# Direct Fossil Fuel Subsidies Worldwide: Half a Trillion Dollars Annually - commentary and findings

Contributed by Culture Change / Lester Brown
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Here are disturbing numbers from the International Energy Agency (IEA) and World on the Edge: How to Prevent Environmental and Economic Collapse, by Lester R. Brown, and its excerpt "Governments Spend $1.4 Billion Per Day to Destabilize Climate" released by Earth Policy Institute on Jan. 19, 2012. First, Culture Change provides critical comment:

It is a public service that Worldwatch Institute founder Lester Brown, now with his Earth Policy Institute, has helped expose the huge, ongoing financial subsidies to fossil fuels industries. Governments' and corporations' persisting with this policy -- legal corruption of the worst order at a time of out-of-control climate change -- is nothing short of insane or criminal.

However, before presenting the IEA's findings as reported by Lester Brown, a discussion of the underlying agenda or worldview of the orientation of the IEA and Earth Policy Institute ought to be considered. First, the IEA, representing the top 34 industrial economies through its sponsoring group Organisation for Economic Co-operation and Development, can be said to be waking up to peak oil and the dangers of climate change. So its work is more focused in recent years.

Second, an analyst and advocate such as Brown is so right on so many issues that any criticism of his message or role can be construed to be an attack on environmentalism itself, or unfair criticism of an analyst who is bucking the system. However, wanting to save the system can make a large part of one's contribution of questionable value. The typical, green "solutions" support too much the status quo, and are unreasonably justified by their linkage to a valid description of the problem. It is fitting to focus on Brown because he came on the scene in the early 1970s when the U.S. was leading environmental protection. However, the lack of progress in the U.S. has impeded progress elsewhere, as the U.S. has tinkered with regulations to mainly cater to top economic interests. The U.S. environmental movement has been unable to counter this, partly as it weakened itself by becoming almost a shill for "clean" industry.

Yet, we are seeing the evolution of Lester Brown as electric car advocate and renewable-energy technotopian:

“Urban transport systems based on a combination of rail lines, bus lines, bicycle pathways, and pedestrian walkways offer the best of all possible worlds in providing mobility, low-cost transportation, and a healthy urban environment.” – Lester R. Brown, from his book Plan B 4.0: Mobilizing to Save Civilization, statement highlighted on his Earth Policy Institute website

Lester Brown has promoted electric cars as a "solution." While he has pointed out that twice as many bicycles are produced globally as cars, he doesn't seem to appreciate to need to renounce personal car ownership en masse for immediate, maximum energy conservation and minimizing road kill of humans and animals. In advocating primarily rail and bus transportation for urban living, he does not say how renewable energy might be ready and scalable to keep the current system going and make up for reduced car dependency. Unfortunately, renewable energy is not a viable substitute for today's vast petroleum dependence and today's population, especially if the built environment is not somehow redesigned.

The common tendency among environmentalist policy analysts such as Al Gore is to justify perpetuation of the basic status quo. This may not be the intended ideal, but there's a disconcerting pattern: describe the problem, press the alarm on a crisis, provide warning analyses, and then promote weak or unrealistic "solutions" for energy dependence that is satisfied today mainly by fossil fuels. One rarely sees any appeal to simply slash energy consumption now. But it is to Lester Brown's credit that in November he co-wrote an op-ed in the Christian Science Monitor titled “Fukushima fallout: time to quit nuclear power altogether.”

In its brief report released Jan. 19, 2012, "Governments Spend $1.4 Billion Per Day to Destabilize Climate," Earth Policy Institute brings forth disturbing data from the IEA on fossil fuels subsidies. But the implication of comparing them to much smaller renewable energy subsidies is that "the answer" is a reallocation of money and better legislation. We have seen over the decades that this does not happen. President Obama and Congress have done as much as could have been expected under realpolitik, so little change in energy usage has occurred under the current political system. Global emissions are up, and few large examples are visible anywhere for turning around massive pollution. What happens when the necessary change in energy use is put off, and the world uses up all profitable resources? Sooner or later there is complete economic collapse, social upheaval including civil war or revolution, and, of far greater importance, unthinkable ecological collapse.

