces half the emissions of coal. Governments and regulators should ban new coal plants and mandate the conversion of existing coal generating capacity either to gas or cleaner emissions within a defined period. Yes, there are costs, but natural gas is one of the least cost intensive methods of producing electricity. Furthermore, as a society we need to get on with the process of accepting responsibility for cleaner emissions. I, for one, like the sort of market mechanisms that accompany a regulated utility being mandated to pass on to consumers the costs associated with more responsible practices and both these options are a lot more cost effective than playing with wind farms. (I am not against wind farms, just being realistic about costs and quantum).

The world's political leadership is soon to meet in Copenhagen in an attempt to get both the U.S. and the developing world to sign on to the sort of program objectives resident in this essay. Already we are witnessing daily media accounts of disension. China and India expect the developing world to help pay for their clean-up exercises and reject emission caps while the

Europeans are both skeptical and critical of U.S. sincerity. All this at a time when there is increasing debate within the scientific community on the climate, the pace of its change, man's impact, and a general nervousness about upsetting the competitive balance of the world's economies.

The world needs leadership on this issue and a commitment by people everywhere to do their part. Let's hope we get that leadership and that we can count on our instinct for self preservation to realize we all need to play our part in this process. 🍎



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In addition to his international business interests as president of holding company, Clearwater Fine Foods Inc., John Risley regularly engages in policy debate as a member of the World Presidents' Organization, the Chief Executives Organization and as a director on the Board of the Canadian Council of Chief Executives. Mr. Risley is also a graduate of the Harvard University Presidents' Program in Leadership and Chair of the Canadian Youth Business Foundation. If you have suggestions for topics you would like the Devil's Advocate to address in future columns, send your ideas to: dchafe@atlanticbusinessmagazine.com. The views expressed in this column are those of the author and not necessarily those of *Atlantic Business Magazine*.