

# Part III

## *Outlook and Conclusions*

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Adults receiving vocational training at Kiatic, a  
Private Sector electronics manufacturer. Kampala,  
Uganda.



# 1. A Fair and Just Transition

This section of the report considers the social dimension of the transition to a sustainable, low-carbon economy. The transition itself will be a social process. It involves technological innovations, shifts in business and investment strategies, as well as a new set of policies—all of which are products of social interactions and negotiations.

The transition will also involve businesses, workers, communities, and movements. It will produce new green jobs and the greening of some existing jobs. However, it will also result in job losses and jeopardized livelihoods in certain regions, communities, industries, and economic sectors. In particular, energy-intensive industries, extractive industries, and road transport could witness serious job declines.<sup>1025</sup> Faced with this scenario, calls are emerging for a “fair and just transition,” whereby those harmed by the changes are adequately assisted, and the new opportunities created are shared by specific groups of workers, social constituencies, and communities. For convenience, we will refer to this as a “Just Transition.”

There appears to be an emerging framework that allows for a Just Transition to operate on several levels, ranging from the global-societal level down to workplaces and local communities. This framework is grounded in some well-established social practices in the face of job challenges, and is reflected in the ongoing work of the ILO, the trade unions, national and local governments, business and industry, and community-based organizations. However, it is a framework that has been structured around a principle and a goal. The principle holds that the costs and benefits of a transition to sustainability should be shared widely across society. The goal is to generalize this principle at the level of policy. Steps are being taken here and there to turn the Just Transition approach into reality, but there is still a long way to go before it becomes a policy norm.<sup>1026</sup>

## Historical Experience

While major economic transitions in the past have led to significant social and economic progress for society, it is also necessary to note that fair and just transitions have not happened often in history. In fact, the story of the social impacts of economic change throughout history is replete with countless examples of often serious hardships. In recent decades, deindustrialization in the developed world and the impact of structural adjustment programs and excessive liberalization in some developing countries are examples of these poorly managed transitions. Overall, modern society often has struggled to deal effectively with the social negatives triggered by major economic turbulence and change. This history weighs heavily on the shoulders of those who hope to ensure that the next great economic transition—the transition to a green and sustainable economy—will depart from this often discouraging script.

The story of economic change is, however, also a story about political choices. More often than not, these choices have put the accumulation of wealth before the needs of the majority. Policymakers have also shown a propensity to let accommodations to economic change be left to market forces, especially given the fact that economic transitions are occurring all the time and such changes

are often socially and economically beneficial. However, the transition to a sustainable economy and the qualitative expansion of green employment is likely to resemble no other transition in human history. It is a transition that will be assisted by market forces to some extent, but other market forces will push against the needed changes. The scope of the transition will be global and it will need to proceed at a pace that's more or less unprecedented in economic and social history. In just two or three decades, the entire global economy will need to be well on the road to a low-carbon and sustainable future. Markets cannot drive the transition, and neither can they be relied upon to deal with the problems that the transition will inevitably create.

Thus, the effort to expedite a Just Transition to a green and sustainable economy will also involve a new set of approaches and policy options. The need to green our economy presents an opportunity to make the right policy decisions, but there is nothing intrinsically fair or just about either the process of becoming green or the end result—this must be pursued politically within the overall paradigm of sustainable development whereby the social dimension is fully and equitably integrated into the economic and environmental dimensions.

Fortunately, the effort to create a Just Transition can draw encouragement from the long tradition of social and labor legislation put in place to protect the poor and disadvantaged, to facilitate and enable the creation of socially necessary work, and to embed social solidarity in the fabric of economic life. But perhaps the key to understanding the potential of a Just Transition is not to view it simply as some kind of safety net, but as a means to bring economic life into a democratic and sustainable framework, one grounded in meaningful social dialogue and driven by broadly shared economic and social priorities. The issue, then, is not simply about the transition itself, but what follows the transition—the goal being a new mode of production and consumption that allows for greater social inclusion, equity, and opportunity.

