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# The 'BASIC' Response to the Neoliberal Turn in the Global Climate Change Regime

A Gramscian Reading of the Adoption of Market Mechanisms in Climate Change Mitigation in the South

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## 1 Introduction

Climate Change mitigation efforts have increasingly become an object of neoliberalization. The measures implemented by states across the world to address climate change have steadily given more power to the market and have rendered the state a secondary actor in climate change mitigation. Several measures to address climate change are inscribed in this trend: the commodification of carbon through the creation of Emission Trading Schemes (ETSs), Joint Implementation (JI), and the Clean Development Mechanism (CDM). These approaches to climate change mitigation were approved by the Kyoto Protocol and have initially been used mainly in the developed world. Industrialized or 'Annex 1 countries' have had the largest responsibilities towards climate change under Kyoto, and they have increasingly used market mechanisms to comply with their duties, while the emerging world has been the recipient of projects carried out under the CDM only. However, in recent years, countries of the South also started to design and implement market mechanisms to combat or mitigate climate change.

This paper provides a brief account on how the policies of the countries of the BASIC coalition in climate change, formed by Brazil, India, South Africa and China, have adopted neoliberal features. I will argue that, despite their claims on intending to contest the international climate change order, emerging countries are approving one of its most pervasive characteristics: the increasing role of the market as a regulating agent.

In order to understand this move in the international governance of climate change, the paper uses a Gramscian framework, which includes concepts such as war of position, passive revolution, hegemony, transformism, and historical bloc. For example, it will be argued that the historical bloc formed by corporations, non-governmental organizations and think tanks operating both in the northern and in the southern hemispheres uses neoliberalization as a strategy to neglect responsibilities towards climate change and to avoid structural changes in the economy. This takes place in a context of a globalized economy, where capital knows

no borders and the dominant classes are not necessarily located in the north. In doing so, this paper intends to cast light onto the broader power dynamics that mediate climate change politics.

In the following section, a brief introduction to the features of market mechanisms in climate change governance will be presented. Afterwards, there will be a description of how market mechanisms have been adopted in the Western world. The fourth section provides an account of the actions implemented in the countries of the BASIC coalition to adopt market mechanisms in their climate change mitigation policies. In the fifth section, I will use a Gramscian conceptual framework to gain a deeper understanding of the neoliberal turn in the international climate change governance and its power dynamics.

## 2 The Neoliberalization of Climate Change

Neoliberalism has been pervasive in international and national governance in the last decades. During their reign, Ronald Reagan (1981-1989) and Margaret Thatcher (1979-1990) designed policies to promote the deregulation of markets, the privatization of companies, the dismantling of welfare systems and the reduction of worker's rights. According to Parr, neoliberalism is a radical form of liberalism that has corrupted the principles of liberalism such as freedom and individual choice (Parr 2013:16) and turned them, as Stiglitz (2009) argues, into a 'market-fundamentalism'. Ever since the times of Reagan and Thatcher, neoliberalization has spread across the world and numerous governments embrace its paradigms of deregulation and non-state intervention. In Gramscian terms, neoliberalism has become 'hegemonic'. Neoliberalism is therefore not just a policy, but a social paradigm, a system of beliefs, and a 'common sense'.

Neoliberalism has been defined by Parr as 'an exclusive system premised upon the logic of property rights and the expansion of these rights, all the while maintaining that the free

market is self-regulating and efficiently working to establish individual and collective well-being' (Parr 2013: 5). Characterized by the retreat of the state, privatization, self-reliance, deregulation and by the high preeminence that private institutions play in social life (Harvey 2005: 1-4; Larner 2000; Stephan 2011), neoliberalism as a system has also gained considerable influence in climate change politics. Market-based mechanisms in climate change mitigation have become the norm in the Western societies. Where measures to address climate change and reduce the emission of GHGs (Green House Gases) are present, they are often designed to the model of markets.

Climate change is a heterogeneous phenomenon that is directly linked to the current economic system and the energetic matrix used to fuel this system. Oil, coal and peat are the fundamental fuels that provide energy to industrial activity and transportation and their usage involves the emission of gases that alter the composition of the atmosphere. The consumption and refining of the fossil fuels contribute to 56.6% of the GHG emitted globally (IPCC 2007: 36). Other activities such as cattle and ranching, industrial agriculture, and the degradation of forests are also drivers of climate change. In order to address climate change, significant changes in the structure of the economy would need to be implemented. Since 'humans' and 'nature' are interdependent, solutions to climate change need to take into account environmental and social considerations which address issues of social justice, poverty alleviation and environmental degradation. However, the neoliberal turn in climate change has displaced the focus away from the environmental and the social towards the economic. According to the neoliberal logic pervasive in the effort to address climate change, profit and a careful measure of economic cost and benefit should be the main criteria in the process of designing and implementing climate change mitigation efforts. Lowering the costs of addressing climate change and increasing opportunities for profit are therefore prioritized over environmental protection and societal justice. But how does this common sense becomes rationalized?

