

Preparing a public pathway

Trade Unions for Energy Democracy Working Paper

Wednesday 11 April 2018, by [SWEENEY Sean](#), [TREAT John](#) (Date first published: 1 November 2017).

The current chaotic and crisis-prone electricity markets should give trade unions and their allies confidence to advocate for a publicly owned and democratically controlled energy system. Private investors are not going to give us the energy transition necessary to stop climate change. We need a public pathway.

Contrary to a popular narrative, the era of fossil fuels is not over yet. As the last Trade Unions for Energy Democracy Working Paper, “Energy Transition: Are We Winning?,” demonstrated, modern renewables like wind and solar are expanding, but they are not displacing coal, oil, and gas. The energy transition we need is not going to happen due to market forces or technological changes. It will happen due to political decisions.

But it’s not enough to point to the “lack of political will” as though doing more of the same—but doing it faster—will bring about the solutions we need. Without strategy for implementation based on a clear understanding of the underlying dynamics of energy markets, calls for ambitious targets are empty at best and counterproductive at worst.

As even the most mainstream sources demonstrate, there is a massive “investment deficit” when it comes to renewable energy. There are simply not enough resources being dedicated to deploying renewables. But why, when the price of modern renewables has become competitive with that of fossil fuels and when enormous reserves of capital remain idle, does such a deficit exist at all?

The answer is rooted in the privatization and liberalization of electricity markets. In this context, policy makers have focused on providing certainties—guaranteed returns and cheap credit—for investors rather than directly supporting the deployment of renewables. There have been real advances in the deployment of renewable energy, but much of this has been the result of direct public intervention, rather than private investment, even as cheap renewables coming online have rendered investments in electricity generation—whether renewables or fossil fuels—unprofitable.

In this tenth Trade Unions for Energy Democracy Working Paper, Sean Sweeney and John Treat, from CUNY’s Murphy Institute, provide a careful analysis of how electricity markets function in practice, especially in the European Union, the erstwhile world leader in renewable energy. As the EU has been held up as the model for transitioning to renewables, this analysis has lessons for both the global North and South.

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