How close are we to utter failure of the financial system and corporate economy -- running essentially on petroleum -- after the global peak in oil extraction has been reached (circa 2005-2008)? There is no mention of peak oil or the serious possibility of collapse of the petroleum-oriented infrastructure in Earth Policy Institute's news release, but its website does address peak oil.

Neither is there mention of the complete implications of the world's being "on edge" ecologically. Either we are reaching tipping points, or we are still looking off into the future. An honest assessment is that there can be omnicide from global warming and/or nukes (weapons as well as nuclear waste).

Questioning civilization's assumptions

Lester Brown's book title World on the Edge: How to Prevent Environmental and Economic Collapse offers a false promise. Is this for marketing purposes, or does Brown -- who has a masterful grasp on ecological and resource crises -- really believe there is a way to stop the pain and save the day at this stage of the game? Many questions arise: Wouldn't complete decentralization and replacement-cultures be better than Western Civilization, both ecologically and socially? Why would real collapse of the global economy -- built entirely on fossil fuels -- be a bad development for the Earth? Should we not distinguish what's bad for some humans benefiting short-term from civilization, with what's not bad for other creatures? Is our survival as humans not linked directly to other species' survival?

When we tackle threats to survival and purport to also save civilization, it is to claim we can have our cake and eat it too. Western Civilization is the only civilization in existence today, with all its imperialism, genocide, greed, consumer alienation and isolation, and -- most notably -- ecocide. Why should it be saved? Thanks to massive greed and destruction, it cannot be salvaged at this point. But to make people feel calm and comfortable, "saving civilization" is offered by essentially establishment analysts and critics. A good question for Lester Brown and others supporting Western Civilization is to ask, "Just what is worth saving about this civilization?" If they got specific and generated public debate on this, instead of claiming they can save civilization, this could help people and other threatened species. Another question: what's so bad about non-civilization? Is it that we might be eaten by a scary carnivore, of which there are so very few left (thanks to civilization)?

We can get in our cars and be safe from cougars and grizzly bears -- well, not if the bear wants in. Today's standard of freedom -- being able to buy and operate a new personal motor vehicle -- is mere advertising hype, when the true costs of car dependency are seen. For example, the drain on our time means that the adjusted speed of the U.S. motorist is only 5 (five) miles per hour, when time for working to pay for the car and its gasoline, insurance and maintenance, for example, is taken into account. So when politicians, nonprofit organizations and corporations promote "clean cars" (that are not clean, but are somewhat cleaner), a game is being played so that money can be made and the public swayed.

The total cost of driving to U.S. society, in terms of dollar subsidies, was in the mid-1990s equal to the Pentagon budget then. The International Center for Technology Assessment calculated that a maximum of $15 per gallon of gasoline was

the true cost when indirect or hidden subsidies, as well as direct subsidies, were applied. However, that figure did not include environmental or health costs of petroleum activities and contamination. Earth Policy Institute now has an estimate for the same cost, but with a different mix of factors: " The indirect costs of gasoline, including climate change, treatment of respiratory illnesses, and military protection, add up to $12 per gallon. Adding this to the U.S. average of $3 per gallon brings the true market price closer to $15 per gallon."

Readers of Culture Change are familiar with questioning the technological fix for the interrelated crises of climate chaos and petrocollapse. The technological approach to today's unprecedented crises caused by technology, and caused also by money and anthropocentric mindsets, can be involved in quantifying problems. But we must point out the pitfalls of failing to go deep enough and seeing the whole. Additionally, there are low-tech answers for restructuring society and revising cultural values that hold the greatest promise. These have been explored by Culture Change in so many essays and reports that we will not repeat the ideas here and now. Below are the shocking fossil-subsidy data from the IEA by Lester Brown and his staff. - Jan Lundberg, publisher, Culture Change

Governments Spend $1.4 Billion Per Day to Destabilize Climate

Earth Policy Institute

We are facing issues of near-overwhelming complexity and unprecedented urgency. Our challenge is to think globally and develop policies to counteract environmental decline and economic collapse. The question is: Can we change direction before we go over the edge?