To start with, climate change is regarded as a 'market failure' that needs to be addressed, nevertheless, with market mechanisms. According to its defenders, a market-based approach to the mitigation of climate change is appropriate because the environment as 'a scarce resource' should be given a price like any other commodity. Therefore, units of this environment should be traded in a market similar to financial ones. According to this view, this ensures 'the efficiency' of companies and provides 'opportunities' for profit. Under this economic-centered approach, market-based solutions are considered as better than 'burdensome environmental policies' because they provide financial incentives to protect the environment (Sandor et al. 2002). Their defenders also argue that because in environmental terms it is irrelevant where the emissions of carbon are reduced, using an international market to sell emission rights will give the necessary 'flexibility' to companies.

Under the United Nations Framework Convention on Climate Change (UNFCCC) most countries of the world committed to address climate change. In the COP 3 in Kyoto, which resulted in the Protocol, there was a broad agreement to use market mechanisms to address Climate Change through Emissions Trading (ET), Joint Implementation (JI) and the Clean Development Mechanisms (CDM). All the three mechanisms appear in the text of the Protocol. Emission trading was initially proposed by the US and the EU, despite its initial reluctance, eventually accepted market mechanisms and has become an active actor in emission trading. Currently, the European Union Trading Scheme (EU ETS) is the biggest international carbon market in the world (Braun 2009). But markets function also at an intra-company, local, national and supranational level.

### 3 Market Mechanisms in the Western World

Clean Development Mechanism (CDM), Joint Implementation (JI) and Emission Trading Schemes (ETS) are the main market mechanisms currently operating in the climate change mitigation regime. ETS include regulatory-compliant and voluntary carbon markets.

Voluntary carbon markets are sometimes called Voluntary Carbon Offset (VCO) (Elah et al. 2014; Parr 2013). These mechanisms were established under the Kyoto Protocol. Article 17 of the protocol outlined emission trading and authorized countries that have not used all their assigned amounts of carbon emission to sell them to countries that have exceeded their emissions. Emissions Units such as a Removal Unit, Emission Reduction Unit (ERU) or certified ERUs can also be traded.

The European Union initially promoted the idea that a carbon tax would be an adequate measure to achieve mitigation of climate change and regarded carbon-trading as inefficient (Stephan 2011: 3). Nevertheless, the EU gradually accepted the neoliberal model and in turn, made it its main mechanism to tackle climate change. Since 2005, the European Union has been an active actor promoting market solutions to climate change (Parr 2013: 26). The European Union Emission Trading Scheme (EU ETS) is the first and largest international carbon market (Braun 2009, Parr 2013: 26). Over 11,000 industries and power plants, distributed in 31 countries, trade in the framework of the EU ETS (DG Climate Action 2013). These countries include the member states of the EU, plus Lichtenstein, Norway and Iceland. The EU ETS operates with a strict cap and trade model. A limit is set on the GHGs units that industries can emit. The European States have gradually withdrawn from the administration of the market and pollution permits have been allocated by industries. The critics argue that as a consequence, there is an over-allocation of allowances in this market. Companies profit from these over-allocations because they sell them and in turn, the prices of carbon fall in the market. Consequently, the EU has acknowledged that some state intervention is necessary in the carbon trading market and has expressed willingness to control allowances (Parr 2013: 26).

The United States have also been active in carbon trading. In the United States, market solutions to climate change were supported by organizations such as the Global Climate Coalition (GCC), integrated by oil companies, car producers and other industries. Also, the ENGOs such as the Centre for Clean Air Policy (CCAP) were central in promoting carbon

trading. (Braun 2009: 478; Stephan 2011: 10; Elah et al. 2014). The US had previously created a pollution-trading scheme in the 1980s to reduce sulfur dioxide and combat acid rain. Sulfur dioxide emissions were reduced under this scheme and trading was consequently thought of as a possible efficient path towards decarbonization.

Voluntary Carbon Offset (VCO) is a market mechanism in which entities participate voluntarily. This mechanism remains largely unregulated (Elah et al. 2014). VCOs include a series of schemes that allow individuals and organizations to pay a price for the carbon they emit. The money paid is then invested in climate-mitigating activities in the south. One important voluntary carbon market operating in the US is the Chicago Climate Exchange (CCX). It is cap and trade scheme, which provides a limit to the pollutants that a company can emit and, if the limit is not reached, it allows the entity to trade the remnants (Sandor et al. 2002; Parr 2013: 26). Companies from the CCX can purchase pollution offsets from other entities whose projects lower GHG emissions. They can also purchase emissions from other organizations that do not reach the cap.

The Clean Development Mechanism (CDM) is another market mechanism. It operates in the following manner. Companies from Annex 1 or developed countries invest in emission reduction efforts in the developing world. Companies can invest in projects to promote the conservation of forest or to develop renewable energies, for instance. The carbon that is 'saved' by those activities is credited in units known as Certified Emission Reduction (CERs). These credits are commodified and traded in the market of carbon, including the EU ETS (Newell and Paterson 2010; Sparr 2013: 25). Under a market logic, CDM is thought of as a 'cost effective' mechanism because the cost of changing infrastructure in the developed world is higher than the cost of installing low-carbon technologies in the south (Sparr 2013: 25-26).

