Ecosystem Service Trading

[draft entry for the forthcoming *Post-Development Dictionary*, edited by Alberto Acosta and Ashish Kothari]

Larry Lohmann
The Corner House

Around the world, official responses to environmental crisis increasingly revolve around systems of trading units of environmental benefit. The 1997 Kyoto Protocol, the 2005 EU Emissions Trading Scheme, the 2015 Paris Agreement, recent Chinese experiments in carbon trading – all claim to delineate cheap pathways for tackling climate change through the exchange of pollution-compensation tokens. On almost all continents, land is being retooled to produce saleable ecosystem services as well as palm oil, GM soy or pulpwood. Entrepreneurs and landholders are being invited to manufacture biodiversity, wetlands quality or species-equivalent tokens that industrialists or developers can then buy to "neutralize" the destruction for which they are responsible.

None of these "market environmentalist" initiatives has any potential of being able to resolve or even address the climate crisis, the biodiversity crisis, or any other crisis. That is not their function. They have evolved, rather, as one integral component of capital's troubled, temporizing struggles to seek new global working arrangements following the collapse of the compromises into which it was forced during the 20th century. They can best be understood as a part of this broader picture.

One of these now-moribund compromises involved the Northern welfare state, state demand management, and a high-wage, high-consumption deal for the Northern white labor aristocracy coupled with "underconsumption" in the South and cheap oil supplies. This compromise famously faltered from the 1970s onwards as its props began to fall away: oil producers refused to keep prices low, women refused to do unpaid reproductive work, minorities refused racist structures, fed-up workers started to look for ways off the treadmill, and so on. As profit rates continued to fall over the next decades, huge fresh supplies of low-cost labor were created in the global South by separating historically unprecedented numbers of people from the land and in the global North by separating workers from the welfare state, unions and previous wage contracts. To ensure that the new armies of cheap workers produced as much surplus value as possible, sweeping new global offenses were launched to extract raw materials from commons and indigenous territories. Accompanying this re-energized extractivism was a "neo-Keynesian" response to the problem of how lower-paid Northern workers were supposed to be able to buy all the new goods produced by the new labour out of the new raw materials: a vast expansion of private credit, in effect a colonization of the future wages of the poor. The financial sector threw itself into the task of filling the profit gap in many other parasitic ways as well, as testified by the post-1970s cascade of speculative bubbles, asset-strips, derivative fabrication, real estate speculation, industrial-scale tax evasion, thefts of public goods and other swindles.

A second compromise that crumbled during the later 20th century was national developmentalism, which capital had originally been persuaded to see as, among other things, a way of tamping down the revolutionary energy of postcolonial nationalist movements. With its promise of independence-oriented national-level divisions of labor between agriculture and industry, developmentalism was always going to stand in the way of more globalized relations of property and value. In practice, it was also banjaxed by the contradictions inherent in the project of deploying capitalist substitutes for communist or communal approaches: such stratagems as the Green Revolution, "land reform" centred on privatized individual holdings, and food aid tended only to increase dependency and class divisions. Fortunately for capital, the need for either a developmentalist or a welfarist compromise diminished as the spectre of a socialist alternative faded in the wake of the Chinese reforms initiated in 1979 and the collapse of the Soviet Union a decade later. Equally fortunately, capital was able to turn the rise of OPEC to its advantage by deploying petrodollar debt as a new, post-developmentalist means of disciplining the global South into a world market, just as, in the global North, it turned to individualized debt as a disciplinary stand-in for classical Keynesian demand management. A new generation of trade treaties, dumping arrangements and frank export-oriented exploitation heralded the return of a more colonial-style, less developmentalist global order headlined by WTO's slogan "made in the world".

