

# LobbyLand. Fossil Fuel Lobbyists: Modus Operandi, Impact, Solutions

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Since the Industrial Revolution, fossil fuels have played a central role in the development of human civilisation. Without them, the explosion in population, economic activity and wealth creation would never have occurred. Not surprisingly, those in control of the industry have gained enormous influence over the direction of global and national affairs.

Australia is particularly well-endowed with fossil fuels, notably coal and gas, less so oil. As a result, our economy is heavily dependent upon those fuels, both for domestic energy supply and in generating export income, far more so than most other nations. Coal and LNG comprising around 23% of Australia's export income, with fossil fuels supplying around 94% of Australia's primary energy needs.

During the global reconstruction period post-WW2, social democratic ideals dominated western political thinking. After 1980, in response to increasing social and economic rigidities, the free market paradigm took hold, encouraged by the Thatcher/Regan

consensus. This grew into the neoliberal model which has since dominated economies, emphasising deregulation, small government and globalisation, in the process handing more and more power to corporate and media players, particularly the fossil fuel industry. The extreme libertarian variant of neoliberalism was strongly linked to US fossil fuel leaders such as Exxon and the Koch brothers who have long played a major role in building industry power and, in particular, subverting action on the greatest threat to fossil fuels, climate change.

Fossil fuel companies specialise in using industry associations and think tanks to lobby to achieve their objectives, whilst masking their activities. US practices were rapidly picked up by right wing figures in Australia, facilitated by extensive US links and substantial foreign ownership of the Australian fossil fuel industry. Western Mining Corporation's (WMC) Hugh Morgan and Ray Evans were particularly active in furthering the neoliberal agenda, particularly climate denialism, initially intent upon derailing the Kyoto Protocol, and establishing the climate denialist Lavoisier Group in 2000.

The workings of various industry bodies, such as the Business Council of Australia, the Minerals Council of Australia (MCA), the Australian Institute of Petroleum, the Australian Petroleum Production and Exploration Association, the Australian Aluminium Council, the Australian Chamber of Commerce and Industry and the Australian Industry Group, in undermining sensible climate and energy policy have been extensively documented. From the late 1990s, their efforts were coordinated under the umbrella of the Australian Industry Greenhouse Network (AIGN), which continues today.

Chief executives of the member companies found it convenient to shelter behind these lowest-common-denominator industry bodies, rather than confront contentious issues publicly.

Close alliances developed between corporate leaders, industry bodies, right-wing think tanks such as the Institute of Public Affairs, the Centre for Independent Studies and the Sydney Institute in Australia, and like-minded media notably the Murdoch press, intent upon preserving the dominance of the fossil fuel industry. Political donations from the industry play a major role in inclining mainstream politics toward the industry's preferences, particularly as neoliberalism becomes ever more extreme.

One notable example was the introduction, from the 1990s, of supposedly performance-enhancing bonuses for senior corporate executives, paid for short-term performance, which fundamentally undermined the ethical basis for business. The resulting short-termism became one of the greatest incentives to the expansion of industry lobbying, as management sought to shore up their short-term benefits by preserving the status quo at the expense of longer-term considerations such as climate policy.

The influence of fossil fuel leaders was further enhanced through industry advisory bodies in key international institutions such as the International Energy Agency (IEA). For many years the IEA demonstrated a strong bias toward fossil fuels and underestimated the

potential of renewable energy, a position which continues to this day, undoubtedly influenced by fossil fuel industry pressure.

In similar vein, from the outset of international climate negotiations under the 1992 UN Framework Convention on Climate Change (UNFCCC), industry representatives played a major role in influencing outcomes in favour of continued fossil fuel use, led in Australia's case by AIGN. The culmination of this activity was the 2015 Paris Climate Agreement in which, despite the supposed success of the Agreement in uniting multiple parties behind a common objective, the words "fossil fuels", "coal", "oil" or "gas" do not appear in the entire document, albeit reduction in their related carbon emissions is its raison d'être.

## Impact

Fossil fuel industry lobbying has been hugely successful in many areas, as witnessed by the MCA co-ordinated 2011 campaign which overturned the Rudd Government's Mining Super Profits Tax.

But notwithstanding industry power, the exponential rise in fossil fuel consumption has brought the industry's own nemesis in the form of a commensurate increase in carbon emissions to atmosphere and their accelerating impact on the global climate. This is the big issue which the industry, for three decades, has been desperately holding at bay and has been the main focus of its lobbying. The industry will inevitably lose this fight; the question is how much damage it does to civilisation, and to its own shareholders and employees, in the meantime. The damage is already immense, and more is to come given that the impact of historic emissions does not fully eventuate until years ahead.