Although the claims are that the emissions saved by companies from Annex 1 countries are quantifiable and the projects developed in the south have a 'real, measurable and long term

impact' (Kyoto Protocol 2011: 12) on countries of the south, the reality is that their impact is hard to measure. There is no clear methodology to measure their impact and the corresponding CERs these projects are worth. CERs are therefore arbitrarily granted. Also, this is a market mechanism with its corresponding problems, including speculation. CDM has even been qualified as an 'immoral instrument' because it allows countries of the West to 'buy their way out' of their obligations. (Lohmann 2006). Another problem is that the projects financed in the south through the CDMs are designed top-down and do not include the communities in the process, nor do they take into account their social needs. In certain cases, CDM projects have resulted in the dispossession of the lands of the poorest people of the south (Lohmann 2006; 2009). Despite its problems, CDM is a widely used mechanism to address climate change.

Joint Implementation (JI) is another market instrument. JI allows developed countries to collaborate in the investment of emission reduction projects in the developed world. Emission Reduction Units (ERUs) are then credited to the participating entities and can be traded in the market. Because this mechanism only involves transactions amongst countries in the developed world, it is not relevant for this paper.

## 4 The BASIC Coalition in Front of the Neoliberalization of Climate Change

BASIC is a loosely formed coalition operating within the UNFCCC (United Nations Framework Convention on Climate Change). The alliance includes Brazil, South Africa, India and China. The BASIC coalition is the counterpart to the BRICS coalition in the climate change arena. This group however, does not include Russia, which is an Annex 1 country under the UNFCCC. This group overlaps with others, like that of the Like-Minded Developing Countries group, in which India and China are active. The countries forming the BASIC alliance are of great importance to climate change. China, India and Brazil represent about two-fifths of the

globe's population and one fifth of its GDP. In total, the BASIC countries accounted for 32% of the global carbon Emissions in 2010 (World Bank 2012). Their actions therefore have a great impact on the development of climate change.

The BASIC coalition emerged in the COP 15 in 2009 in Copenhagen. Driven by their commonalities as members of the G77 and by their position as emerging countries, the countries of the BASIC coalition agreed to seek coordination in international climate change negotiations in order to get leverage over and resist the increasing pressures from other actors to have a more active role in mitigation of climate change. This includes the adoption of binding obligations for all countries. Some of the commonalities that gathered the BASIC coalition were their interest to ensure the permanence of differentiation and the 'spirit of equity' of the convention beyond the 2012 threshold. Although they have different views on differentiation, China and Brazil have made an appeal for historical differentiation, and India for a per capita one, they all have voiced strong support to differentiation and a refusal to adopt binding commitments (Bidwai 2014). Another commonality is their BASIC defense of 'right to development'. Countries of the BASIC coalition claim that social and economic development as well as poverty are some of its priorities. Finally, they argue that they are driven by their will to challenge the dominance of the US and Europe in climate change politics.

They also claim to build bridges and support the G77. Having an assertive role in climate negotiations and a 'fluidity in their position' (Olsson et al. 2010), they distinguish themselves from the G77, which groups the poorer nations, but they express their willingness to maintain an alliance with them and to build a bridge between them and the more developed nations. The larger objective of BASIC, they have claimed, would be to restructure global governance on climate change as well. Despite their commonalities, they are a very heterogeneous group, with diverse approaches to climate change mitigation. They have also expressed divergent positions in international climate change negotiations and the likelihood of this coalition to survive is uncertain.

Something that is certain though, is that the countries of the BASIC coalition, as well as others of the developing world, have taken steps to design and implement their own schemes of carbon trading. China, India, South Africa and Brazil have all promoted measures to develop market-based approaches in their combat against climate change. In fact, in all four countries, market mechanisms seem to be the most widely considered approach and play a prominent role in plans and projects. Other developing countries that are also considering market mechanisms are Chile, Colombia, Costa Rica, Indonesia, Jordan, Kazakhstan, Mexico, Morocco, Thailand, Turkey, Ukraine and Vietnam (Smith School of Enterprise and the Environment 2012). In this sense, the trading of carbon is becoming an universal approach to climate change mitigation. In the following, I will give a brief overview of the market mechanisms designed in the four BASIC countries and the stage of its implementation. In the subsequent section, this tendency will be analyzed with the main concepts of the Gramscian theoretical approach in order to cast light onto the power dynamics mediating the emergence and development of neoliberal climate change policies.

### *Brazil*

In Kyoto, Brazil had proposed a 'Climate Development Fund' that would transfer resources from the industrialized world to the south, in order to fund investment in clean technologies and conservation and reforestation policies in the south. The countries of the north refused to accept this proposal. The EU suggested that it would render emission targets in the north meaningless. Corporations also rejected the idea arguing that such a fund disrupted free market capitalism and the protection of Intellectual Property Rights (IPR) (Elah et al. 2014: 23). The proposal in turn was substituted by a market mechanism, the CDM, which Brazil embraced as a great achievement of its diplomats. For Elah and Okereke (2014) the adoption of the CDM turned a genuine effort to address North-South inequality into a market mechanism that would open opportunities for accumulation and profit for the industries of the north.

