

THE REPORT - GREEN  
JOBS; TOWARDS DECENT  
WORK IN A SUSTAINABLE,  
LOW CARBON WORLD:

THE IOE RESPONSE, PART 1

INTERNATIONAL ORGANISATION OF EMPLOYERS

*September 2008*

The Report was commissioned and funded by UNEP as part of the Green Jobs Initiative, a broader initiative launched to promote opportunity, equity and to mobilize governments, employers and workers to engage in dialogue on policies and programs leading to a green economy.

The research work for the Report commenced in 2006, the IOE became a partner in the Initiative in July 2008. It accepted a role as a reviewer of the Report some months earlier, when it also became a critic and contributor.

The research seeks to provide an understanding of the employment and workplace aspects of the very broad and complex subject of climate change. It does so from the perspective of a green job, that is, the occupational profile of most jobs in a low carbon workplace. It then overlays the requirement that a green job to also be decent work (as defined). This reflects the early influence of the ILO and the ITUC in the project. Rather than allowing the research to chart the stages from the present to what may be the future job profile, the decent work requirement introduces an ideology that makes the chart reflect the hypothetical, rather than the realistic.

Definitions aside, the Report expected to prove that the effect of climate change policy would be employment neutral and would most likely be an employment generator. This would counter concerns that climate change will cost jobs and businesses will close; and new business with clean new technology will be less labour intensive, resulting in labour market disruption. In this regard, the Report achieves its purpose.

*“ As the move toward a low-carbon and more sustainable economy gathers momentum, growing numbers of green jobs will be created. Although winners are likely to far outnumber losers, some workers may be hurt in the economic restructuring toward sustainability. Companies and regions that become leaders in green innovation, design, and technology development are more likely to retain and create new green jobs. But workers and communities dependent on mining, fossil fuels, and smokestack industries—or on companies that are slow to rise to the environmental challenge—will confront a substantial challenge to diversify their economies.”*

There are many aspects of the Report, and assumptions with which the IOE does not agree. However, as the first phase of an longer term initiative, it was considered important that we participate.

# 1. OVERVIEW

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The IOE became involved in the Green Jobs Initiative when this Report was approaching its final edit. There were many aspects of the draft there were not consistent with IOE or employer views. A quick scan of the Executive Summary, and the Just Transition Chapter will leave you in no doubt why. However we did support the notion that the recognised international organisations should be addressing the workplace and social aspects of climate change and that the research would add to the scarce body of relevant knowledge.

On the issue of climate change, at its March 2008 meeting the IOE Management Board committed to it as an area of work, recognising that climate change concerns are a priority and that enterprise engagement will be essential for workplaces and societies to evolve into more efficient and sustainable low carbon entities.

In the context of workplaces and societies, it is the IOE view that climate change policy and strategies must be sensitive to all people and be able to ensure all are equally considered. The majority of occupations, by definition are not green jobs. Over time all jobs could become green jobs, and all will be impacted as their job profiles change in consequence of the climate sensitive market and workplace. The Report rightly reinforces the extent to which industry and by consequence society will and must change. The enormity of the changes cannot be understated, and also the relative pace of that that change.

# 2. SCOPE OF THE REPORT

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The Report assembles evidence-quantitative, anecdotal and conceptual-for currently existing green jobs in key economic sectors (renewable energy, buildings and construction, transportation, basic industry, agriculture and forestry).

However, the Report at times goes beyond the quantitative, anecdotal and conceptual! The engineering of behavioural aspects of community life and behaviour to support employment creation and green jobs is presumptive and goes beyond research findings that industry and policy makers can and will use in their own modelling. For instance;

*“The onslaught of ever-growing motorized transportation threatens to overwhelm the gains derived from per-vehicle efficiency measures. A more sustainable system will have to be based on shorter distances. Reduced distances and greater density of human settlements enables a re-balancing of transportation modes—giving greater weight to public transit systems, as well as walking and biking. A modal shift away from private vehicles and toward rail and other public transport can generate considerable net employment gains, while reducing emissions and improving air quality.”(p8, para1)*

*“Policies that are aimed at rebuilding rural communities in the developed world and restricting the expansion of superstores will also preserve jobs in smaller food retail establishments, which are somewhat greener than those found in larger retail establishments. The UK-based National Retail Planning Forum reports that many of the new superstore jobs*

*are also part-time, lower paying, and tend to be of poorer quality than those found in retail generally.” (p12, para2)*

It is to be expected that such a far-reaching subject will raise as many questions as it seeks to answer. So it is with this report.

