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The Brave New World of Carbon Trading
Clive L. Spash
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In his article, Clive L. Spash discusses the underlying motivations for carbon trading schemes. After discussing the problematic takeover of the climate change debate by corporate (and capitalist) players, he illustrates how carbon allowances created an alternative financial market. Drawing on examples from past history he points out that we do not learn from history, but are more likely to indulge in similar mistakes. By creating a financial instrument – so his argument goes – we have created a means to purchase a clean conscience (for companies and ourselves) without changing our behaviour and thus the underlying problems that drive climate change are not addressed. The main criticism of the current mechanisms relate to the underlying assumptions of economic theory. Spash argues that the disconnection from reality, especially by oversimplifying human behaviour and interactions and misstating the power of companies in the markets (i.e. contrary to the theory's assumption, firms are actually powerful players in the market), makes the very design of mechanisms such as trading schemes flawed. The article provides a number of poignant examples and should be on the reading list of any researchers concerned with carbon allowances or those who are teaching courses on this topic.

Cornelia Beck
The University of Sydney Business School
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