Brazil has increasingly been embracing market mechanism to its policies to address climate change. IETA (Brazil 2015) points out that in Article 6, Section XI of Brazil's National Policy on Climate Change (PNMC) national and local financial and economic mechanisms to mitigate climate change are included, in order to meet Brazil's GHG emission reduction targets (Brazil PNMS 2009). This article makes explicit mention to the creation of a Brazilian Carbon Market (Mercado Brasileiro de Redcao de Emissoes, MBRE). IETA (Brazil 2015), as well, in its report on Brazilian Emission Trading also argue that in 2012, commissioned by the Executive Group of the Inter-ministerial Commission on Climate Change, the Ministry of Finance (MF) began a working group to discuss carbon pricing and its potential impact on the economy of Brazil. The local governments of Rio de Janeiro, the Acre Institute for Climate Change and Regulation of Environmental Services have also established contact with the Brazilian Development Bank's (BNDES) to develop a technical cooperation agreement to create a market for environmental assets in Brazil (IETA 2015). Rio and Acre are states that have themselves experience with carbon trading. Acre especially has experience with trading in the frame of the activities related to Reducing Emissions from Deforestation and Forest Degradation (REDD) in Brazil (IETA Brazil 2015). The state of Rio de Janeiro has also created 'Bolsa Verde do Rio De Janeiro' (BVRio), which was launched in December 2011. BVRio is an electronic exchange system for emission credits, quotas and voluntary market products. BVRio operates with the collaboration of the business sector, non-governmental organizations, and market operators.

### *China*

China, despite being a communist country or a country who practices state capitalism, has increasingly been giving a prominent role to the market in climate change mitigation efforts. China has participated actively in CDM, and has also established a series of city and state based ETS pilot programs in order to prepare for its national ETS. Voluntary emission trading schemes also operate in China.

In 2007, China developed its National Climate Change Program issued by the National Development and Reform Commission (NDRC). In the program, China acknowledged the need to ‘realize the objective of controlling greenhouse gas emissions at minimum cost’ (China NDRC 2007, qtd. by IETA China 2015). The country argued that market mechanisms were appropriate to achieve this goal. In its FYP12 (Five Year Plan 12 – from 2011 to 2015) the State Council announced its work program to control GHG emissions called for the design and implementation of market mechanisms such as ETS (China State Council 2011, qtd by IETA China 2015).

To this day, China has seven pilot Emission Trading Schemes (ETS) and the country is developing a report on their progress (IETA China 2015). The trading schemes operate in the cities of Beijing, Chongqing, Shanghai, Shenzhen and Tianjin and in two provinces Guangdong and Hubei (China NDRC 2011) The seven pilots ETS cover different economic, industrial and geographic scopes. In all ETS pilots, allowances were allocated for free, except for Guangdong where 10% of allowances were auctioned in 2015. Some of the provinces not considered in the seven pilot ETS, have launched their own ETS. Hangzhou and Qingdao did in 2014, and Gansu and Anhui in 2015 (IETA China 2015).

The national ETS is expected to be implemented from 2016 onwards. Since 2015 the World Bank’s Partnership for Market Readiness (PMR) has given funding to China to develop its ETS. The National ETS was prepared in 2014 and 2015. It will be operationalized in the period comprising 2016 – 2020. It is expected to stabilize after 2020. The NDRC is still weighing an absolute cap or an intensity-based cap (IETA China, 2015). China also has voluntary emissions trading systems operating in the cities of Beijing, Shanghai, and Tianjin. The NDRC has released the Interim Regulation for the Trading of China’s Voluntary GHG Emission Reduction, a legal framework for voluntary carbon market trading. The issued credits are called “Chinese Certified Voluntary Emission Reduction” (CCERs) (IETA China 2015). CDM is another market system that operates widely in China since 2005, with China

being the world's largest developer of CDM projects counting to a number of 3,941 CDM projects in total (IETA China 2015).

### *South Africa*

The South African government initially proposed a tax to carbon. Nevertheless, in 2006 the government launched an Environmental Fiscal Reform Policy Paper, in which the government argued that environmental protection activities will include the use of market instruments. Some fiscal measures were designed in South Africa, including taxes on fuel as petrol and diesel, on electricity, a tax incentive for energy efficiency, research, and development, and depreciation allowances for renewable energies, but their implementation was delayed. In 2009, after presenting its pledges in Copenhagen, the South African National Treasury issued a paper in which it analyzed the advantages and disadvantages of a carbon tax. The conclusion was that a tax on carbon would be an appropriate measure. Taxes would be apply to GHG emissions, tax on coal, crude oil and natural gas, with direct or indirect. The implementation of this tax was delayed until 2016. In the meantime, South Africa has also discussed the implementation of a market of carbon trading (IETA South Africa 2015).