### **3. PRO-GROWTH OPTIMISTIC VISION; “PERFECT” SHOULD NOT BE THE ENEMY OF “GOOD”**

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*“For countries or regions that have suffered from manufacturing job loss and de-industrialization (such as the so-called U.S. “rust belt” or the former East Germany), wind and solar technology development offers a welcome alternative. For countries like China, India, and others, renewables technologies are an important opportunity for continued economic and technological development.*

*But there is also a potential contradiction between renewables as a global source of jobs and renewables as part of national competitive economic strategies. Although this does not have to be a zero-sum game, a stellar export performance by a handful of countries does imply more limited opportunities elsewhere on the planet. As renewables industries mature, they will increasingly be marked by difficult issues of competitiveness, trade rules, and wage differentials that are already familiar topics in other industries.” (p5, para4&5)*

Climate change policy and implementation strategies require and in fact invites an optimistic vision of growth of prosperity and quality of life for all. As the Report vindicates, employment opportunities in a low carbon environment, their defined “green jobs” will be at least the same numbers if not greater employment opportunities, but these will arise in businesses that have made the transition or emerged in the new economy. It is the same of businesses, and we must look to the future and the positives it offers. Our vision should reject a zero sum mindset, be clear about costs, timescales and political realities, and consider the win-win options and deal pragmatically with trade-offs and differences in priorities across societies in developed and developing countries.

### **4. ROLE OF BUSINESS**

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Business is a major source of technological innovation and deployment, financing and investment, and management systems and practices needed to progress GHG mitigation and adaptation to climate change impacts.

Business engagement will be critical for workplaces and societies to evolve to more efficient and sustainable, lower carbon pathways, and to shape and advance international cooperation to address the 4 “building blocks” of the Bali Action Plan: technology, finance, mitigation and adaptation.

*“Modern economies mobilize enormous quantities of fuels, metals, minerals, lumber, and agricultural raw materials. Although some changes have been made in past decades to reduce*

*the world economy's environmental impact, these gains are insufficient and may simply be overwhelmed by continued economic growth."*

Governments are central players, but clearly governments are not enough on their own, and all hands are needed on deck to tackle climate change and environmental questions while promoting economic growth and wellbeing.

## 5. INTERPRETATIONS

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- i) Green Jobs; The IOE has always been at odds with the definition applied for this research, and at times even the researchers spill over to apply the term as we and the community in general understand it. The future work of the Green Jobs Initiative will apply the term in its broader sense ie the employment and social dimension of climate change.
- ii) Counting the numbers employed in "green jobs", as defined; is an arbitrary distinction that takes the project away from the majority of the workforce. The addition of the "decent work" requirement overlays a utopian value that makes a green job an exclusive and rare employment opportunity.

That said, the objective of "a green economy ...that values nature and creates decent, well paying jobs" (p2, para 2) is a common aspiration.

- iii) *"Afforestation and reforestation projects will create new employment. While it may seem obvious that these new jobs would be considered green employment, it is important to consider what type of work is generated from these projects. Currently, the industry standard is dominated by seasonal, contract work. Tree planting is also generally low paid with few to no benefits. Payment is commonly determined by piece wages, which often leads to rushed work and long hours on the job. To create "green" jobs may necessitate more vigorous project requirements to ensure that decent work is created with above-poverty level incomes"*

No doubt there is a harsh reality at the base of this example. However, seasonal, contract, piece work are not intrinsically bad, and should not be connected to the automatic response of rushed work, long hours, no benefits.

Ask the employer if there is a commercially viable option!

Ask the worker if he/she can commit to the 40 hour requirement every week in a union collective agreement.

Ask the student, the disabled, the mother, the carer, the lazy, the relaxed or the 2nd job person

Ask the gun shearer or the fruit picker

If that is the only work on offer

Ask the call-centre industry and workers

Ask the consumer the point of price sensitivity after which the industry is forced to downsize.