In June 1988, James Hansen, then Director of the NASA Goddard Institute for Space Studies, testified to the US Congress that: "*The greenhouse effect has been detected, and it is changing our climate now*". Events moved rapidly thereafter, with the UN Framework Convention on Climate Change (UNFCCC) being signed in 1992 by 197 nations, including Australia.

Leading oil companies had already begun to focus on the implications:

- Exxon 1978: "*Present thinking holds that man has a time window of five to ten years before the need for hard decisions regarding changes in energy strategies might become critical*".
- Royal Dutch Shell 1988: "*– by the time global warming becomes detectable it could be too late to take effective countermeasures to reduce the effects or even to stabilise the situation*".

Exxon, Shell and Australian fossil fuel groups such as BHP, Rio Tinto and Woodside, have access to the best scientific and commercial expertise to manage risk. It is commendable that they had the foresight to focus on the climate science and its implications – in line with their corporate governance risk management obligations. What is utterly irresponsible is the fact that they decided to hide those implications in the

interests of prolonging the life of the fossil fuel industry. Further, the industry deliberately set in train a process of deceit and misinformation, designed to throw doubt on the scientific consensus on climate change reached by both their own, and external, experts, and to manufacture controversy aimed at preventing any move toward carbon emission reduction. In essence a process of predatory delay, largely delivered by lobby groups :

*“Those in positions of power understand only too well the need to change, but they simply argue for delay, on the basis that to change too quickly would be unfair to them. This allows them to be seen as responsible and caring. They want change, they claim; they just think we need prudent, appropriately paced change, mindful of economic trade-offs and judiciously studied — by which they mean cosmetic change for the foreseeable future. In the meantime, they fight like hell to delay change of any real magnitude, attacking not only the prospects of our kids and kin in the future, but increasingly of our society in the present. Their delay has real, serious human consequences, across generations. They’re taking, not creating; the harm they cause is immeasurable.”*

As public awareness of climate risk has improved, with climate impact accelerating, and mounting regulator and investor pressure for action, predatory delay has placed the industry in a cleft stick.

Publicly, the industry now accepts that climate change is real and caused by anthropogenic carbon emissions; every corporate and lobby group website has its commitment to sustainability, and in many cases a climate change plan. Companies put out comprehensive scenario analyses suggesting ways to address climate change more urgently. Unfortunately these proposed solutions still advocate a substantial increase in fossil fuel use, offset by complex negative emission technologies to absorb the increased carbon emissions; technologies which are either non-existent today, or have never been proven at scale, such as CCS – the ultimate moral hazard.

However, the urgency for action, committing to rapid emission reduction, is yet to be accepted. It is now fashionable for companies to commit to achieving net-zero-emissions by 2050; too late, if far worse catastrophic climate impact than we have already seen is to be avoided. Net-zero emissions must be reached as soon as possible, ideally by 2030, which obviously requires emergency action.

Yet in Australia, denial mounts. The recent “*Gas-Led Recovery*” and “*Technological Roadmap*” announcements of the Morrison government confirm the continued influence of the fossil fuel industry and its lobbyists, with the Prime Minister’s office, the Covid Commission and other advisory groups stacked with fossil fuel representatives. Likewise with efforts to undermine environmental regulations, and avoid appropriate approval processes, in the interests of accelerating fossil fuel expansion. In Albert Einstein’s words: “*The current crisis will not be solved with the same thinking which created it.*”

## **Solutions**

The world has reached the point where the fossil fuel industry must be rapidly dismantled if human civilisation in its current form is to survive. The fact that emergency action is now required, is largely due to the fossil fuel industry and its lobbyists who have prevented an orderly transition to a zero-carbon world, and to the politicians beholden to its leaders.

If we are to have any chance of heading off this rapidly evolving disaster, industry leaders who are genuinely concerned for the future of the planet, their organisations, their social licence to operate and their children must accept the emergency reality, forget business-as-usual, and reframe strategy around emergency action to wind down the industry.

The following steps are suggested:

- Member companies must immediately stop the pernicious influence of fossil fuel lobby groups in regard to critical policy issues such as climate change. This has already received some attention in Industry Association Reviews, but far stronger action must be taken.
- Investors must exert more pressure on those companies to ensure the above is implemented, aligning themselves with the need for emergency action.
- Likewise with regulators such as the RBA, APRA and ASIC, in the interests of financial stability.
- This should not prevent lobby groups having continuing roles in important but lesser industry matters such as industrial relations and safety.
- Governments and the industry must refocus away from fossil fuel expansion toward winding down the industry. In particular, to ensure fossil fuel assets are sterilised, rehabilitation obligations can be met, and that the transition to a zero-carbon world is managed fairly for those adversely affected.
- Electoral reform must be initiated to prevent the use of fossil fuel industry funds in purchasing political favours.
- A Federal Corruption Commission is urgently required to oversee allegations of ongoing corruption.
- Think tank and lobby group funding must be publicly disclosed.

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