A JUST TRANSITION FOR WORKERS

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The transition towards a fossil-free economy will require regions, companies, and workers to adapt to new realities. Many risk losing out from these changes, and workers are especially vulnerable.

A policy dialogue and a policy study organised by the Friedrich Ebert Foundation and the European Policy Centre explore the challenges of delivering a just transition for workers in Europe. This event report dives into two aspects of this topic.
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New jobs offered by the green transition may not make up for the traditional jobs that will be lost, or they may move to another location, which is why workers and trade unions should be included in regional planning of the transition, according to Jens Geier, a Social Democrat lawmaker in the European Parliament.

“This is the hour of employee participation,” Geier told a panel discussion about the just energy transition for workers organised by the Friedrich Ebert Foundation (FES) and the European Policy Centre (EPC).

A recent study by the two organisations argued that the involvement of workers in the green transition process was crucial for a successful transition.

In general, the state and the economic actors have to be coordinated closely, the study argued. For example, the transition will require new skills but neither the companies, nor the workers, nor the state can on their own be sure who will need which skills in a fossil-fuel-free world.

This is why the authors of the study recommend that the EU create a framework for just transition commissions in the EU. In these commissions, representatives of national governments, the EU Commission, industry, trade unions, and environmental NGOs should come together to discuss and propose policies, according to the study.

LESSONS FROM THE PAST

The recommendation is based on examples of transitions from the past. The social unrest in the UK of the 1980’s following Prime Minister Margaret Thatcher’s hard crackdown on the mining industry and its workers serves as an example of the risks of a transition imposed from above.

On the other hand, the transition also fails if the old industry is supported for too long. In the 19th century, for example, France tried to protect its iron industry that relied on

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inefficient charcoal-based smelters from cheaper British iron that used coke-based smelting.

This delay meant that many of the jobs in the then-new coal industry never materialised in France, while the less protectionist Belgium took a lead in the industry and benefitted from the ensuing boom in employment.

"Delaying the transition may risk more severe consequences for workers", said Thijs Vandenbussche, one of the authors of the study.

He warned that protecting an old industry for too long risked creating a bubble of employment in a sector that faces decline. Eventually, this bubble would pop and then the transition would not happen in a planned way.

WHERE ARE THE NEW JOBS?

Geier agreed that the proposed just transition commissions were a good idea. However, he insisted that the priority should be on a regional perspective as many of the industries affected by the green transition are regionally clustered.

“Yes, occasionally, jobs will be replaced. But probably not in the same place. And that’s a problem,” Geier cautioned.

"If your perspective was that you were going to be in the lignite mining industry for the rest of your life, it's not very encouraging if somebody comes along, offering you a job in the Tesla factory 500 km from your home”, he said.

Geier, who used to work for a regional development agency himself, called for the inclusion of the workers and trade unions in the process. Together with the management of the businesses, workers should decide which alternative markets the businesses should serve and what kind of reskilling is needed as a consequence, according to Geier.

An example of a well-managed transition is offered by the German Saarland and Ruhr Region, the EPC study points out. Large-scale retraining and financial support for workers allowed the industry to transition in an orderly fashion that took workers along.

However, this transition process had time to unfold over the past 60 years, while the green transition now facing Europe will have to happen much faster.

“The just transition needs to happen as soon as possible”, said Vandenbussche. According to him, a first step should be to rule out all fossil fuel subsidies that artificially delay the transition.
Socially just green transition will need better planning, says analyst

By János Ammann | EURACTIV.com

Compared to past transitions, the green transition needs to be better planned to leave no one behind, argued Claudia Detsch of the Friedrich Ebert Foundation in an interview with EURACTIV. This will only be possible if politics, companies, and labour unions work together, she said.

If society is serious about mitigating climate change, the economy will have to be fundamentally transformed within a relatively short period of time. Whole industries, regions and livelihoods are in danger of being left behind.

This dilemma is why many in the EU talk of the need for a “just transition”. Besides, from a hardnosed political perspective, the green transition will need to be seen as just by most people for it to materialize in the first place.

“You might say this is a transition driven by policies more than by market forces”, said Claudia Detsch, head of the centre for a socially just climate policy at the Friedrich Ebert Foundation.

“This gives us the possibility to let both citizens and civil society come on board, to accept the transition and to take part in it”, she added.

According to Detsch, the green transition should be more planned than past economic transitions.

To her, it is especially important to

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plan for the most affected regions, as industries like coal or the car industry are usually clustered in certain areas.

Detsch voiced concerns that the scale of the transition is still underestimated by policymakers, especially as it coincides with the equally transformative digital transition. “We have to prepare for this and I think this is not really discussed publicly on a broad basis”, she said.

SKILLS SHORTAGE

Of course, the green transition is not just a threat to existing jobs. A transformed industry also requires new skills. And here, Detsch sees another challenge for Europe.

“I am really concerned about the lack of debate about the shortage of skilled workers we are facing here. We need a lot of skilled workers to manage this double transition.”

This shortage of green economy skills is layered on top of a preexisting skills shortage. “In Germany, for example, more than 60% of companies say they are facing a lack of skilled workers. And this is getting more severe by the day,” Detsch explained.

But having more debates won’t make the transition more just. How should politicians go about actually solving the problems?

“You have to bring them all together, the SMEs, the big companies, the labour unions, and politics, of course,” Detsch said.

Germany is one of the European countries with a strong tradition of such exchanges. Nevertheless, Detsch thinks the model can also be applied to other European countries.

NO MIRACLE SOLUTIONS

Although Detsch believes a just transition is possible, she warned against wishful thinking.

“We have to face the fact that there is no miracle solution,” Detsch said, explaining that not everybody working on combustion engines now will get to work in the battery industry in the future.

Another problem is that pay might not be as high in the new jobs compared to the lost ones. “We really have to think about paying a kind of bridging allowance to those workers,” she suggested.

It might be possible for workers to find well-paid jobs in other regions. However, this is often not a viable alternative for workers who are rooted to their place, especially older workers. In these cases, politicians should also think about other solutions, according to Detsch.

“For those who are really unable to find a new job, you should provide early retirement mechanisms”, she said.

To Detsch, providing a solution to people disadvantaged by the transition is vital for the fight against climate change.

“If you can't provide a region with a practical solution for its production base, for its public income, and for its workers, then, of course, people are not coming on board,” she said.
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