

# Paying to Pollute

## The Environmental Injustice of Pollution Trading

**Market-based environmental policies like pollution trading prioritize industry over our most vulnerable communities. These trading schemes encourage industry to keep discharging air and water pollutants by buying more pollution credits, which creates toxic hotspots that concentrate emissions near vulnerable communities. Ultimately, these market-based policies worsen the environmental and public health burdens on lower-income communities and communities of color that are already disproportionately impacted by pollution.**

Environmental justice is rooted in the ideals of equity, transparency, inclusion and empowerment for all people and all communities. Pollution trading disregards these goals by allowing industries to pay for the right to dump toxins into our waterways and air.

### The risks of pollution trading schemes

Traditional environmental policies like the Clean Water Act (CWA) and the Clean Air Act (CAA) address pollution by imposing limits on toxic emissions. These programs largely

succeeded in reducing water and air discharges over the past three decades. Pollution trading schemes, including so-called cap-and-trade policies, allow companies that are unwilling to reduce their pollution to buy credits from firms that have a greater capacity or willingness to curb their own discharges.

These market-based policies set a pollution limit (a “cap”), distribute pollution credits (the right to pollute) and establish a marketplace to trade these credits.<sup>1</sup> Companies can buy or sell pollution credits without any public input. A nearby company could simply purchase the right to increase its emissions. In contrast, the CAA and CWA allow the public to intervene when companies seek to increase their permitted pollution levels.

### The environmental injustice implications of pollution trading

Polluters have long built their facilities in lower-income and minority communities, resulting in a disproportionate, localized pollution burden — and in the associated human health effects from this pollution, including respiratory and cardiovascular disease, cancer and reduced life expectancy.<sup>2</sup>

In California, lower-income residents are more likely to live near large greenhouse gas emitters; these households are typically African American, Asian and Latino.<sup>3</sup> Pollution credit schemes exacerbate existing environmental health risks by creating localized hotspots when big polluters buy



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more credits.<sup>4</sup> Communities near credit-buying polluters may be unaware of, or have little opportunity to prevent, the increased pollution allocation from happening.

A 2016 study of California's cap-and-trade program found that the participating facilities that increased greenhouse gas emissions tended to be located in vulnerable communities. Sixty-one percent of the highest-emitting facilities increased their greenhouse gas emissions from 2011/2012 to 2013/2014.<sup>5</sup> The neighborhoods near these higher-polluting facilities had higher proportions of people of color than neighborhoods near facilities that reduced pollution.<sup>6</sup>

Pollution trading sacrifices equity in favor of industry profits and will further burden lower-income and minority communities that are already suffering from disproportionate environmental health burdens. Market-based environmental policies can exacerbate toxic hotspots that remain outside the scope of trading schemes, and they worsen pre-existing health and socioeconomic disparities.

## CALL TO ACTION

Pollution trading schemes impact vulnerable communities' populations and worsen their environmental health burdens. Real climate change solutions must reject market-based pollution trading policies in favor of effective greenhouse gas reduction. The Off Fossil Fuels for a Better Future Act (OFF Act) creates a path for the United States to achieve 100 percent renewable energy by 2035, without pollution trading schemes that disproportionately impacts disadvantaged communities. **Tell your member of Congress to support the OFF Act today:**

<http://fwwat.ch/EJfactsheet>

## Endnotes

- 1 Goulder, Lawrence H. "Markets for pollution allowances: What are the (new) lessons?" *Journal of Economic Perspectives*. Vol. 27, No. 1. Winter 2013 at 87 to 88.
- 2 Clark, Lara P., Dylan B. Millet and Julian D. Marshall. "National patterns in environmental injustice and inequality: Outdoor NO<sub>2</sub> air pollution in the United States." *PLoS One*. Vol. 9, No. 4. 2014 at 2; Miranda, Marie Lynn et al. "Making the environmental justice grade: The relative burden of air pollution exposure in the United States." *International Journal of Environmental Research and Public Health*. Vol. 8. 2011 at 1755, 1765 and 1768; Yip, Fuyuen Y. et al. U.S. Department of Health and Human Services. Centers for Disease Control. "Unhealthy air quality — United States, 2006-2009." *Morbidity and Mortality Weekly Report*. Vol. 60, Suppl. January 14, 2011 at 30; Kheirbek, Iyad et al. "PM<sub>2.5</sub> and ozone health impacts and disparities in New York City: Sensitivity to spatial and temporal resolution." *Air Quality, Atmosphere & Health*. Vol. 6, No. 2. 2013 at 477 to 478; Kampa, Marilena and Elias Castanas. "Human health effects of air pollution." *Environmental Pollution*. Vol. 151. 2008 at 362 to 365; Regli, Stig et al. "Estimating potential increased bladder cancer risk due to increased bromide concentrations in sources of disinfected drinking waters." *Environmental Science & Technology*. Vol. 49, No. 22. 2015; Srogi, K. "Monitoring of environmental exposure to polycyclic aromatic hydrocarbons: A review." *Environmental Chemistry Letters*. Vol. 5, No. 4. 2007 at 170 and 177; Tchounwou, Paul et al. "Heavy metals toxicity and the environment." *EXS*. Vol. 101. 2012 at 4, 13 and 14.
- 3 Pastor, Manuel et al. University of Southern California. Program for Environmental and Regional Equity (PERE). "Minding the Climate Gap: What's At Stake If the California Law Isn't Done Right and Right Away." April 2010 at 9; Cushing, Lara J. et al. PERE. "A Preliminary Environmental Equity Assessment of California's Cap-and-Trade Program." Research Brief. PERE Publications. September 14, 2016 at 2.
- 4 Nash, Jonathan Remy and Richard L. Revesz. "Markets and geography: Designing marketable permit schemes to control local and regional pollutants." *Ecology Law Quarterly*. Vol. 28, No. 3. September 2001 at 572 and 580 to 581; Drury, Richard Toshiyuki et al. "Pollution trading and environmental injustice: Los Angeles' failed experiment in air quality policy." *Duke Environmental Law & Policy Forum*. Vol. 9. Spring 1999 at 235 and 251 to 258.
- 5 Cushing et al. (2016) at 4.
- 6 *Ibid.*