South Africa's also has wide experience with the Clean Development Mechanism (CDM). Projects to develop bio-fuels, energy efficiency, waste management, cogeneration, fuel switching and hydropower have been approved by the designated national authority (DNA). The revenues of those projects are exempted form tax (IETA South Africa 2015).

### *India*

India has a system similar to an ETS, called 'Perform Achieve and Trade' (PAT). This system was in a testing phase until 2015. Something that distinguishes PAT from other ETS's is that it doesn't have an absolute cap. PAT uses an intensity-based cap instead. This system produces energy savings certificates. PAT was launched after the National Action Plan on

Climate Change (NAPCC) and the Energy Conservation Act of 2001 (ECA-2001), It requires 15 energy-intensity sectors which comprise about 60% of India's 2007 GHG emissions to participate in energy efficiency measures. In the framework of PAT, Energy Saving Certificates (ESCCerts) are traded (IETA India 2015).

Pilot ETS programs are also operating in three states in India. They are Tamil Nadu, Gujarat, and Maharashtra. In 2013, the Pollution Control Board of these regions wrote guidelines for sources to use Continuous Emissions Monitoring Systems (CEMS) to measure emissions. India's Ministry of Environment and Forests (MOEF), Central Pollution Control Board (CPCB) and State Pollution Control Boards (SPCBs) worked together to design and implement these programs. In the frame of these ETSS, the state will distribute emissions permits to capped companies. They in turn can comply with their caps and sell the remaining ones or buy from the market their exceeded units (IETA India 2015).

India also has a Renewable Energy Certificate (REC) trading system. It is not an ETS, but it is another market-based mechanism. It was launched in 2010 to promote renewable energies. This program is regulated by the Ministry of Power. Under REC, companies purchase a percentage of their power from renewable sources to meet their targets. The targets are called Renewable Purchase Obligations (RPOs). Companies' trade with REC's within or across states. There are two kinds of entities are Eligible Entities and Obligated Entities. Eligible companies produce renewable energies and obligated entities purchase them. There are solar and non-solar RECs deriving from bio-mass, biofuels and municipal waste power (IETA India 2015).

The Clean Development Mechanisms (CDM) is also common India and it has been the most important market mechanism in this country. India is the second largest supplier of CERs, after China. India also has the second largest number of CDM projects, 2048 in total. Energy projects financed in the frame of CDM include wind, biomass, hydro and energy efficiency (IETA India 2015).

## 5 A Gramscian Reading of the Neoliberalization of Climate Change Mitigation and its Adoption in the South

Gramscian theories are concerned with how cultural, discursive and ideational factors, intermingle with material elements in the creation of a hegemony. In that sense, a Gramscian framework is useful to understand the neoliberal turn in the international climate change regime and to cast light into the power dynamics taking place in this regime. The neoliberal regime has become a hegemony, a universal totality that has neutralized the environmental moment and its claims. An environmentalist approach that addresses issues of social justice and inequality in the struggle against climate change has been framed as 'burdensome' and the neoliberal approach has been presented as reasonable and feasible across the world. In the following section, I will attempt to illustrate how Gramscian concepts can be used to explain this tendency in the international climate change mitigation regime. A Gramscian framework has already been used by a number of authors such as Levy and Egan (2003), Newell (2008), Elah and Okereke (2014), Stephan (2011), amongst others, to explain developments in environmental politics.

### 5.1 Hegemony and 'Common Sense'

Hegemony is closely related to the concept of power. Hegemony is established materially with direct actions that affect the world in its physicality; and discursively, with utterances, discourses and other linguistic devices. Hegemony is constituted when the ideas that underpin a system from which a certain group benefits, are perceived as 'common sense', as the natural option and as the general interest. Alternative ideas are consequently disregarded, suppressed or ignored. In hegemony, power is therefore established not through force but through consensus, and consensus is normally achieved in the favor of the interests of the powerful. In hegemony, power is a 'combination of consent and coercion' argues Cox (1983: 164). Consent is in fact the regular vehicle for establishing power under hegemony.

'Common sense' refers to the systems of beliefs held not by thinkers, or philosophers, but by the general people, by the masses. This 'common sense' can hold contradictory positions and can have dissimilar origins, but it is a 'common' sense because it is shared by the majorities. According to Gramsci, 'Common sense' is 'the conception of the world disseminated in a historical time within a popular mass'. Elaborating a homogenous group that supports a determined political project, requires a homogenous philosophy, a systemic 'common sense' (qtd. by Campione 2006: 22). Hegemony therefore takes place when consensus is enabled discursively and materially and groups that would normally have disparate interests agree on a common status quo, that protects the permanence of the interests of the dominant class. Subaltern groups see the interests of the privileged class as the general interest (Gramsci 1971: 181-182). To create and maintain hegemony, groups claim "intellectual and moral leadership" (Gramsci 1971: 182, 269).

