

When “Green” Doesn’t “Grow”: Facing Up to the Failures of Profit-Driven Climate Policy

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[Trade Unions for Energy Democracy](#)

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The onslaught of extreme weather and the increasingly stark scientific assessment leave no doubt that we face an ecological and civilizational emergency. But in the year since the [23rd annual Conference of the Parties \(COP23\)](#) in Bonn, Germany, a constant stream of headlines and reports have confirmed that governments are not on track to meet their climate commitments.

The market-focused approach to climate protection has failed spectacularly. Using “sticks and carrots” policies aimed at the private sector, governments anticipated a surge of new “green growth” investment that would create millions of good jobs. This did not happen. It is now absolutely clear that climate policy must shift in a radically different direction, and unions can help ensure that such a shift occurs as soon as possible.

Growing numbers of unions are already calling for a decisive shift away from policies that push privatization – including predatory “public private partnerships” (P3s) – and that are designed to please private investors who deliver too little and take too much.

Unions are increasingly rallying behind the idea of a needs-based, “public goods” approach to climate protection – one that is grounded in extending public ownership and democratic control. Such an approach will give us a real chance to reach the Paris targets, and to advance the struggle for political and economic democracy, equality and decent work. This is the only way to achieve a *just transition* for all.

Unions in [Katowice, Poland \(COP24\)](#) have an opportunity to send a number of clear messages:

- The world is *not* “moving away from fossil fuels” – far from it.
- Emissions will not peak in 2020 as is needed. They are expected to increase until 2030 and perhaps beyond.
- Levels of investment are far too low to drive the transition to a low-carbon future. This is not going to change as long as achieving “satisfactory returns” (making money) continues to be the primary consideration.
- There is no effective “price on carbon” – and there isn’t going to be one any time soon.
- The market-focused approach to climate protection has failed spectacularly.
- An immediate shift toward a “public goods” approach is necessary. Privatizations must be stopped, and what has been privatized must be reclaimed.
- Energy systems must be restructured and reconfigured in a way that can serve social and ecological needs. Planning must replace the “enforced chaos” of the

market.

- A stable climate is a human right. Approaches that prevent us from achieving climate stability when alternative policies and methods can generate better results are therefore human rights violations.

The Latest Science and the Need for “Unprecedented Changes”

The distance between what the science says needs to happen and what is actually happening in terms of energy and emissions trends becomes wider with every passing day. This was made crystal clear by the recently released IPCC [Special Report on Global Warming of 1.5°C](#). According to the report’s authors, meeting the Paris Agreement’s pledge to limit warming to 1.5 degrees “would require rapid, far-reaching and unprecedented changes in all aspects of society,” including “transitions in land, energy, industry, buildings, transport, and cities.” The report reinforces the consensus among trade unions about the need for major changes. As ITUC General Secretary Sharan Burrow [recently expressed it](#), “We understand that the sectorial and economic transformation that faces us [is] the fastest and deepest we have faced at any time in our history and with a faster time frame.”

Many have described the IPCC’s *Special Report* as a “wake up call” to governments. But governments cannot claim to need another warning from the scientific community. In late 2007 – now 11 years ago – IPCC scientists said reductions in greenhouse gases needed to start falling immediately in order to avert a global climate disaster. Then-IPCC Chair Dr. [Rajendra Pachauri was clear](#): “If there’s no action before 2012, that’s too late... What we do in the next two to three years will determine our future. This is the defining moment.” But the defining moment passed, as have others since. In 2014 the [IPCC has stated](#) that, on current trends, global mean temperatures could increase by between 3.7 and 4.8 degrees Celsius compared to pre-industrial levels by 2100.

Posturing in Paris

In early 2016, Achim Steiner, then the Executive Director of the UN’s Environment Program (UNEP), [declared](#) that the Paris Agreement signified “the triumph of science over politics.” But the economics of profit-driven energy generation and use continue to trump science at every turn. Today, the use of *all* forms of energy is rising: gas, coal, oil, nuclear and renewables (wind, solar, bioenergy, and hydropower). This is because the global demand for energy [continues to grow](#) at around 2% annually, and for electricity in particular at more than 3% annually.

The IPCC has concluded that limiting warming to 1.5 degrees is currently still *technically* possible. Given the risk involved in exceeding that target, climate policy should be in line with what the IPCC says is required. This will entail immediately reversing the privatization and marketization that were advanced during the neoliberal period, and reclaiming key economic sectors to public ownership and democratic control. Public control over energy is essential to decarbonize electricity supply while at the same time curtailing demand through efficiency and conservation. Achieving these goals will require needs-based planning and a solid commitment on the part of governments to immediately cease trying to guarantee profits for private investors. They must direct their attention to rebuilding the capacity of public institutions at all levels to mobilize people and resources in order to deliver the “unprecedented changes” considered necessary by the IPCC.

