The International Climate Crisis and Just Transition

Unifor 2018 Lobby Document

The United Nations' Inter-Government Panel on Climate Change claims that it is 'extremely likely' that human-induced greenhouse gas emissions—resulting from the interplay between fossil fuel dependence, on the one hand, and population and economic growth, on the other—has been the 'dominant cause' of global warming since the mid-twentieth century. These emissions result from both, fossil fuel dependence, and population and economic growth.

If the climate science is to be believed, there is significant imbalance between the earth's capacity to absorb greenhouse gas (GHG) emissions and the way of life that a petrochemical-fuelled civilization has made possible.

The Paris Agreement, which the federal government under Prime Minister Trudeau's leadership signed in 2015, necessitates a 30 per cent reduction in emissions relative to 2005 levels by 2030. It is important to note that over the past quarter-century Canada's emissions have steadily risen, having grown at an average annual rate of 1.1 per cent per year. **If Canada is going to hit its Paris Agreement targets, it will require an average decarbonisation rate of roughly three per cent per year.**

To put this in context, Canada's carbon emissions fell by 2.6 per cent in 2008 as a result of the Great Recession (Canadian GDP contracted by three percent that year). Canada will require an emissions reduction of that magnitude every year between now and 2030 to attain its Paris target.

What's the issue?

Decarbonisation of this extent will inevitably entail large-scale industrial and social restructuring. Such restructuring has the potential to be especially damaging to people working in carbon-intensive industries, including energy, forestry, agriculture and transportation, among others. While carbon pricing seems like the most effective (and least controversial) way to facilitate the transition to a low carbon economy, attaching a price to GHG pollution can be socially and economically damaging if it is not done properly.

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The obvious threat with carbon pricing is industrial leakage. Firms operating in emissions-intensive trade-exposed industries will see an increase in their cost structure, which may prompt them to relocate to jurisdictions that do not price carbon or which have a lower price. Aggressive international decarbonisation efforts could also lead to a gradual winding down of some carbon-intensive industries (like coal, for example). Unifor is acutely aware of the threat of industrial exodus, which would harm workers, their families and their communities and do nothing to reduce planetary emissions.

How can we solve this?

Unifor is broadly supportive of the *Pan-Canadian Framework on Clean Growth and Climate Change,* as well as provincial measures to price carbon pollution. The Low Carbon Economy Fund, part of the Pan-Canadian Framework, will dole out $2 billion over the next five years in an effort to foster decarbonisation and maximum job creation ('clean growth'). It will do this by funding projects that make homes and buildings more energy efficient, help companies access clean technologies and assist the forestry and agriculture sectors enhance stored carbon in forests and soils.

These are admirable goals and policies. However, Unifor also believes that Canada's climate policy requires an explicit commitment to 'Just Transition'. The concept of Just Transition includes multiple policy levers, including macroeconomic, industrial, sectoral and labour market policies in both the private and public sectors. These levers work together to promote economic sustainability, so that the needs of the present generation do not override the needs of future generations. The levers include decarbonisation, while maximizing green skills acquisition, good job creation and poverty reduction.

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Just Transition is a principle recognized by the International Labor Organization and is explicitly referenced in the Paris Agreement. **The thinking behind Just Transition is that if an industry is going to be legislated out of existence in order to meet an environmental goal, the burden of adjustment should not be borne by working people.**

Industrial restructuring can create large scale unemployment and lead to poverty and social dislocation. Just Transition is meant to mitigate or avoid these adverse consequences through various measures.

The transition to a low carbon economy need not only be viewed exclusively as a threat. The adoption of clean technology, the expansion of renewable energy sources and the promotion of sustainable production processes, in both established and emergent sectors, can be a huge generator of good, green jobs. **The transition to a low carbon economy, if managed badly, would lead to higher levels of poverty and inequality. If done correctly, it could be a strong driver of job creation, skills upgrading and poverty reduction.**

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Recommendations

Unifor sees two potential avenues to finance Just Transition. The first means is through the new federal carbon tax, which need not be *entirely* revenue neutral. A portion of the proceeds could be used to create a 'Green Economy Bank' or some such fiscal mechanism. The second option is to bolster the *Low Carbon Economy Fund,* which is already explicitly committed to job creation, but should be geared towards *good, green job creation,* and widen its mission.

Using either financing vehicle, the federal government should begin to build complementary policies to ensure that, as Canada engages in large-scale industrial restructuring, there will be suitable labour market and social adjustment, so that no one is left behind. These measures will include new funding for:

- Labour market impact assessments to monitor the emergent effects of climate-related policy;
- Community benefit agreements, to support regions that are more heavily dependent on carbon-intensive economic activities;
- The promotion of green economy retraining and skills upgrading, through appropriate funding for postsecondary institutions. This includes mandatory apprenticeship ratio's linked to college training programs and skills trades certification processes;
- Preferential hiring for carbon-displaced workers, including relocation assistance;
- Income support, employment insurance flexibility and pension bridging for workers in carbon-intensive economic regions and industries;
- Tax credits, accelerated depreciation, grants and/or investment support for firms and industries that bear an extraordinary burden of change;
- In unionized workplaces, there needs to be a role carved out for the bargaining agent in negotiating and facilitating workplace transition. In non-unionized workplaces we need to envisage a role for workers to provide input on adjustment processes and procedures.

The federal government must be mindful that industrial transition will necessarily entail labour and social adjustment—and that these latter elements will require financial, legislative and regulatory support.

Canadians need federal leadership through a commitment to Just Transition. This would be a progressive step in tackling the international climate crisis. The transition to sustainable economic development need not be viewed exclusively as a threat; it can also be viewed as an opportunity for green job creation, enhanced energy efficiency and conservation, the adoption of clean technologies and a reduction of absolute and relative poverty.