Nevertheless, hegemony is contingent. Structures influence what individuals can do but actors can change structures. Subaltern groups therefore can alter the hegemony if they reach a situation favorable to this possibility. To do so, they need to transform the inter-subjective and identitarian basis of a given hegemony. But often, when a claim for transformations emerges, the dominant classes, facing pressures from the subordinate classes to change the system, absorb some of their demands but transform in a way that their interests are left intact as much as possible. (Cox 1981, 1983; Gramsci 1971; Femia 1981; Forgacs 1988; Levy and Egan 2003; Mouffe 1979).

Hegemony in environmental issues has involved the creation of the neoliberal discourse and the domination of neoliberal policies. Neoliberalism has allowed for self-reliant private market mechanisms to lead mitigation of climate change efforts. This path towards mitigation ensure that environmental discourse that would look for radical transformation to protect the environment and address social injustices, is transformed into the terms with which the market operates: cost and benefit, profit, and flexibility. This focus to climate change mitigation ensures that the interests of the powerful are preserved. The neoliberal

hegemony in climate change politics is therefore a reworking of an environmental and egalitarian discourse into the terms of the market economy. The language of a neoliberal hegemony in climate change mitigation includes expressions such as 'cost and benefit', 'profit', 'flexibility' or 'competitiveness' and a market oriented subjectivity.

The hegemony of the neoliberal approach to climate change mitigation is related to the discourse of ecological modernization, a popular approach in the struggle against climate change. If initially, corporations engaged in climate change denial, currently they acknowledge that climate change is a problem that requires action. Through the discourse of ecological modernization technical solutions are favored over transformative solutions that address the primary sources of environmental degradation: the capitalist economic system, and the high levels of consumption it supposes, and in turn, the alienation of societies from what they think as a separate entity, nature. Ecological modernization promotes the idea that environmental degradation can be solved through the development of technologies that allow for a reduction of emissions. The environmental problems are therefore presented as technical problems to be solved technically, instead of politically. The discourse of ecological modernization is integrative to neoliberal discourses, since credits sold in the carbon markets often account for the development of technologies in the south. Ecological modernization techniques can be directed at attempting to repair the damage done by environmental degradation or at preventing it. In any case, ecological modernization intends to put forward the idea that environmental protection is compatible with economic growth (Hajer 1995). In that sense, the environmental impact that the generation of new technologies has, is disregarded and technologies that sustain the levels of production and consumption are presented as better solutions than alternative models of development or the subsumption of the economic model to environmental protection and societal justice.

Both neoliberalism and the discourse of Ecological Modernization depoliticize climate change and obscure conflict and power dynamics that mediate it. They also render environmental degradation quantifiable, measurable and subject to being commodified.

The meaning attributed to climate change through the neoliberal and ecological modernization discourses is that of a casualty, a failure of market, and a techno-managerial problem mean to be solved by experts on technologies rather than by contesting the order and giving visibility to the main actors driving that environmental degradation and benefiting economically from them. Neoliberalism and Ecological modernization sanction a philosophy, a world-view that the planet is an infinite source of resources and that a calculation of environmental impacts that the earth can absorb is enough to avoid the negative consequences of climate change. Swyngedouw (2010), a scholar studying the political economy of the environmental, points out that the depolarization of environmental issues, including climate change, has represented the diffusion of the spaces of contestation and struggle in the environmental arena, and its replacement by techno-managerial short-term solutions. Neoliberalism, in general, places critical issues in a state of the 'post-political' or 'post-democratic' (Mouffe 2005; Rancière 2006; Žižek 1999).

Another discourse featuring prominently in climate change politics and very related to the reaction of the BASIC coalition and their embrace of the neoliberal regime to climate change mitigation efforts is that of the north-south divide in climate change and the struggle against it. Since the Rio Summit in 1992, a call for a differentiation in responsibilities towards climate change emerged, given that the countries of the north had been responsible for the largest part of the degradation of the atmosphere and the emission of GHGs, since they industrialized earlier.

The principle of Common But Differentiated Responsibilities (CBDR) emerged as a result of the acknowledgement that the countries of the north had a larger capacity to address climate change and had a larger responsibility towards it. The Kyoto Protocol embraced this principle and divided countries then into two groups. The Annex 1 countries, formed by those of the developed world, and the Non-Annex 1 countries, formed by the countries of the developing world. The first group would have binding obligations towards climate change mitigation efforts. The second one would be exempt from binding obligations but was

encouraged to aid in the effort. Although the principle of CBDR and the north-south divide in the international climate change regime introduced an element of conflict and politicized the subject of climate change, by giving visibility to the different levels of responsibility and the different capacities to address the problem, it did not achieve its full potential. The concept of CBDR and the north-south divide eroded away other asymmetries, those existing across classes within countries of the south. By dividing obligations towards climate change, the Kyoto Protocol failed to address the fact that the industrial groups of the south, linked to the international capital or not, also degraded the atmosphere and do not contribute necessarily to development of the oppressed classes. On the contrary, many industries in the south engage as well in practices of exploitation and are far from committed to developing the communities in which they operate. Moreover, market mechanism to address climate change such as the CDM have had negative consequences for the livelihoods of some of the poorest populations of the world. Therefore, the neoliberal regime in climate politics also feeds into a non-nuanced divide between the north and the south. The re-politization of the north-south divide in climate change politics would involve not just recognizing and addressing the inequalities between northern and southern countries, but also within countries, and dominant and dominated groups in them. That would entail giving visibility to the heterogeneity of actors contributing to climate change and the diversity of capacities and responsibilities actors have towards climate change in the south.