Of course, it will be very difficult to bring about these changes. But the experience of the

last 20 years tells us that, as a movement, we have no other option but to work alongside others who understand that the prerogatives of private profit cannot be allowed to determine our collective future.

Just Transition Needs a Transition

A public goods approach is also essential if we are to achieve a Just Transition for workers. Following its inclusion in the Preface to the Paris Agreement, unions have made Just Transition a priority, urging governments to include the principle in any measures taken with regard to the implementation of their respective National Determined Contributions (NDCs) submitted to the UNFCCC. Employers, too, have been encouraged to adopt Just Transition as a guiding principle. In the three years since Paris, there have been some notable successes, such as the case of Canada's [Just Transition Task Force](#) as well as promising developments in [Australia](#) the UK (particularly in [Scotland](#)) and [Spain](#). Just Transition has also informed proposed legislation in the U.S. at both [state](#) and [federal](#) levels.

The political momentum around Just Transition is encouraging. But there is no avoiding the fact that the actual transition to a low carbon economy is not on track. The IPCC's *Special Report* concluded that, in order to stay within 1.5 degrees, human-caused CO₂ will need to fall by about 45 per cent from 2010 levels by 2030, reaching "net zero" around 2050. To have any chance of the 2030 target being met, emissions will need to peak soon after 2020. Currently, there is not the slightest prospect of this happening, absent a major economic slump or depression. Emissions are [rising](#), not peaking – and certainly not falling. Globally, emissions from fossil fuels [rose a staggering 60%](#) between 1990 and 2013, and CO₂ emissions from the power sector alone [have increased by more than 45%](#) just since the year 2000. CO₂ emissions from all sources leveled off from 2014 to 2016, but [they rose again](#) in 2017 – by 2% – and are almost certainly going to rise further this year.

Renewables are Growing, But There Is No “Energy Revolution”

It is true that renewable energy has grown impressively in recent years. In 2016, a [record-breaking 161 GW](#) in new renewables-based generating capacity was installed around the world. But the growth of renewables [has not stopped](#) the rise in fossil fuel use. Global energy demand is [currently rising](#) at around 2% per year, fossil fuels and renewables are growing alongside each other, and energy demand is projected to increase by 28-30% by 2040. Wind and solar have established a [significant foothold](#) in the electricity sector, providing just over 5% of total electricity generation at the end of 2016. Yet in other economic sectors – industry, transport, food and agriculture – as well as in the heating and cooling of buildings, the role of modern renewable energy is miniscule.

Reviewing the trends in electricity generation earlier this year, BP's group chief economist, Spencer Dale, [stated](#), “[D]espite the extraordinary growth in renewables in recent years, and the huge policy efforts to encourage a shift away from coal into cleaner, lower carbon fuels, there has been almost no improvement in the power sector fuel mix over the past 20 years... I had no idea that so little progress had been made until I looked at these data.”

The world is not “moving away from fossil fuels,” as many have claimed and many more believe. The opposite is true. Those who try to reassure us that the transition to a sustainable, low-carbon future is “inevitable” or even “well under way” need to face this reality. Current energy and emissions trends are simply not compatible with the Paris targets – not even close. On the contrary, current trends point to more climate disruption,

more pollution, and more struggles on the part of people for land and water, and for democratic freedoms and human rights.

Why Calling for “More Political Will” and “More Ambition” Isn’t Enough

Immediately following COP21 in Paris, the International Trade Union Confederation (ITUC) rightly noted how the “Nationally Determined Contributions” (NDCs) submitted by governments, while overall a good first step, needed to be more ambitious. Even if fully implemented, the NDCs would lead to a [continuing rise in emissions](#) until 2030, and would likely produce an overall average temperature increase of 3 degrees Celsius or more by 2100. In the three years since the Paris talks, there are clear signs that the major industrialized countries are [failing to meet](#) even those inadequate pledges.

At COP24, many voices will again demand that governments show “more ambition” in order to make their NDCs consistent with the IPCC’s proposed actions. While unions stand in solidarity with those making such demands, we also need to recognize that calling for governments to show more ambition is not enough. What we are witnessing is not a problem of “political will.” Governments from 195 countries have already accepted the need for decisive action in order to limit average global warming to “[well below 2 degrees Celsius](#)” (compared to pre-industrial levels) and to try to limit that warming to just 1.5 degrees Celsius. What we are witnessing instead is the widening gap between ambition and action, and the incapacity of governments to deliver on their own already weak commitments. This is because they refuse to consider solutions that take profits out of the equation.

