

U.S. Trade Unions and the Climate Change Debate

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Bases and perspectives for a new international agreement to address climate change

Comrades:

My presentation today will be to report on what is happening in the US regarding efforts to fight global warming, and to make a few points about how unions are engaging in the public debate.

As you probably know, the US is responsible for 25% of the world's greenhouse gas emissions annually, and is the highest polluter by far on a per capita basis. Americans drive more; they live in less energy efficient homes, and the country generates most of its electricity through the coal-fired power plants. This all adds up to more than 7.3 billion metric tons of greenhouse gases annually. In terms of climate protection—or destruction—how things unfold in the US, and how the US behaves on the world stage, is therefore of crucial importance for everyone on the planet.

The Katrina-Gore Effect

There has been a major shift in U.S. public opinion regarding the seriousness of global warming. Why did this happen? Firstly, hurricane Katrina destroyed New Orleans, fires have forced 500,000 people to flee their homes in California, Al Gore received an Oscar—all of these things, along with the clarity of the scientific evidence— have put climate change on the agenda in a way that could not even have been imagined just 2 years ago. Today, 83% of the American people want action on to fight global warming, and 70% say the government is not doing enough, according to a poll conducted by Yale University.

This new awareness has coincided with a shift in American politics. Democrats now have majorities in both the House and the Senate and are well positioned to win the presidential race next November. Legislation to reduce emissions has been drafted mainly by Democrats, but also by Republicans.

Congress – the Latest Developments

Let's turn now to the situation in the U.S. Congress.

I do not have enough time to review all of the proposed legislation before the House of Representatives or the Senate, so instead I will focus on the America's Climate Security Act (ACSA), known as the Lieberman-Warner bill after the Senators who have sponsored it. This is the bill that has the most chance of becoming law. However, all the bills before Congress seek to establish a cap-and-trade system modeled on the European Trading System.

The Lieberman-Warner bill caps global warming emissions from approximately 73% of the economy, responsible for 5.2 billion tons of emissions. The emissions cap in ACSA covers U.S. electric power, transportation, and manufacturing sources. A cap initially set at this emissions level would create permits worth more than \$72 billion in the first year of the program, and \$3.6 *trillion* throughout the program's lifetime, using the value per ton of carbon identified by the US Environment Protection Agency.

The cap imposed on those sources starts at the 2005 emission level in 2012 and then lowers year-by-year at a constant, gradual rate, such that it reaches the 1990 emissions level (15% below the 2005 emissions level) in 2020 and 65% below the 1990 emissions level (70% below the 2005 emissions level) in 2050.

Auction or Allocation of Permits?

One of the controversial features of the bill is the proposal to allocate most of the permits, rather than auction them off. Environmental organizations maintain that if permits were auctioned it would allow the government to raise revenue that it can then put to public use—such as investing in renewable energy. But the proposed law gives away 82% of the permits at the start of the program (2012) and slowly increases the proportion of permits to be auctioned to 73% of the total.

What has made the environmental movement angry is that the fossil fuels industry would be given permits worth \$437 billion. Of this, over \$268 billion could go exclusively to the coal industry. In addition to the free permits extended to the coal industry, 15% percent of the auction revenues—\$325 billion over the life of the program—will develop carbon sequestration. This means even more money to the coal industry.

Some environmental groups are calling for a 100% auctioning of permits, because such auctions would penalize pollution—and create new revenues could be used to advance energy efficiency, speed the transition to renewable sources of energy, improve low carbon transportation infrastructure, and to help communities adapt to global warming.

Another controversial aspect of the ACSA is that it calls on the U.S. president to encourage efforts of other nations to lower their GHG emissions, but to also mitigate trade impacts from a country that is not taking comparable action to the U.S. The President must require importers of “GHG-intensive manufactured products from that nation to submit emissions allowances of a value equivalent to that of the allowances that the U.S. system effectively requires for domestic manufacturers.” In other words, if companies exporting to the US do not have to pay for carbon, then they will have to pay for it when it arrives in the U.S.

Where the Money Will be Spent

The ACSA establishes the Climate Change Credit Corporation to auction allowances and administer tens of billions of dollars in auction proceeds.

If passed, the law will direct the Corporation to use a around half (52.25%) of the auction proceeds every year for Energy Technology Deployment.