The argument that the countries of the south would pollute in order to promote the development of their countries and to promote poverty alleviation should be explored critically for several reasons. First, it has been acknowledged that the impact of climate change will be stronger on poorer communities and countries. This because the poor normal depend of natural resources to support themselves and because their capacity to absorb the costs related to climate change is much more limited. For this reason, polluting to help the poor is unlikely to work. Second, the concept of development that environmental degradation activities carry in themselves should be explored critically. Without the

consideration of issues of social justice, distribution, and environmental protection, 'development' is unlikely to result in the improvement of the quality of living of the majorities. The countries of the BASIC coalition are very vulnerable to climate change and using market mechanisms to address climate change will increase their vulnerability. Despite of this, the market mechanisms they are increasingly accounts for the disregard of social and environmental issues in and by the countries of the south, as well as those of the north.

In climate change politics, neoliberalism, along with the discourse of Ecological Modernization and an uncritical north-south divide of climate change politics, has been established as a hegemony, a generally accepted path to manage the degradation of the environment. The commodification of carbon and its trading is rapidly gaining spaces. Companies, NGO's, states, scientists, and advisors, are increasingly sanctioning this approach. A considerable part of the environmental movement has also been integrative to this move in climate change politics. This hegemony has gained great momentum and the initiatives of the countries of the BASIC coalition are a sample of that. In that sense, neoliberalism has become a universal 'hegemony' increasingly ensuring that capital rules. Countries of the global south are not contesting this hegemony.

## 5.2 'Historical Bloc'

Gramsci used the concept of 'bloc' to refer to the material and discursive structure that defines a given political or social situation. For Gramsci, a 'historical bloc' is constituted when various actors are aligned through their material, discursive and organizational practices. For instance, in the USA the coalition of actors that promoted the idea that market solutions were adequate to address climate change can be conceptualized as a 'hegemonic bloc'. The 'historical bloc' in the case of climate change politics is international and seems to be able to integrate a diversity of private and public sectors. The bloc supporting the neoliberalization

of the struggle against climate change comprises states, both in the north and the south, corporations, environmental non-governmental organizations, some scientists, international organizations, journalists and the media. Gramsci referred to the alignment of social groups in their material, organizational and discursive practices as the 'historical bloc'. A 'historical bloc' promotes a rational and emotional identification between intellectuals and the people. A 'historical bloc' establishes dominance not only materially, by accumulating wealth, but also symbolically, by accumulating the legitimacy to interpret reality, to build a subjectivity, to define the meaning of the things that happen in the world. (Levy and Newell 2005: 50). This relationship established between the actors of a historical bloc ensures its dominance through discursive practices that render their dominance legitimate. The concept therefore refers to the 'power structure'.

The coalition of actors that has allowed for the growth of neoliberal solutions to climate change is heterogeneous. On the one hand, there are the industrial elites of the developed world, with a larger capacity to invest in technological innovation, and with the incentives to participate in a market of carbon and in mechanisms of CDM. The bloc is also formed by the elites of the south, who, in their desire to maintain their economic profit and accumulation of capital they opt as well increasingly for market solutions. Institutions such as think tanks and non-governmental organizations, even the ones working on environmental issues have also joined the bloc.

Gramsci argues that blocs rely greatly on organic intellectuals to build hegemony. (Gramsci 1971: 3; Bieler 2002: 581; 2006: 124). Organic intellectuals are not necessarily intellectuals in a strict sense, they can be scholars or writers, but they can also be politicians, representatives of industrial groups, journalists, or members of non-governmental organizations or think tanks (van Apeldoorn 2002: 30-31). Organic intellectuals enlarge and feed the discourses that give legitimacy to a certain polity. They reaffirm its core values and create a subjectivity that allows for the maintenance of a certain order. They provide interpretations and meaning that become hegemonic and they give a sense of the world to

the majorities. In the case of climate change politics, scientists can play a role as organic intellectuals. By presenting climate change as an environmental problem resulting from a series of technical practices, scientists can contribute to depoliticizing climate change and providing a 'neoliberal read' of environmental problems. Scientists that separate climate change from the social and economic order that drives it, and treat climate change as a problem to be solved through technical solutions and the market of carbon, contribute to the hegemony of the neoliberal order of climate change politics. Politicians, experts, advisors, diplomats, journalists, representatives of certain NGOs and civil societies, they have acted as well as actors within a historical bloc that allows for a certain understanding of climate change. An understanding that leaves the economic system unquestioned and that fails to address conflict, injustice and the linkages between the accumulation of capital and environmental degradation.