“Green Growth” - What Went Wrong?

The gap between ambition and action points to an enormous policy failure. In 2006 Nicholas Stern – one of the founding fathers of the “green growth” idea and a former World Bank Chief Economist – released a landmark report titled [The Economics of Climate Change](#) (known as “The Stern Review”). According to Stern, “The science tells us that GHG [i.e., greenhouse gas] emissions are an externality; in other words, our emissions affect the lives of others. When people do not pay for the consequences of their actions we have market failure. This is the greatest market failure the world has seen.”

The “Stern Review” proposed that a global price on carbon was necessary, in accordance with the “polluter pays” principle. The carbon price would need to be increased over time, steadily driving the transition to renewable energy sources and the proliferation of “low carbon solutions.” The role of governments was to “send signals” to the markets (i.e., to developers, private corporations and investors) in order to reassure them that governments were committed to addressing climate change and would back that commitment with “long term policy support” (which normally means incentives and subsidies). As one liberal policy group [expressed it](#), “Our policy agenda must ultimately be effective in mobilizing clean energy investments by private business owners. There is no other way.”

It was a big gamble – one that did not pay off. First, the effort to introduce a global price on carbon has been a disaster. In 2017, the [World Bank reported](#) that just 15% of global GHGs were subjected to a price; in three-quarters of cases where a price on carbon exists, it was no more than \$10 per ton – far too low to have any meaningful impact on investment decisions. Indeed, attempts to establish a meaningful price have been obstructed by the same corporations that had advocated for it in the first place. The chances of an effective

global [price on carbon](#) emerging in the next decade are today virtually non-existent.

Second, despite the [many pledges](#) and commitments made by representatives of the investor class, the private sector has not only failed to deliver, but has held the entire process of pursuing an energy transition captive to their demands for guaranteed profits. According to the [International Energy Agency](#), “Globally, clean energy investment is not yet consistent with the transition to a low-carbon energy system envisaged in the Paris Climate Agreement.” This is not going to change. The annual investment deficit is already estimated to be \$600-billion annually. According to the [Climate Policy Initiative](#), “The cumulative gap between finance needed and finance delivered is growing, putting globally agreed temperature goals at risk, and increasing the likelihood of costly climate impacts.” The reason for the lack of investment is obvious: There is simply not enough guaranteed profit in “low carbon solutions” like clean energy to attract the levels of capital needed.

The Illusion Lingers

These basic facts have done nothing to deter green growth enthusiasts. According to the latest report by the Stern-led Global Commission on Economy and Climate, [Unlocking the Inclusive Growth Story of the 21st Century](#): “The evidence today shows that climate action is even more attractive than we imagined then [in 2006 when the Stern Review was published]. This remarkable new growth opportunity is now hiding in plain sight.” The report acknowledges that carbon prices “are still too low to have meaningful impact” and that a carbon price of \$40-\$80 (US) per tonne by 2020 is needed, rising to \$50-\$100 by 2030. The report also notes that the “biggest opportunity and challenge is to mobilize the large pools of private capital, especially those held by institutional investors.” Despite this challenge, the report argues, “The train is fast leaving the station. Leaders are already seizing the exciting economic and market opportunities of the new growth approach... Over \$26-trillion and a more sustainable planet are on offer, if we all get on board. The time to do so is now.”

Stern’s [basic error](#) is that he assumed the investor class would immediately grasp the offer to commit its resources toward creating a “path of development and growth that is very attractive in its own right: cleaner, quieter, more efficient, less congested, less polluted, more bio-diverse and so on. And in addition, and fundamentally, it carries much less climate risk... But it seems a very sound and attractive strategy.” The idea that money should be invested for the public good – and the reduce climate risk – is simply not part of the mindset. Private investors seek returns. And with the prospect of making returns compromised by risk, high borrowing costs, and dependent on a (yet to appear) carbon price and government subsidies, the investment the world needs will not materialize. If saving the planet won’t deliver “value for shareholders,” the “smart money” will go elsewhere.