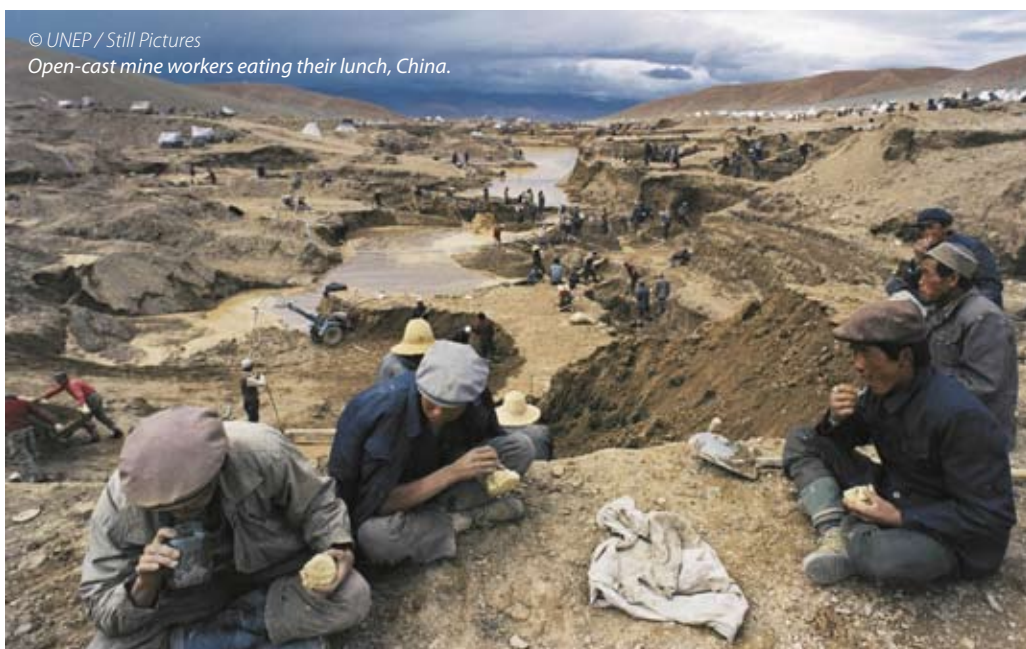
## The ILO Framework

The framework for a Just Transition will need to be erected on five broad and interlinked foundation stones, as identified by the ILO. Although only briefly summarized here, these foundation stones are central to the issue of managing economic transitions and shaping economic futures in global terms.

- 1. Workers Rights.** The expansion and enforcement of workers rights allows for workers to associate freely with other workers and organize if they so wish. The capacity for workers to do this will help ensure that a Just Transition will actually take place. Basic workers rights were embodied in the ILO's Declaration of Philadelphia in 1944. Moreover, the 1998 ILO Declaration on Fundamental Principles and Rights at Work is an expression of commitment by governments, employers' and workers' organizations to uphold basic human values. The main mechanism through which the ILO Conventions are implemented is national government legislation and enforcement of labor market legislation.
- 2. Decent Work.** Rights must be accompanied by opportunities for decent work, as defined by the ILO's Decent Work Agenda. Decent work is work that takes place 'under conditions of freedom, equity, security and dignity, in which rights are protected and adequate remuneration and social coverage is provided.'<sup>1027</sup> Decent work has four pillars: Employment, Social Protection, Rights, and

Social Dialogue. Gender equality is an integral cross-cutting theme in the decent work agenda, with particular focus on the process of creating equal opportunities for women, enhancing their social protection, ensuring that the human rights of women are addressed, and enabling them to participate in social dialogue. The ILO regards decent work as central to efforts to reduce poverty, and as a means for achieving equitable, inclusive, and sustainable development.

The ILO established the Decent Work Agenda as a response to the fact that many millions of people face deficits, gaps, and exclusions in the form of: unemployment and underemployment; poor-quality and unproductive jobs; unsafe work and insecure income; rights that are denied; gender inequality; migrant workers who are exploited; lack of representation and voice; and inadequate protection and solidarity in the face of disease, disability, and old age.



- 3. Social Protections.** The ILO and others advocate for a “social floor” and rights-based approach to protections. The ILO’s Declaration of Philadelphia of 1944 stated that, “poverty anywhere is a threat to prosperity everywhere,” thus establishing the principle that “all human beings have the right to pursue both their material well-being and their spiritual development in conditions of freedom and dignity, of economic security and equal opportunity.”<sup>1028</sup> The presence of a solid social floor is conducive to a Just Transition in that, in principle, it allows workers and communities to shift into new forms of sustainable economic activity without the fear of falling into extreme poverty. It also encourages risk-taking and entrepreneurial activity in the new green economy. The absence of such basic protections, however, will compel workers to resist change in some instances and engage in environmentally damaging economic activities in others.
- 4. Social Dialogue.** A Just Transition will only be true to its name if transition policies are designed and implemented with the active participation of those whose lives they affect: employers, workers, and farmers, ranging from the national level to the local level, on farms, in offices, and on factory floors. In order to move from unsustainable industries to more sustainable ones, workers, employers, and

governments need to cooperate. Social dialogue at the national level through planning, education, and preparation of changes will make such transition more fair and efficient. The main goal of social dialogue is to promote the building of a consensus and the democratic involvement of the main stakeholders in the world of work. Successful social dialogue structures and processes have the potential to resolve important economic and social issues, encourage good governance, advance social and industrial peace and stability, and boost economic progress.<sup>1029</sup> Social dialogue has occurred at the national level through various tripartite mechanisms involving employers, trade unions, and government bodies. Today, social dialogue happens at the community level and in the workplace, and in companies that are seeking to reposition themselves to take advantage of green business opportunities.

**5. Sustainable Businesses.** The International Labor Conference convened by the ILO in June 2007 discussed the promotion of sustainable enterprises. The conclusions of that discussion provide an important contribution agreed to by the ILO's tripartite constituency of governments and employers' and workers' organizations on how to promote enterprise development in a manner that aligns enterprise growth with sustainable development objectives and the creation of productive employment and decent work. The conclusions identify and elaborate on 17 pillars of an environment that is conducive for sustainable enterprises; outlines six enterprise-level principles; and provides guidance to governments, the social partners, and the ILO in promoting sustainable enterprises. Another important tool related to sustainable enterprises within the UN system is the Global Compact, which asks companies to embrace, support, and enact a set of 10 principles in the areas of human rights, labor standards, the environment, and anti-corruption. The Global Compact provides a platform for responsible corporate behavior and a framework within which an employers' policy on climate change can be developed and help contribute to a Just Transition. The OECD Guidelines for Multinational Enterprises and the ILO Tripartite Declaration of Principles concerning Multinational Enterprises and Social Policy both provide useful frameworks for the development of sustainable enterprises.