### 5.3 'War of Position', 'Passive Revolution' and 'Transformism'

Gramsci argued that hegemony is contingent and that both dominant and dominated actors can alter a hegemonic situation. To explain the different strategies that dominated and dominant actors use to alter a hegemonic order, Gramsci used the concepts of 'war of position' and 'passive revolution'.

'War of position' occurs when a subaltern group pushes for the dominant groups to accept some of its core demands. Dominated groups engage in a 'war of position' through which they seek to gain influence in cultural institutions, to construct new subjectivities and to form new alliances. As subaltern groups hold less power than the dominant ones, they acknowledge that all their demands might not be accepted by the dominant groups. Through the 'war of position', subaltern groups push for changes and reach a compromise with dominant groups. In that sense, dominated groups manage to have some of their demands absorbed by the dominating ones. In climate change politics, the claims for the adoption of an emission

trading scheme can be understood as a 'war of position', a strategy that led industrial groups and other dominating actors to acknowledge the need to act on climate change and absorb some of the demands of the environmental movement (Elah and Okereke 2014).

'Passive revolution' occurs in the opposite direction. When a dominant group is facing pressures to adopt the demands of subaltern groups, they reformulate their demands in a way that their interests remain protected. According to Stephan (2011), the adoption of emission trading is a passive revolution. Dominant groups accepted that climate change is a real problem and that it is necessary to do something about it, but they framed actions to mitigate climate change in terms of costs and benefits and found an approach that ensures that the main underpinnings of the economic order are left intact. In engaging in this 'passive revolution' corporations even engage in a 'double movement'. This term was coined by Polanyi (1957), who used it to talk about the simultaneous expansion of the market logic to a great number of spheres of the society and the concentration of the power to issue policies and rules regulating markets in a few institutions. Pellizzoni, Bumpus and Liverman took this concept of 'double movement' to make reference to the fact that in adopting neoliberal solutions to climate change, corporations profit in two ways. First by ensuring accumulation of capital. Second, by appearing responsible and sensitive to the demands of the environmental movement and avoiding a deterioration of their public image (Pellizzoni 2011: 799; Bumpus et al. 2008: 131). Behind this 'passive revolution' lies the intent to make the market keep going. In a context where climate change provided another argument against global capitalism and accumulation, an argument so big and compelling, so rooted in science and not in ideology, that it would have led little room for questioning, it was neutralized with a neoliberal approach that recognizes the seriousness of the problem but fails to point out its main causes.

Gramsci uses the term 'transformism' to describe how concepts are transformed discursively to neutralize the demands of certain groups. Gramsci defines transformism as 'the gradual absorption, (...), of the active elements emerged from allied groups, and even of those of

adversary groups that appeared irreconcilable. Through ‘transformism’ the dominant class ensure the expansion and acquisition of its universality”. In that process many concepts are corrupted. For Gramsci, ‘transformism’ is one of the forms of ‘passive revolution’ (Campione 2006: 33). The dialectics between ‘passive revolutions’ and ‘wars of position’, that is between contestation, compromise and consensus is what constitutes a hegemonic order. (Bieler 2002: 581; Jessop 1982, 142; van Apeldoorn 2002, 20; van Apeldoorn et al. 2003: 36- 37; Elah and Okereke 2014).

## 6 Conclusion

The neoliberalization of the struggle against climate change has become a universal ‘hegemony’, a totalizing ‘common sense’, in terms of Gramsci, facing little contestation in both the northern and southern countries. Neoliberalization of climate change, which entails mechanisms such as Joint Implementation (JI), the Clean Development Mechanism (CDM), and Emission Trading Schemes (ETS), which include The Compliance and Voluntary Carbon Markets, are gaining more and more spaces in the international climate change mitigation regime. Market mechanisms are currently widely used in the developed world. This brief account of the policies implemented and in the process to be adopted by the countries of the BASIC coalition – Brazil, India, China and South Africa – speaks for the adoption of this trend in the southern hemisphere as well and for the universalization of the neoliberal hegemony in climate change mitigation. The corporations whose existence depends on the emission of carbon and other GHGs, have formed, along with ‘organic intellectuals’ that include NGO representatives, scientists, politicians, and other actors, a ‘historical bloc’ that gives legitimacy to the market approach to climate change mitigation and that contributes to building a self-reliant and individualistic subjectivity that enables neoliberalism. In this process, environmentalism, equity, development and societal justice are concepts that have been corrupted and have suffered a process of ‘transformism’ carried out by neoliberal elites. Ecological Modernization and non-nuanced understanding of the North-South divide in

climate change are integral part in the process of neoliberalization of the climate change mitigation regime.

The concepts of Gramsci cast light unto the material and ideational mechanisms that have allowed for the neoliberalization of climate change mitigation efforts. They provide elements of analysis to a trend and give visibility to the power dynamics, conflicts and contestations mediating in the politics of climate change. In that sense, a Gramscian approach is a useful framework that can be used to interpret the links between the social, political, economic and environmental.

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