A third 20th-century capitalist compromise that had to be dismantled was conventional environmental regulation, which both expressed and contributed to the "maxing out" of the free waste sinks that industrial capital had been relying on. In part, this regulation amounted to a deal with environmental movements: in exchange for not questioning capital accumulation itself, environmental regulation would manage it from "outside" through technocracies armed with pastiches of various commons principles, such as the unconditional right to life of various species including humans. This unstable mixture – like those that characterized welfarism (also traditionally marked by a halfhearted defense of the human right to subsist) and national developmentalism – could not last. Almost as soon as the landmark US environmental legislation of the 1970s was promulgated, for example, it came under attack for being a "growth ban". Luckily, neoliberal ideologues and Washington-based think tanks and environmental NGOs were on hand to offer a way out. The regulation would stay, but its commons elements would be rationalized away. Limits to degradation would be set not from "outside" by experts ignorant of the needs of capital, but through collaboration with business; physical science in the legislation would be replaced by an "econoscience"; none of the rights of humans or nonhumans would be unconditional. Social planning would remain firmly in the hands of capital.

Specifically, the new dispensation created a new nature consisting of standardized ecosystem services that could be traded worldwide. "Averaging" nature in this way ensured that no capitalist project would in principle be off limits. Instead of reducing their environmental impact at home, businesses could now comply with environmental norms and laws by buying low-cost units of environmental compensation (CO_2 emissions reduction equivalents, units of bat conservation, internationally-transferrable mitigation obligations and so on) from the other side of the country or the other side of the globe, thus evading pressures for structural change. Nonhuman nature was once again retooled, this time to mass-produce tokens of cheap regulatory relief to go with the cheap labor and cheap resources capital had always created and depended on. The extractive and pollution pipelines that conventional environmental regulation had threatened to pinch off were repaired by novel products derived from a further, second-order takeover of nature. For example, power plants in Europe could "offset" their greenhouse gas emissions by colonizing the photosynthetic capacity of tracts of land in Latin America, Africa or Asia. Corporations could also mine the future for such units by claiming – via an arcane numerology parallelling that deployed by the "quants" of the new finance – that their investments in ecosystem services were preventing a measurably greater increment of environmental degradation from occurring elsewhere, and that their purchase of these increments of "avoided degradation" would cancel out the destructiveness of their own activities. The new ecosystem service markets thus became a machine for regenerating self-fulfilling colonial mythologies contrasting unimaginative Third Worlders fated to destroy their environment through irresponsible industrial development or slash-and-burn farming with enlightened Western investors who alone were capable of independent action to ensure of the future of nature. Conventional environmental regulation, like welfarism and developmentalism, had given way both to more globalized value relations and to new colonialisms of space and time.

The tolerance for ecosystem-service trading and for neo-extractivism that is still to be found among many on the left amounts to a single delirium. Without the demand provided by extractive industries (together with fossil-fuelled manufacturers and infrastructure developers), ecosystem services could not be marketed. Indeed, in a sense, the whole *raison d'etre* of an ecosystem service economy is deepened and cheapened extraction. In an ultimate Orwellian reconciliation, a healthy environment thus comes to depend on environmental degradation. By the same token, the idea that sale of ecosystem services will make the fortune of Southern countries is about as plausible as the idea that neo-extractivism, by destroying commons, will become a source of redistributable wealth that can repair them. The whole premise of ecosystem-service trading is to cheapen regulation to the point where it can no longer be considered an obstacle to capital accumulation; the constant downward pressure on prices exceeds that in many primary commodity markets. No program of reform, oversight, or improved numerology could possibly have any impact on this underlying structure of exploitation, but only a popular movement that confronts ecosystem service trading as part of the same neoliberal complex that also includes austerity programs, wage cuts, new enclosures of commons, financialization, free trade agreements and neo-extractivism.

Further Reading

Araghi, Farshad (2009) "The Invisible Hand and the Visible Foot: Peasants, Dispossession and Globalization." In *Peasants and Globalization: Political Economy, Rural Transformation and the Agrarian Question*, edited by A. H. Akram-Lodhi and Cristobal Kay. New York: Routledge: 111-147.

Felli, Romain (2014) "On Climate Rent." *Historical Materialism* 22 (3-4): 251-280.

Pena-Valderrama, Sara (2016) *Entangling Molecules: An Ethnography of a Carbon Offset Project in Madagascar's Eastern Rainforest.* Ph.D. thesis, Durham University, http://etheses.dur.ac.uk/11475/.