## Business Approaches to Just Transition<sup>1</sup>

Many leaders of the business community recognize the need for more sustainable forms of production and consumption. Business also largely accepts that climate change is a shared problem and that climate stabilization is a shared responsibility. But just as there are risks and opportunities for workers, the same is true of employers. Business therefore sees a compelling need to ensure that the burdens of responsibility for achieving sustainability and climate protection are distributed equitably. Government support and assistance for business should be provided where needed.

In general, the sustainability of enterprises will be contingent on their capacity to honor their social obligations while at the same time remaining commercially viable producers of goods and services. Failure to achieve the latter will make the former more or less irrelevant, because only commercially successful businesses can continue to employ people and thus serve communities. Indeed, the ILO recognizes "sustainable enterprises are a principal source of growth, wealth

<sup>1</sup> The views and perspectives of the International Organization of Employers (IOE) shared with the authors have been particularly helpful in the preparation of this section.

creation, employment and decent work.”<sup>1030</sup> It is therefore in the public interest to ensure that businesses remain viable in the traditional commercial sense in order to be sustainable.

The transition-related obligations of businesses can therefore extend only so far. Just as workers, especially those not protected by collective agreements or with the means to access entitlements, must be able to call on their government to act on their behalf and to provide direct assistance, then the same rights must be extended to business who are similarly vulnerable and in need of financial and technical aid. However, governments’ capacity (and willingness) to accept responsibilities for both workers and businesses will also vary considerably. Governments, in protecting the interests of entire societies and as overseers of economic development, should promote the viability of private and public enterprises and help to preserve their capacity to employ, reward, and protect workers. In this view, helping companies therefore almost invariably helps workers and communities.

Moreover, governments must also concern themselves with the “micro” economic issues that affect the sustainability of enterprises. These include the need to provide the working capital to meet extraordinary commitments for redundancies or relocations as well as the infrastructure to provide education, training, retraining, and even influencing of consumer attitudes and trends. Governments therefore have a responsibility as part of their economic and social management programs to ensure that all the links in the supply chain can withstand the challenges of transition, and to ensure the economy as a whole remains viable and sustainable.

Regarding the environment, the Global Compact articulates three principles for business to follow. Firstly, businesses should support a precautionary approach to environmental challenges; secondly, businesses should undertake initiatives to promote greater environmental responsibility; and thirdly, businesses should encourage the development and diffusion of environmentally friendly technologies. These principles serve as important points of reference for businesses as they attempt to address the key environmental challenges. They are intended to direct activity to areas such as research, innovation, cooperation, education, and self-regulation that can positively address the significant environmental degradation, and damage to the planet’s life-support systems, brought by human activity.<sup>1031</sup>

The capacity of individual businesses or the business community as a whole to apply these principles on a day-to-day basis remains, however, both an unanswered question and a formidable challenge. There are differences of philosophy and approach between businesses and civil society actors (especially trade unions) around who should shoulder what responsibilities. Businesses frequently have a broad range of obligations to consider. They have obligations to governments as taxpayers, to consumers, suppliers, and investors, as well as to employees and communities. They usually operate in a competitive marketplace and can sometimes ill-afford to make commitments to workers who they no longer require.

As discussed elsewhere in this report, many investors today routinely expect returns that would have been regarded as exceptional just two or three decades ago, and within shorter time frames. Still to be explored is the impact that climate change in particular will have on the terms and conditions of employment. New issues will surely arise that will have as-yet unknown effects on the

workplace, labor markets, and the social negotiations that will determine the shape and character of the transition to a sustainable future. Traditional labor-management tools and mechanisms for negotiation are likely to be particularly useful. These tools and mechanisms may constitute the first line of defense and a platform for action in shared efforts to deal with the employment and societal challenges that lie ahead.

Meaningful social dialogue is therefore critically important both to ease some of the tensions between business, trade unions, and civil society around the coming transition, and to frame the issues in ways that can help realize the many mutually beneficial features of a green and sustainable future. The alternative is a protracted and potentially destructive battle over social and material resources that will be to the detriment of all involved.

## Trade Union Approaches

The trade unions have paid considerable attention to the idea of a Just Transition, and thus their contribution deserves particular consideration. The trade union understanding of the concept of Just Transition often combines elements of strategy (as a component of education, mobilization, and bargaining); a policy or collective bargaining “mechanism” to aid certain groups of workers affected by employment changes; or an overarching principle like that of social solidarity.

The term Just Transition has roots in the U.S. labor movement. Its origins can be traced back to efforts of the Oil Chemical and Atomic Workers (OCAW, now part of the United Steelworkers) to negotiate a “Superfund for Workers” when the 14,000 acre (5,670 hectare) Ciba-Geigy chemical facility in New Jersey was closed down in the mid-1980s because its toxic footprint had attracted opposition from environmental groups and government officials. More than just a demand for income protection for the plant’s 650 workers, the union also sought a program of government-funded retraining for the displaced employees.

The trade unions’ approach to Just Transition is entirely consistent with the ILO’s efforts to win broad and meaningful commitments to workers rights, basic protections, decent work, and social dialogue. Like the ILO, unions have been pressuring governments and employers to make these commitments long before the present challenge to building a green economy moved to center stage. Unions understand that Just Transition cannot occur without an employment-focused macroeconomic policy. It also means that businesses need to make efforts to ensure that the concerns of communities where their operations are taken into account are adequately addressed.