Annual auction proceeds will also go to an Energy Assistance Fund (20%), an Adaptation Fund (20%), and a Climate Change Worker Training Fund (4.5%);

Of the 52.25% set aside for Energy Assistance, 45% of the proceeds will go for zero or low carbon energy technology deployment programs; 28% for advanced coal and sequestration technology deployment programs, 7% for cellulosic biomass ethanol and municipal solid waster technology deployment programs; 20% for advanced technology vehicles manufacturing incentive programs.

According to Friends of the Earth, the legislation gives away \$436 billion worth of permits to the coal and fossil fuel industries. Instead of giving away the right to pollute, it argues, global warming legislation should make polluters pay for all emissions, either through a direct tax or auction, and thus discouraging pollution and generating revenue that could be put to work fighting global warming and helping those impacted by it. The auction revenues created by the legislation should not reward polluters, but be used to promote energy conservation and efficiency as well as developing clean energy like wind and solar.

The Trade Unions

Before we take a look at where trade unions stand on these issues, a little bit of background on the U.S. labor movement might be useful.

Within the US political context, unions are a serious force. That may sound strange given that unions represent only 12% of the American workforce, and only 7% in the private sector. However, unions are very good at mobilizing

members to vote for the candidates they endorse. This may not have much affect in states like North and South Carolina, Georgia, and Mississippi, where union members make up less than 5% of the workforce. But it does matter in politically more important states like New York and California where more than 20% of workers are in unions.

The Union Difference

Workers in the U.S. are, however, suffering many setbacks. The labor laws no longer protect them and they can be fired without just cause. Health care coverage is employment based, which means workers who lose their job also lose their health benefits. And many workers are employed by businesses that do not provide health care—47 million Americans today have no health insurance. Workers in the US also enjoy fewer holidays than workers elsewhere. The average worker has just 8 days of vacations a year, and maybe 4 or 5 public holidays which are often unpaid. There is no law requiring employers to pay workers when they are sick, and therefore 52% of workers routinely lose pay when they are ill. There is no paid maternity leave. Since 1993 parents have been can take 90 days leave to care for a newborn baby or adopted child—but this is totally unpaid, any many parents do not take the full 90 days because they can not afford to lose income. Personal debt and is higher than at any time since the Great Depression of the 1930s.

Things are a lot different for the 15.4 million union members in the U.S. Nearly all union members have health benefits; their wages are 30% higher than those not in unions; and they often enjoy paid holidays and paid sick leave. A union job is therefore a precious object. Opinion polls show that more than 50% of American workers would join, or consider joining, a union if they had the chance. And this explains why employers want to get rid of unions, and aggressively fight efforts to organize new workers.

I mention these points because while it's true that no worker can afford to lose a job, union workers in the US who find themselves without employment are likely to lose more than workers who live in most EU countries that provide adequate social protections.

U.S. trade unions on the defensive

This, then, has a bearing on the climate change discussion. It is a movement that is very afraid of anything that will accelerate the loss of union jobs. And almost one third of American union members are in the manufacturing sector, which means any threat to US manufacturing is viewed very seriously. This fear goes some way to explain why the US labor movement, represented by the AFL-CIO, opposed to the Kyoto treaty ten years ago and urged the US government not to ratify. The main reason for its opposition was that it would require the US to make cuts in emissions at a time when China and other low-waged competitors

were not asked to reciprocate. Thus it was believed that Kyoto would accelerate the movement of manufacturing out of the US to China, and it would stimulate more imports of cheaper manufactured goods into the U.S. The AFL-CIO's decision to oppose Kyoto was not shared by all unions—the Steelworkers were among a small group of unions who not only supported Kyoto but talked about a “Blue-Green” Alliance between unions and environmentalists. Also, the Canadian Labor Congress (many US unions also have members in Canada) took the position that Canada should ratify.

This alliance looked like it was taking shape at the time of the WTO ministerial meeting in Seattle in late 1999, but the election of Bush, 9/11, and the recession that followed meant that unions were in a battle for survival, one that left little space for other issues.

U.S. Unions – old thinking, new thinking

Within this debate, the position of the unions can be described as something old, something new. The old consists of an unwillingness to support the environmental organizations who favor such things as mandatory increases in fuel efficiency standards for vehicles. The new is reflected in the fact that unions are no longer simply reacting defensively to the issue, but are willing to develop policy that—whether one agrees with it or not—amounts to a serious set of proposals to reduce U.S. emissions in the years ahead. These proposals tend to be investment and technology driven, and not directed towards changing consumer behavior or carbon taxes of any sort.

However, it's important to make a few points regarding who's engaged in framing U.S. labor's approach, and who is presently behaving more or less passively. Today unions in the energy and energy-intensive industries are most vocal and most knowledgeable on the issues, while those in the public and service sectors, who together represent roughly 10 million workers each, have thus far had little or no influence on the discussions inside the labor movement.