Privatization: The Climate Impacts of Legalized Theft of Public Resources

Meanwhile, the majority of investment that has thus far materialized has been driven by *public* funds. Because competitive markets have not delivered the returns investors demand, governments have opted to guarantee investor profits through subsidies (“risk mitigation”) and favorable financing (“concessionary lending”). This is most obvious in the renewables sector. The development of wind and solar power today relies almost entirely on government guarantees and incentives – in the form of “[power purchase agreements](#)” (PPAs), privileged access to grids, etc. – rather than on revenues from market-based prices. *This means public money has been used to make profitable what would otherwise not be*

profitable. As the International Energy Agency [bluntly remarks](#), “Market-based, unsubsidised low-carbon investments have been negligible.”

The “green growth” policy failure is the latest chapter in the now decades-long story of neoliberal restructuring: a process that has systematically and savagely targeted the public sector and public services, reaping a vast windfall for private interests and enriching the “One Percent.” Climate policy has been no different. Although packaged as “green,” “job-friendly” and “inclusive,” the “green growth” framework was designed by the same corporate, financial and corporate elites that, along with the IMF and the World Bank, made sure that public assets were transferred over to private companies. Many of these companies then became subsidized at further public expense in order to ensure “satisfactory returns.”

The IMF and the World Bank continue to show an unswerving commitment to economy-wide privatization, “public private partnerships,” financialization, and marketization. This is hardly surprising, since “green growth” policy approaches explicitly connect emissions reductions to [further privatization and liberalization](#). Public energy systems remain a primary target, and many have already been broken up and sold off, often in the name of efficiency, flexibility, modernization, and “decarbonization.” As with the structural adjustment programs of the 1980s and 1990s, development loans have been made conditional on “market reforms” that advance the commodification of energy. In doing so, they undermine possibilities for providing energy as a public service and a human right, in recognition of its role in meeting basic human needs.

Sticking with Neoliberal Climate Policy is an Attack on Human Rights

Neoliberal policies, which amount to legalized plundering of public wealth, have created a more unequal and politically unstable world. These policies have also undermined basic rights, as detailed in a [recent report](#) from the UN Special Rapporteur on extreme poverty and human rights. Anti-public policies have led to large sections of the working class losing access to adequate health, education, transport and other services. In 2017, an [estimated 82% of the wealth](#) created globally went to the top 1% of the world’s population.

Neoliberal climate policy is also an attack on human rights. The IPCC says that limiting warming to 1.5 degrees is technically possible. But current policies are impeding the energy transition, because the deployment of renewable energy and other climate solutions depend on their capacity to generate profit for private interests. This approach has made it impossible to reach climate goals, and therefore threatens human rights by making the climate increasingly unstable – with the most severe impacts being felt by vulnerable populations in the global South.

A Public Goods Approach - And the Need to Extend Public Ownership

In one way or another, rising emissions hurt everyone, and reducing emissions benefits everyone. Since most emissions come from how we generate and use energy, energy generation and use must be radically reshaped by pro-public policies. This shift toward a “public goods” approach can liberate climate and energy policy from the chains of the current investor-focused neoliberal dogma, which holds that “the private sector must lead.”

The pursuit of energy democracy and the adoption of a public-goods approach will entail an extension of public ownership and social control across key economic sectors. This can allow

for energy systems to be restructured and reconfigured in a way that can serve social and ecological needs. As long as large energy interests remain in private hands, or function as profit-driven commercial enterprises even when they are formally “public” entities, the energy system will continue to revolve around increasing energy use and maximizing profits, rather than protecting people and planet.

COP24, Katowice: We Can Start from Here

It should now be clear that, as we continue to fight for Just Transition, we must do so while fully aware that the dominant profit-based approach to climate protection cannot deliver a transition to a low-carbon future consistent with the Paris targets – whether that transition is “just” or unjust. No worker, no community, no region should be left behind – but at the moment we are not even moving in the right direction, so *everyone* is being “left behind.” And for every worker whose job and quality of life are threatened by climate policy, hundreds if not thousands of others will feel the negative impacts of “extractivism as usual” and the impacts of climate change on their lives and livelihoods. This is not a scenario that unions can accept. Only a coordinated, public-goods approach allows us to escape the contradictions of commodified energy systems that pit some workers against others. Time is running out, and failure should not be considered an option.

- Emissions reductions and climate adaptation benefit everyone.
- Governments must be allowed to invest in the future of their people, within a framework of international cooperation and sharing.
- Returns on investment should be measured in better health, cleaner water, enhanced public mobility, and quality public services that can deal with climate instability.
- Everyone should have access to electricity that is reliable, affordable and “climate friendly.”
- Policies that are designed to prevent the development of a pro-public needs-based approach, and attempt to legally impose privatization and liberalization, must be immediately rescinded.

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