- iv) Sectors; Some of the report's sectoral distinctions are narrowly drawn, and the lines between sectors are quite blurry (i.e. the difference between pulp/paper vs. forestry, forestry vs. agriculture, etc.). Sectors do not operate in vacuums, they interact with one another within markets and across national and international economies.

## 6. MARKETS

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- i) Emissions trading schemes, carbon taxes or a mix of both? It is not realistic to expect "getting the price (of carbon) right" will be a panacea, nor do we believe that taxes should be a blunt instrument of first resort. Taxes may send an environmental signal, but the economic burdens they place on companies and communities risk being counter-productive to creating jobs of any kind, let alone "greener" jobs.

The report's discussions of carbon markets have missed the forest for the trees. Contrary to the report's apparent perception, carbon markets were not created to be sources of funding or subsidy for non-commercial energy sources - they are intended to be vehicles to reduce GHGs at least cost.

**Market based policies that allow for sufficient flexibility and include provisions for broad international cooperation will be important in effectively reducing GHG emissions** globally with minimum disruption to economic activity. The EU Emissions Trading Scheme (ETS) and other emerging carbon markets have established a value for CO<sub>2</sub> and are functioning.

- ii) Differentiated policies and markets will mean there are impacts on competitiveness. Some countries will attempt to "level the playing field" through trade measures, such as border tax adjustments, or by labelling for the "carbon footprint" of a product or service.

Trade barriers will increase costs for consumers and society, hamper trade in cleaner technologies and aggravate trade tensions, and put additional strains on job creation.

## 7. TRANSITION

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With regard to transition, climate change is the text book case for "long term" planning and risk management, and responsible companies will address climate change as they should other large scale trends and impacts, making strategic choices and adjustments.

*"Addressing the climate challenge will require a range of far-reaching policies: the development of more benign technologies, a boost in the efficiency with which energy and raw materials are being used, a critical reassessment of lifestyle and consumption choices, as well as economic structures, environmental restoration and mitigation efforts. It will also require adaptation to those changes that now seem inevitable and perhaps irreversible. These changes amount to a fundamental ecological transformation of the economy."*(p18, para5)

*“Government policy is essential in a number of regards. It is important for overall goal- and standard-setting; especially ensuring movement toward long-term development goals beyond the time horizons typical of business; providing infrastructure that private enterprises cannot or will not create; and creating and maintaining a level playing field for all actors.” (p33, para2)*

Employability skills, trades and professions will surely be impacted by climate change. Governments and enterprises will have to commit the time and money to meet the skills demands of evolving labour markets, while recognizing that there is no central planning or one-size fits all that will be adequate to responding to the myriad contexts and realities that will emerge.

## **8. NEXT STEPS**

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As this work goes forward, it needs:

- a stronger understanding of the importance of enabling frameworks for viable, successful enterprises where all jobs, including green jobs, exist and will be created. While scientifically and economically sound environmental regulation is important to greener jobs, even more fundamental are open trade, investment, honouring contracts, rule of law, enforced regulation, intellectual property right protection and strong institutions.
- much more substantive input from business itself. Private sector financing and resources will bring 85% of financing and resources to the climate challenge, and one suspects a similar lion’s share to other environmental and sustainability challenges.

Key areas for further work from an IOE standpoint include:

- workplace issues: Addressing climate, environmental and energy issues through management systems, initiatives and partnerships.
- job and competitiveness impacts of climate change policies, carbon markets, emissions trading, and other market-based approaches (taxes, etc.)
- adaptation challenges: jobs created (lost), retraining, capacity building
- special needs and realities for employers in developing countries and vulnerable regions, particularly for SMEs.
- technological innovation and deployment in the workplace

In the meantime, long term climate policy and market frameworks are being developed in the next 2 years in the UNFCCC and other influential inter-governmental discussions. The outcomes will define domestic and regional implementation and markets to manage GHGs, and by extension major aspects of global commerce, including those that underpin the picture for employment. It is vital that new frameworks and their implementation support economic prosperity and growth, job creation and livelihoods. Just as we should not limit our innovation to a single vision of a “green job”, there will be many green economies. Yet in all their diversity, one thing will be constant – they will be built on jobs provided by IOE member companies of all sizes, sectors and nationalities.

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