Two Federations

To this we can add a recent complication. In 2005, six major unions, representing over 30% of union members in the U.S., left the AFL-CIO and formed a new union federation called Change to Win. Change to Win has stated that its sole reason to exist is to organize new members. It therefore consciously avoids taking positions on issues like climate change. Of course, the individual unions in Change to Win can take positions, and one or two have. But the message is this: organizing is the key to success, and everything else is something of a distraction. Therefore the position of the US labor movement on climate protection and energy reflects the priorities of a vocal minority of unions in the US...and the rest have yet to make a meaningful contribution to the debate.

What do U.S. unions want?

The AFL-CIO is trying to find a way to protect US manufacturing and workers in energy, utilities, and transportation while at the same time reduce emissions to the levels required—which the IPCC says is 80% by 2050. However, in so doing unions are going to great lengths to look after the interests of large energy producers, particularly coal companies, US motor vehicle companies like Ford and General Motors.

Unions actually regard the Lieberman-Warner bill as being too aggressive in terms of emissions reductions, and not sufficiently supportive of the coal and motor vehicle industries.

For example, the Mineworkers complain that the 15% reduction target for 2020 is being proposed before carbon capture and sequestration technologies are commercially available. This would severely disrupt domestic energy markets. And the UMW doesn't like the fact that there is no effective "safety valve" in the form of a fixed price for carbon dioxide allowances.

The Mineworkers are not happy about the US making an unequivocal commitment to reducing emissions by 70% regardless of the positions taken by China and India. The UMW expressed all this in a letter to Senators Lieberman and Warner on October 23, 2007. The AFL-CIO echoed this position in a communication to Senator Barbara Boxer, Chair of the Senate Committee on Environment and Public Works, on November 5. The AFL-CIO also emphasized the need for a safety valve price (of \$12 per ton, negotiable). An AFL-CIO spokesperson has said:

To put it bluntly, it is not in our national interest to see our efforts to reduce carbon emissions become yet another advantage that a developing nation uses to attract business. However, it is in our interest and the world's interest to have developing nations become part of the solution because the problem cannot be solved without them.

The AFL-CIO is deeply troubled with a simple market-only approach, noting that today the so-called market has left the US in a housing crisis and the world capital markets in turmoil. It calls for a "limited market approach," with regulatory mechanisms that act as a safety valve to prevent any serious long-term damage to the economy. The AFL-CIO is opposed to open trading of allowances, which invites predatory and speculative behavior and the possibility of "carbon millionaires". The AFL-CIO supports ACSA's provisions on international trade, whereby, "It is now even more apparent than it was when the Kyoto Accord was negotiated that taking unilateral steps is not enough to engage the developing world. "

The Blue-Green Divide

The old divisions between U.S. labor and the environmental organizations are still, therefore, very evident. However, the US labor movement's proposals for developing and deploying green technology are forward looking and important, especially as so much of the discussion in the US has been about changing light bulbs. This approach by unions would have been unimaginable even a few years ago when some union leaders, echoing the Bush administration, were publicly questioning whether or not global warming was real.

However, steps forward, even big ones, are not enough given what we know about the challenge of GW. But most unions are not likely to respond to "The Sky is Falling" scenario, and are instead in a frame of mind that advocates a "balanced response" that reduces emissions while at the same time protects their members and the economy as a whole. The challenge will be to go with the forward motion while at the same time pointing out that bolder and more decisive action is needed.

But the position of a few unions, understandably fearful of losing members, often detracts from the many points of productive contact and collaboration between unions and environmental organizations in recent years. Many local and national unions opposed Arctic drilling for example. The dialogue between unions and environmentalists that cooled after 9/11 has revived itself again with the relaunch in 2006 of the Blue-Green Alliance between the Steelworkers and the Sierra Club.

Points of consideration

- The unions not in energy intensive industries or services must break their silence on climate change. These unions can add their name, and perhaps some resources, to campaigns around global warming.
- The investment angle is important and should not be counterpoised to more short term "user end" responses. Unions want to be part of the fight against global warming, and see heavy investment in green technologies as a critically important part of the solution
- The centrality of coal needs to be debated by all unions, both in the US and internationally. Those advocating for renewable energies need to be more assertive and answer questions about the feasibility of renewables to meet the world's growing demand for electricity
- The international labor movement is having a growing influence on US trade unions. Opportunities to increase this influence should be encouraged.