But the starting point for the trade unions is the realization that the transition to a green economy will create both risks and opportunities for workers. Therefore, the trade unions have made Just Transition a top priority. While enthusiastic regarding the prospects of green employment growth, trade unions wish to ensure that workers who lose their jobs as a result of moves toward sustainability should be adequately protected and assisted. This is not just an issue of equity, but it is also means to reduce resistance to change among groups of workers who would stand to lose as a result of environmental or climate protection policies.

The International Trade Union Confederation (ITUC) and the Trade Union Advisory Committee to the OECD (TUAC) have highlighted the need for worker retraining and protections for those who are driven out of the labor market either permanently or temporarily. Unions are also concerned that communities harmed by the closure of workplaces are targeted for fresh investment as part of a Just Transition, and that new jobs created (like green jobs in general) are of good quality and pay enough to sustain workers and their families. At the UN's climate change negotiations, the ITUC and TUAC have also promoted the need for further research on the short and long-term employment effects through sector-by-sector and regional employment analyses.<sup>1032</sup>

Just Transition is, however, more than just about the protection of those who might be negatively impacted by climate protection and other environmental policies. Unions have also highlighted the need to involve workers in all levels of decision making, but especially in the workplace where the worker/union voice is needed in determining the design of new sustainable production systems and work practices.

### **According to the Canadian Labour Congress**

This (Just Transition) requires workers' participation and control over our own future. Otherwise, any environmental change will be incomplete and one-sided; it will benefit only the rich and privileged. Just Transition is essential to the process of environmental change. Many of our members work in jobs that will become obsolete if unsustainable production, environmental degradation and resource exhaustion are allowed to continue along their current path. But if workers' health and livelihoods in high-paying quality jobs are to be secured, there will have to be safeguards so that workers are not simply thrown on the scrap heap as a sustainable economy, in both the manufacturing and service sectors, takes the place of unsustainable modes of production. The labour movement has a vital role, not only in working for Just Transition, but in following up the moves to sustainability, so that displaced workers continue to work in a union environment, with all the benefits and protections that unions have offered in the past.<sup>1033</sup>

Just Transition is therefore a building block for a sustainable economy. Accordingly, unions have sought to establish the idea of a Just Transition in the ongoing debates on sustainable development. The ITUC and TUAC have participated in the negotiations dealing with the implementation of the Kyoto Protocol. They have highlighted the need to obtain workers' support in order to reach a global consensus on prevention of climate change.<sup>1034</sup>

### **Trade & Technology Transfer**

Many businesses, trade unions, and communities in both the developed and developing world are concerned that a Just Transition be based on equitable trade relationships. Regarding climate protection, policies aimed at reducing emissions require strong regulatory measures and constraints to achieve compliance. Countries with emission reduction commitments (such as EU countries) have implemented various mechanisms in order to reduce the greenhouse gas intensity of their economies, the main one being the carbon market. As regulations become tighter, many anticipate

that the competitiveness of these industries is likely to be affected as direct competitors in countries with no emissions-reduction targets would not be required to pay this extra 'carbon cost'.<sup>1035</sup>

Energy-intensive companies operating in internationally traded sectors and covered by the EU's Emission Trading Scheme (EU-ETS), especially those involved in iron and steel, or cement, are faced with a carbon price that does not apply to their competitors operating outside the EU. As the Confederation of British Industry (CBI) notes, it is difficult to estimate the precise impact this will have on different sectors, but it could be enough to make some industrial processes in the EU uncompetitive particularly if, as will be necessary, the overall cap is tightened. This could potentially encourage production to relocate elsewhere, which would not help to reduce global emissions but which would cause considerable damage to the European economy.<sup>1036</sup>

The ETUC, while supporting the European Commission's "Energy and Climate Change" package released in early 2008, has called for the introduction of a carbon tax (or a "border adjustment mechanism") from heavy industry imports entering the EU from countries that have not made similar commitments.<sup>1037</sup> However, unions recognize that these mechanisms may negatively affect developing countries, and thus provisions are needed for resultant proceeds of the tax or mechanism to expedite the adoption of green technologies or adaptation measures. A differentiated adjustment mechanism is needed to help ensure that developing countries do not face an additional burden on top of the effects of climate change itself.<sup>1038</sup>

There remains a pressing need to increase technology transfer to the developing world for the purpose of facilitating cleaner economic growth on the basis of the lowest possible cost within the shortest possible time frame. Any transfers of climate-friendly technologies to developing countries should occur under preferential rather than full market-based commercial conditions. This will allow business and governments in the developing world to use clean technologies and thus take important steps toward sustainable development. This will require developed countries to fully implement their commitments in this area under the Kyoto Protocol. Article 11 of the Protocol calls for developed country parties to "provide such financial resources, including for the transfer of technology, needed by developing country parties to meet the agreed full incremental costs of advancing the implementation of existing commitments."<sup>1039</sup>

However, the problem of reconciling WTO rules on trade-related intellectual property rights (TRIPs) with access to clean technologies for developing countries will need to be resolved. IPRs confer monopoly rights and can curb affordable access through higher prices that usually include monopoly profits. They can also be a barrier to the introduction or upgrading of technology by private industry or public-sector agencies in developing countries. The insistence on the full protection of intellectual property in relation to climate-friendly technology risks erecting a major barrier to technology transfer.

As noted elsewhere in this report, adequate support for programs for adaptation to climate change is critically important. Governments must act to enhance poverty reduction and climate change adaptation through the creation of green and decent jobs, as these forms of employment contribute to sustainable economic growth and lift people out of poverty. These actions can lay down important pathways to overcoming vulnerability to climate change.