Earth Policy Release

Data Highlight

January 19, 2012

We distort reality when we omit the health and environmental costs associated with burning fossil fuels from their prices. When governments actually subsidize their use, they take the distortion even further. Worldwide, direct fossil fuel subsidies added up to roughly $500 billion in 2010. Of this, supports on the production side totaled some $100 billion. Supports for consumption exceeded $400 billion, with $193 billion for oil, $91 billion for natural gas, $3 billion for coal, and $122 billion spent subsidizing the use of fossil fuel-generated electricity. All together, governments are shelling out nearly $1.4 billion per day to further destabilize the earth's climate.

The government of Iran spent the most on promoting fossil fuel consumption in 2010, doling out $81 billion in subsidies. This equaled more than 20 percent of the country's gross domestic product. Saudi Arabia was a distant second at $44 billion.

Rounding out the top five were Russia ($39 billion), India ($22 billion), and China ($21 billion).

Kuwait's fossil fuel subsidies were highest on a per capita basis, with $2,800 spent per person. The United Arab Emirates and Qatar followed, each spending close to $2,500 per person.

Carbon emissions could be cut in scores of countries by simply eliminating fossil fuel subsidies. Some countries are already doing this. Belgium, France, and Japan have phased out all subsidies for coal, for example. As oil prices have climbed, a number of countries that held fuel prices well below world market prices have greatly reduced or eliminated their motor fuel subsidies because of the heavy fiscal cost. Among those reducing subsidies are China and Indonesia. Even Iran, which was pricing gasoline at one fifth its market price, dramatically reduced its gasoline subsidies in December 2010 as part of broader energy subsidy reforms.

In contrast to the $500 billion in fossil fuel supports in 2010, renewable energy received just $66 billion in subsidies -- two thirds for electricity generation from wind, biomass, and other sources, and one third for biofuels. Not only do fossil fuel subsidies dwarf those for renewables today, but a long legacy of governments propping up oil, coal, and natural gas has resulted in a very uneven energy playing field.

A world facing economically disruptive climate change can no longer justify subsidies to expand the burning of coal and oil. The International Energy Agency projects that a phaseout of oil consumption subsidies by 2020 would cut oil use by 3.7 million barrels per day in that year. Eliminating all fossil fuel consumption subsidies by 2020 would cut global carbon emissions by nearly 5 percent while reducing government debt. Shifting subsidies to the development of climate-benign energy sources such as wind, solar, and geothermal power will help stabilize the earth's climate.

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This data highlight is adapted from World on the Edge by Lester R. Brown. For more data and discussion, see the Quick Fact-summary of the book, and the full book at earth-policy.org. The news release is at Governments Spend $1.4 Billion Per Day to Destabilize Climate

Relatively speaking, the release of the findings reflects progress in civilization's self-criticism. Unfortunately, trying to reform the present, rigid and over-stressed system is decades too late for a sustainable future. One only needs to consider the clear overshoot of ecological carrying capacity that set in perhaps a few decades ago. - Jan Lundberg

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Fossil fuel subsidies: a tour of the data, by
Duncan Clark, Guardian UK

"Fossil fuels are subsidised in much of the world, causing billions of tonnes of addition CO2 emissions...
Fatih Birol says ending fossil fuel subsidies could provide half the answer to solving climate change"

Joint report by IEA, OPEC, OECD and World Bank on fossil-fuel and other energy subsidies: An update of the G20

Pittsburgh and Toronto Commitments (pdf, 14 pages)

Further reading on the technofix versus lifestyle/culture change:

What Gasoline Really Costs Us, 1997, based on a report by the International Center for Technology Assessment (CTA) whose current website is icta.org).

Can the world run on renewables, nuclear energy and geo-sequestration? The negative case by Ted Trainer, Culture Change, June 2010

The inconvenient truth about "An Inconvenient Truth": Why Al Gore is part dangerous politician by Jan Lundberg, Aug. 2006

Take the Pledge for Climate Protection - developed in 2000, and still right on!

The Silver Bullet Men by Chris Harries, Culture Change, July 2011

Fall of the technological world by Jan Lundberg, Oct. 2008