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The truth about coal

EDITORIAL

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Last Wednesday, members of the Rainforest Action Network, a scrappy little advocacy group, assembled in New York outside the Citigroup Center, where Merrill Lynch has a branch office. Dressed in top hats, carrying bags of coal and calling themselves "Billionaires for Coal," the group was protesting what it felt was the hypocrisy of a giant investment bank that proclaims a devout commitment to "environmental excellence" even as it provides financing for dirty power plants.

Merrill is a lead underwriter for TXU, a Dallas-based utility that plans to build a dozen coal-fired power plants in Texas that will add significantly to atmospheric concentrations of carbon dioxide. Though Merrill was the protesters' target, Citigroup must have been feeling queasy. It has also trumpeted its environmental virtues and is among TXU's lead underwriters.

There are at least two points to be made here. One, obviously, is that there is a difference between talk and reality. Much of corporate America now appears to be out in front of the Bush administration in facing up to global warming. Some big players like Pacific Gas and Electric and DuPont seem seriously committed to mandatory controls on carbon dioxide emissions — in sharp contrast to the administration's voluntary approach.

Others, notably big investment banks, are still doing what comes naturally: seizing opportunities, whether or not those opportunities fit their green posturing. TXU can fairly claim that its plants, outfitted with the latest technology, will emit fewer pollutants that cause smog and acid rain than the clunkers that have been around for 50 years. But these plants will still be using the same basic technology — burning coal, with no ability to dispose of immense amounts of carbon dioxide. That's distressing from a global warming perspective. It is also distressing because cleaner, if costlier, technologies are available that could capture greenhouse gases before they enter the atmosphere (that is, if TXU or the private equity group that is negotiating to buy the utility were willing to make the investment).

Which leads to the second point: There is a need to put a price on carbon to force companies to abandon dirtier technologies for newer, cleaner ones. Right now, everyone is using the atmosphere like a municipal dump. Start charging for the privilege, and people will find smarter ways to do business. A carbon tax is one approach. Another is to impose a steadily decreasing cap on emissions and let individual companies figure out ways to stay below the cap.

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