## Just Transition in National Contexts

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National governments, employers' organizations, and union bodies are in a number of instances presently working towards the goal of a Just Transition. There has been considerable discussion around the need to rethink national energy policy, and to set social dialogue at the national and sectoral levels.

In Spain, government agencies, employers, and unions have worked hard to establish mechanisms for social dialogue on climate protection in several sectors, namely energy, oil refining, iron and steel manufacturing, glass and ceramics, cement production, pulp and paper production, and (most recently) transportation and construction. Among other things, these "social dialogue roundtables" are empowered to monitor progress toward reaching emissions targets, and developing criteria to allocate emissions for each installation (based on the sectoral allocations approved by the European Commission.) However, the roundtables are also concerned with identifying and reducing adverse social effects, in particular those related to competitiveness and employment as the result of Spain's efforts to comply with the Kyoto Protocol.<sup>1040</sup>

In Germany, a broad coalition of government, industry, unions, and environmental NGOs have collaborated around initiatives to renovate buildings for climate protection purposes, while at the same time creating sustainable jobs and improving social conditions. The job creation aspect of a Just Transition has been demonstrated through the Alliance for Work and Environment, which aims to renovate 300,000 apartments, create 200,000 jobs, reduce 2 million tons of CO<sub>2</sub> emissions annually, and lower heating bills for tenants, landlords, and the state by about \$4 billion, through reduction of unemployment costs, increased income taxes, etc.

In the Netherlands, the national "Green4Sure" project aims to develop a comprehensive energy plan to halve the country's greenhouse gas emissions by 2030, based on 1990 levels. The effort has been spearheaded by unions (ABVAKABO FNV and FNV Vakcentrale), in partnership with environmental organizations. The main focus of the study was the policy instruments used by the government to reach the emissions target. The policies in question concerned the development and deployment of new technologies, greater use of climate-neutral energy sources, and inducing behavioral change. One of the goals of the plan is to create a pathway for these emissions reductions that does not seriously impact incomes and leads to no net loss of jobs.

In the United States, the idea of a Just Transition has been captured in proposed Congressional legislation on climate protection. As of early 2008, legislation developed by Senators Lieberman and Warner (the Lieberman-Warner bill) contained several pathbreaking provisions to help workers displaced by the effects of emissions-reduction measures. These provisions include quality job training to any workers displaced, temporary wage assistance, health care benefits to workers in training programs, and other measures. The draft legislation also puts in place mechanisms to transition workers into new jobs created by the legislation and "to provide skilled workers to enterprises developing and marketing advanced technologies and practices that reduce greenhouse gas emissions." The assistance to workers also includes "travel costs incidental to participation in a training program" and "a portion of the cost of relocating to a new job."<sup>1041</sup>

In Argentina, the General Confederation of Labour (Confederación General de Trabajo—CGT) has a ‘Framework Environmental Agreement’ with the government that expounds the incorporation of environmental clauses in collective agreements and the participation of workers in policy processes to achieve sustainable development. Plans have been proposed to offer training for trade union “environmental delegates” and to promote good quality green jobs in different economic sectors.<sup>1042</sup>



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*Demonstration.*

## Greening the Workplace

Another critically important dimension of a Just Transition concerns efforts to green the modern workplace. Here, employers and unions are beginning to work together in the greening process, building on a long tradition of collaborating on occupational safety and health.

Companies and trade unions have worked together to establish and implement workplace targets for efficiency and waste minimization. Together, they hope to contribute to the creation of a new workplace culture that will ensure reduction of greenhouse gases in production and the life cycle of products as well as make substantial changes to personal and community consumption patterns of workers.

Within the international trade union community, unions in the United Kingdom are perhaps furthest along in developing this work. The TUC’s GreenWorkplace project is particularly noteworthy in that it involved support for unions to make six demonstration workplaces “greener.”<sup>2</sup> Focusing on energy saving as a key priority, the greening process began in 2006 with employee opinion surveys, open days or open “events” with outside speakers from environmental organizations, training for “green reps,” and building member support for negotiations with management. The efforts often led to

<sup>2</sup> The six workplaces are Corus, Friends Provident, DEFRA, TUC, Scottish Power, and British Museum.

new bargaining structures such as joint environment committees being established or worked toward, facilities time granted, new reps coming forward, and formal agreements on facilities time being worked toward.<sup>1043</sup>

## According to the TUC

The project involved union “green reps” being able to conduct their own workplace energy audits and to get management to measure and report information on energy costs for the first time. Actual or potential energy/carbon savings were identified in all projects. There were widespread benefits in terms of raised awareness in the movement and increased demand for (TUC) training courses, speakers at conferences, and a high number of affiliate conference policies being passed, particularly the demand for statutory bargaining rights on the environment.

