

## **Roundtable B4: Can We Control Emissions by Trading Carbon?**

Discussion Leaders: Joel Yudken, High Road Strategies; Jeffrey Rickert, Apollo Alliance; David Arnold, Green UNISON, U.K.; Andy King, United Steelworkers; Joel Decallion, Confederal Secretary, European Trade Union Confederation (ETUC); Michael K. Dorsey, Dartmouth College

Facilitator: Jill Kubit, Cornell Global Labor Institute

### **PRESENTATIONS**

**Jeff Rickert of the Apollo Alliance** explained that the alliance originally rejected 'cap and trade' viewing it as divisive of labor and environment. With the new climate change awareness in the post **Katrina** U.S. and the shift of power in the Congress, corporate America is beginning to engage the prospect of U.S. involvement in the 'cap and trade' system causing the **Apollo Alliance** to rethink its position. Proposing that this market based solution may potentially be utilized as a source of revenue for reinvestment in clean energy while achieving measurable reductions in carbon.

**David Arnold, policy officer of UNISON (U.K.)** proposed that the carbon market, now being increasingly viewed as the primary policy standard for coping with the problems of climate change is a paradox, as it was market failure that caused the crisis to begin with. Referring to the **Stern Report** which presented climate change as the biggest market failure ever seen, the query of whether or not the market can redeem itself through cap and trade was examined. An analysis of the carbon trading system adopted by the European Union reveals three definitive systemic failings; it is overly susceptible to lobbying by big business causing 20 of the 25 EU states to be given caps above the actual emissions they are producing, the clean development mechanism which enables polluters to purchase credits through low carbon technology investment in developing nations lacks transparency and accountability, and moreover the EU carbon trade model is proving to be a highly unstable marketplace. The aforementioned must be addressed if labor is to consider 'cap and trade' a viable tool for rectifying the climate change dilemma.

**Andy King of the United Steelworkers** described Canada's present political landscape as being easily manipulated by the influence of big oil interests. In spite of their ratification of the **Kyoto Protocol**, the recently elected conservative Canadian government is treating the issue of global warming as though it is not a threat, with emissions currently exceeding their Kyoto goals by 35% as they continue to aggressively pursue the **tar sands** project in northern Alberta. The **Canadian Labour Congress** will now endorse the prospect of emissions trading once caps have been decided, provided that emissions can be accurately tracked, free of corporate influence. Now viewing cap and trade as a potential opportunity to ensure a just transition system is put into place, the **CLC** is awaiting conclusions from the **Harper** administration as to what course of action, if any they intend to take.

**Joel Decallion, Confederal Secretary of the European Trade Union Confederation (ETUC)** urged support for the **European Commission** on behalf of its part in the European Unions' ratification of the **Kyoto Protocol**. In so far as the EU's attempt to reduce emissions through carbon trading several other factors concerning labor were discussed such as the need for efficient alternative energy sources, employment for workers displaced by transition, possible dislocation as a result of carbon capture and storage, and the need to redefine labor's right to inclusion in the decision making the process.

**Michael K. Dorsey, Dartmouth College-Environmental Studies** brought attention to a recent analysis by **Citigroup** claiming that the **European Union Greenhouse Gas Emissions Trading Scheme (ETS)** has done essentially nothing to reduce actual emissions, creates a regressive tax burden on predominantly lower income households, and enhances the market position of power generators. Further asserting that in the carbon trade system of winners and losers, the coal and nuclear industries as well as the hedge fund traders reap the most rewards while consumers are ultimately the losers. Following studies by some of the major financial institutions it was found that **Ernst and Young** and **Deutsche Bank** like **Citigroup** found the **EU ETS** model to be fundamentally flawed. It was also revealed that many of the national reduction proposals submitted to the **European Commission** were non **Kyoto-compliant** and that overall, greenhouse gas emissions in the European Union have actually increased.

## **DISCUSSION**

Facilitator **Jill Kubit** reported on U.S. movement towards emissions trading, noting that at the time of this conference there were at least 5 bills on the Senate floor proposing various interpretations of cap and trade. One participant from the **Carbon Tax Center** questioned whether or not carbon tax would be a more viable solution for the U.S. In response panelist **Michael Dorsey** criticized the American propensity to isolate itself with regard to global matters, pointing out that whatever system the U.S. adopts to reduce emissions it will need to operate in partnership with the rest of the world. Debate arose as differing points of views regarding carbon trading were explored. While some see this market solution as inherently flawed, **Joel Decallion** took a different position, defending **EU ETS** efforts to control emissions through trading. Other topics of particular interest to labor included caps allocations, standards development, and emissions tracking.