In the United States, the 1.9 million member Service Employees International Union (SEIU) has launched several green workplace initiatives. “Conservation in California” involved an SEIU janitors’ local (branch) forging an innovative partnership with building owners to cut the use of electricity by 10 percent in major office buildings statewide. Work schedules were modified to limit the amount of cleaning at night, and janitors were trained to turn off lights, machinery, and computers and implement other conservation programs. In New York, the 80,000 member SEIU Local 32BJ has been providing green building training to building and maintenance members in New York City. Funded through a state agency, it started as a six-session class and has now expanded to 11 sessions. It includes detailed training on energy and water conservation, green chemicals, ventilation and heating systems, energy audits, and more. A “carbon footprint class” is the most recently added segment. SEIU is also aiming to reduce the fuel and electricity consumption of SEIU Members to reduce their bills and their carbon footprints.<sup>1044</sup> The Canadian Union of Public Employees is pursuing a number of initiatives of a similar nature.<sup>1045</sup>

The workplace-level approach to a Just Transition also poses the need for governments to legislate in favor of improved labor rights, such as right to participate, “right-to-know” (about workplace emissions, technological choices, plans for energy saving, use and efficiency), whistleblower protection, and the right to refuse unsafe or environmentally harmful work. However, it also underscores the potential for collaborative action in the workplace and an important role for joint labor-management committees and similar bodies. Among other things, these committees could work to identify ways to improve energy efficiency, more efficient use of water and other natural resources and raw materials, and low-carbon work schedules.

## Traveling to Work

A Just Transition must also address the issues of mobility and gaining access to work. In the global South, millions of workers live on the streets or on rooftops in order to be close to sources of employment in high-rent inner-city areas.<sup>1046</sup> Countless others, due to lack of adequate public transportation, spend hours every day traveling to and from work. In the developed countries, traveling to work also consumes an enormous amount of time and energy.<sup>1047</sup> More and more unions around the world are therefore including mobility plans in their collective agreements, and

more and more unions are demanding an urban planning and public transportation systems that respect workers and the environment.

In South Africa, the main union federation, COSATU, has launched a “Red October Campaign.” This campaign seeks to draw attention to the problems resulting from the apartheid policy of forcing Africans to live far from their place of work. According to COSATU, “The situation has been aggravated by the decision to shut down rural rail lines and by the deterioration in many rural roads. This has undermined farm and rural processing industries, aggravating the already high joblessness of the rural areas.” The campaign fights for an efficient municipal bus system and a substantial increase in investment in commuter rail. These demands have spilled over to calls for: “(a) concerted effort to build more working-class housing near the cities. We need to see a vast expansion in the effort to renovate high rises in city centres. We need more medium and high-density settlements. And we need improved provision of government services and retail sites in black townships that are distant from the cities.”<sup>1048</sup>

## Job Losses and Retraining

Unions are understandably concerned about the loss of jobs, especially in energy-intensive industries. However, employment numbers in extractive industries and related sectors such as oil refining are limited—and falling. This is particularly true for coal mining, despite the fact that coal production continues to grow. (In the United States, for example, coal production rose by close to one-third during the past two decades, but mining employment fell by 50 percent.) In most instances, the decline in fossil fuel-based employment is being driven primarily by increased mechanization and labor productivity increases, and not by a policy shift away from fossil fuels. These declines are expected to continue irrespective of any significant shift in energy policy toward renewable sources of energy. But they can be expected to accelerate under a climate stabilization policy.

Especially where industries are highly concentrated in one or a handful of regions, these impacts can have serious consequences for the local economy and the viability of communities. These regions will need proactive assistance in creating alternative jobs and livelihoods, acquiring new skills, and weathering the transition to new industries.

## Training “Green Collar” Workers

Both employers’ organizations and trade unions have drawn attention to the fact that a transition to a green economy will create demand for workers, many of them in skilled trades or professions, and that filling these positions will require adequate training programs. The British CBI has expressed concern that sectors going green are experiencing a “skills gap” affecting the supply of technical specialists, designers, engineers, and electricians, “as well as appropriately trained sales staff in the retail sector, and project managers specialising in delivering a range of mitigation and adaptation solutions.”<sup>1049</sup> The U.S.-based National Association of Manufacturers has for some years insisted that U.S. workers lack the skills required to serve modern manufacturing, green or otherwise.<sup>1050</sup>

The capacity of business and industry to adapt their enterprises to climate change will be a vital component to a Just Transition. Along with the skills gap can be placed the “management challenge,” which will consist in the development of new perspectives, awareness, and managerial capacities. According to Susan Helper, these new capacities will also require new styles of management. Developing new production systems “is not just a matter of sending some blue-collar workers to be trained. Managers must be willing and able to learn new skills as well, and to make use of the skills their subordinates have obtained. Supervisors must be retrained from being disciplinarians to being coaches.”<sup>1051</sup>

Employers’ organizations and other business groups can facilitate the transition process by encouraging their affiliates and partners to engage in social dialogue and to take practical action within the workplace on these issues. In some developed countries, the level of deindustrialization has become so advanced that efforts will need to be made to ensure that the green manufacturing sector is capable of functioning without crippling bottlenecks and skills gaps in the workforce. Investment in workforce development is therefore critical.<sup>1052</sup> At the global level, the ITUC has linked the skills gap issue to the need for a full package of programs providing “compensation, retraining, re-employment and re-location, with special emphasis on the most vulnerable workers including women.”<sup>1053</sup>

Community-based organizations have also become involved in the Just Transition discussion. While seldom using the term Just Transition itself, organizations representing low-income populations have promoted the idea that green-collar employment provides a “pathway out of poverty” for individuals and communities in economically depressed or marginalized areas. In the United States, many of these community organizations are linked to the “environmental justice” movement. This movement draws attention to the fact that working-class communities of color are far more likely to be situated next to toxic dumps and waste management facilities, and also suffer poor air quality as a result of heavy vehicles driving through their neighborhoods.

U.S.-based groups are also eager to address the fact that young people of color often have difficulty gaining access to apprenticeship programs for skilled trades—at a time when skilled workers are ageing and shortages of skilled workers are becoming a major concern for employers. Women workers, too, have only just begun to make inroads into trades that were for generations the exclusive domain of male workers. According to the U.S. Department of Labor, in the coming decade the construction industry alone will have to recruit and train nearly 250,000 new workers each year—not factoring in additional jobs due to the scaling up of green work such as retrofitting and installation of solar power. In a 2005 survey by the National Association of Manufacturers, 90 percent of respondents indicated a moderate to severe shortage of qualified, skilled production employees like machinists and technicians. Similarly, the National Renewable Energy Laboratory has identified a shortage of skills and training as a leading barrier to renewable energy and energy efficiency growth.<sup>1054</sup> A truly Just Transition will therefore require that the doors to the new green economy be fully opened to those who had difficulty finding their place in the “old” economy for reasons related to discrimination or lack of skills, resources, or opportunities.<sup>1055</sup> (See Box III.1-1.)

### **Box III.1-1. The Oakland Green Jobs Corp: Opening Doors to the Green Economy**

The Oakland Green Jobs Corps is a job-training program that provides a pathway into green careers for Oakland, California, residents with barriers to employment. Beginning in the fall of 2008, it will provide young adults with job training, support, and hands-on work experience so they can independently pursue opportunities in the new energy economy. The Oakland Green Jobs Corps is a central achievement of the Oakland Apollo Alliance, co-convened by the Ella Baker Center for Human Rights and the International Brotherhood of Electrical Workers Local 595.

The Oakland City Council recently approved \$250,000 to fund the Corps, providing a vital pool of seed funding for attracting matching funds over the long term. The first three months of the program will provide wrap-around services including basic literacy, life skills, and job readiness training; financial management; environmental awareness; and other specialized support services. Trainees will also go through several rotations learning vocational hard skills related to green-collar work in key sectors. Participants will finish the program with six-month paid internships in renewable energy, energy efficiency, and green construction projects.

Local firms have joined an Oakland Green Employer Council and are playing a critical role by shedding light on their workforce needs and providing internship placement opportunities for Corps trainees. The Ella Baker Center and the Oakland Apollo Alliance have been champions of the program, but they will not run or house the Oakland Green Jobs Corps program. The \$250,000 seed funding from the City will be awarded competitively through an RFP (Request for Proposals), thus identifying the best-qualified people in Oakland to run the program. Ideally, this will result in a partnership of organizations that includes a job-training program, a community college, employers, labor unions, and other institutions that together can provide the complete Oakland Green Jobs Corps curriculum and pathway. For more information, see [www.ellabakercenter.org/gcjc](http://www.ellabakercenter.org/gcjc).

*Source: See Endnote 1055 for this section.*

The issue of workers' training and skills will be taken up at the ILO's 97th Session of the International Labour Conference (ILC) in June 2008, under the title "Skills for improved productivity, employment and development." The report prepared for the general discussion provides a comprehensive review of these issues and highlights two objectives of special relevance to the green jobs discussion here. The first objective is to "demonstrate how lifelong learning minimizes the displacement costs of technological change by preparing workers for alternative employment." The second objective is to "increase recognition of the importance of synchronizing national skills development policies with policies on technology, trade and environment." The ILC report includes a separate chapter on anticipating and managing the impact of three key global drivers, including climate change, and highlights all three elements of skill development policy, namely: "taking advantage of emerging opportunities by matching the demand for and supply of new skills; facilitating adjustment and mitigating its costs for workers and enterprises adversely affected by global changes, and sustaining a dynamic development process."<sup>1056</sup>

## The Flexicurity Option

In recent years, there has been an attempt to reconcile a solid “social floor” with the needs of a modern competitive economy for labor market flexibility. This effort has given birth to the concept of “flexicurity”—a term reflecting the embrace of flexible working arrangements while at the same time preserving a high level of social security. The political impetus behind this concept comes from the EU-15 countries and their concerns to reposition their economies in the face of competitive pressures from emerging economies, and for the real or perceived need to raise productivity, innovation, and labor market participation. According to the EU Commission, this framework allows for “more and better jobs through flexibility and security.”<sup>1057</sup> Central to the flexicurity model is a shift “from job security towards employment security.”<sup>1058</sup> The core elements of the flexicurity model are:

- ❑ Flexible and secure contractual arrangements and work organizations, both from the perspective of the employer and the employee, through modern labor laws and modern work organizations.
- ❑ Active Labor Market Policies (ALMP), which effectively helps people to cope with rapid change, unemployment spells, reintegration and, importantly, transitions to new jobs—i.e., the element of transition security.
- ❑ Reliable and responsive lifelong learning (LLL) systems, to ensure the continuous adaptability and employability of all workers, and to enable firms to keep up productivity levels.
- ❑ Modern Social Security systems, which provide adequate income support and facilitate labor market mobility. This includes provisions that help people combine work with private and family responsibilities, such as childcare.

As a process variable this definition includes: “Supportive and productive social dialogue, mutual trust, and highly developed industrial relations are crucial for introducing comprehensive flexicurity policies covering these components.”<sup>1059</sup>

The flexicurity approach may facilitate the effort to develop a Just Transition, and clearly overlaps with the central principle that workers need income, employment, and labor market security rather than a particular job in a particular industry with a particular employer. However, while flexicurity today appears to be working reasonably well in a few advanced European economies (such as Denmark), many will question whether it is even plausible to imagine such a system being put in place in many countries of the developing world (or, for that matter, some developed countries).

Presently, Denmark commits roughly 4.5 percent of annual GDP to the social programs that sustain the flexicurity model. According to economic analyst Robert Kuttner, a similar commitment on the part of the United States would require an investment of \$600 billion annually.<sup>1060</sup> Presently, “current U.S. spending on all forms of government labor-market subsidies—of which meager and strictly time-limited unemployment compensation makes up the most part—is about 0.3 percent of GDP, less than \$50 billion.”<sup>1061</sup> Also, by way of comparison, India presently spends 4.8 percent of GDP on health care.<sup>1062</sup> For many, the flexicurity model is compelling, but the political and social

will to dedicate the resources necessary for it to function will prove critical to its prospects of becoming applied beyond a few wealthy countries.

## Challenges to Just Transition

This section has sketched out a framework for a Just Transition that extends from the level of the workplace to the broader global-societal dimension. Within its scope fall issues of protection, retraining, and relocation of workers displaced from declining industries; the generation of good-quality green jobs that are available to all communities; and the question of fair trade, technology transfer, and ensuring sufficient funds for adaptation to climate change. Meaningful worker and community participation is seen as an essential feature of the transition, as is social dialogue at all levels of decision making.

The real-world challenges to this kind of Just Transition framework are, however, formidable. At the global-societal level, the foundation stones of enforceable workers' rights and decent work are a long way from being installed. These decent work and rights deficits often transmit down to the local level. Establishing a moral economy based on social solidarity in an environment of intense competition is therefore a major challenge. As suggested above, the notion of "flexicurity" has been offered as a way to reconcile these tensions, but what might be relatively successful in the rich Nordic countries may have more difficulty becoming established in the economically stressed regions of the world where resources are often scarce.

Aside from the "resources challenge," however, Just Transition faces five additional challenges:

- 1. The Employment Challenge.** There is simply not enough decent work being created in today's global economy to absorb the growing number of people entering the labor market, and the trend is generally toward more informality and precariousness, not less. Moreover, the work generated by the new global production systems often falls short of the standards set by the Decent Work Agenda, and in many countries employers and political leaders are seeking more labor-market flexibility as a way to advance growth and competitiveness. Today, approximately 1.5 billion people, or one-third of the working-age population worldwide, are either unemployed or underemployed. Roughly, 1.3 billion workers are "working poor" who are unable to earn enough to lift themselves and their family members from serious poverty. Globally, this constitutes a massive challenge to the green-jobs future based on a Just Transition.<sup>1063</sup>
- 2. The Rights Challenge.** Rights lie at the core of the Decent Work Agenda. However, the implementation of the ILO's core labor standards is often weak. The emphasis on flexibility and competitiveness has in many instances made it difficult for workers to either gain access to their rights and to use them effectively (by organizing unions, for example).
- 3. The Social Protection Challenge.** Some of the problems connected to insufficient levels of decent work and the weak enforcement of rights could be ameliorated by high levels of social protection. But the idea of building a solid "social floor" has been under attack in recent decades, and reinstating it as a priority will require a major policy shift in the direction of social solidarity and some degree

of wealth redistribution. Health care and education are just two examples where there has been an international trend away from universal coverage toward marketization and fee-for-service approaches. Whatever the benefits this approach has produced for some, it has also meant less protections for others and brought with it higher levels of social inequality.

- 4. *The Social Dialogue Challenge.*** Employers and governments routinely engage in social dialogue—but it is a dialogue that often excludes civil society organizations like trade unions and NGOs. Establishing a full commitment to social dialogue is therefore a challenge to a Just Transition. However, there is also the issue of putting in place the capacity for dialogue in the form of opening pathways for information sharing, training, and awareness building. Both employers and trade unions need to develop their capacity to have a meaningful say in policy negotiations at the local, regional, state/provincial, national, and international levels. Training programs in specific economic and social and environmental matters are therefore needed. Skills development and training of workers and management staff in the principles of productive social dialogue is therefore essential.
- 5. *The Equity Challenge.*** In the absence of a decisive turn toward broad global-societal commitments to workers rights, decent work, social protections, and social dialogue, it remains necessary to at least ensure that specific features of the transition are relatively fair and just. The two obvious features are, firstly, the protection of workers whose jobs have been lost and livelihoods compromised as a result of the transition to a green and sustainable economy, and, secondly, ensuring that green jobs and related opportunities are spread equitably among all groups and populations. The problem of racial exclusion from the “old economy” was referred to above, but gender exclusion from certain trades and professions as well as “glass-ceiling” type obstacles to women’s attempts to negotiate traditional career ladders remains a serious problem and one that must be tackled effectively in any transition process that aims to be truly equitable.

At first glance, these challenges seem more manageable. But why should a coal miner who loses his or her job as a result of climate protection policies be protected when a coal miner who loses his or her job as a result of mechanization (or some other reason) is more or less without comparable support? This is one of many problems of a more targeted approach to a Just Transition. Against a general background of turbulence and change where workers are expunged from their places of work with alarming frequency, any provisions put in place to protect one group of workers from the associated hardships will be regarded as inequitable by those for whom no provisions have been extended.

A Just Transition can be advanced through precise and targeted policies aimed at specific workers, social constituencies, and communities. A compensation package here, or a green jobs training program there, may in their own way make the transition to a sustainable economy more fair and just. But a Just Transition may in the end require a fairly seismic policy shift toward more or less universal rights, social solidarity, and protections, and the creation of decent work is clearly overdue. This shift was necessary before the issue of green jobs became fashionable. It is even more necessary now