

# **Climate Change and Green Jobs: Labour's Challenges and Opportunities**

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## **I. Labour's Urgent Need to Address the Climate Crisis**

Canada and the world must address the climate crisis, the most pressing issue of our times. Policies are needed that will be quickly implemented to achieve significant reductions of greenhouse gas emissions, as to reduce the harmful effects of climate change. Nicholas Stern, former World Bank chief economist, estimates the impacts of unmitigated climate change could cost the world economy \$7 trillion or the equivalent of \$1000 per year for every person on the planet. The cost of inaction, including employment losses, is far greater than the cost of taking action on climate change and moving to a much less carbon-intensive economy. This conclusion is echoed by the Intergovernmental Panel on Climate Change's Fourth Assessment Report.

With our current rate of fossil fuel consumption, the increase in global average temperature will lead to widespread, harmful global impacts over the coming century. Rapid deterioration of ecosystems, large-scale losses of biodiversity, detrimental rising sea levels, significant increases in extreme weather events and a profound disruption to industry and human populations will result. The global economy will pay a high cost if average global temperatures rise more than 2°C in relation to pre-industrial levels.

To have a fair chance of keeping global warming from exceeding this level, developed countries must reduce their emissions by 25% - 40% below 1990 levels by 2020 and by 50% - 85% by 2050,

according to the UN's Intergovernmental Panel on Climate Change (IPCC). In order to do our fair share in preventing dangerous climate change, Canada must set national net emission targets of at least 25% below the 1990 level by 2020 and 80% below the 1990 level by 2050. The Government of Canada must also publish a plan that is clearly capable of reaching those targets and institute annual independent reviews of its progress towards these climate goals.

The biggest challenge of our generation could also be the biggest opportunity of the century for economic growth and good job creation. The Canadian Labour Congress rejects the notion that there is a fundamental conflict between the economy and jobs and environmental sustainability. Good economic and job creation policies must address all the indicators of a good quality of life – the economy, jobs, equality and the environment. There is also a need to promote the ongoing development of developing countries to secure a good quality of life for all at a global level in a less carbon-intensive way.

The CLC supports a green jobs strategy and an environmental economic development strategy which places manufacturing and trade policies at the center of the climate change agenda. The CLC will build support for effective and concrete measures to avert catastrophic climate change while ensuring that the path forward also builds a stronger economy with good jobs. The CLC will work to minimize the costs of adjustment for workers and demand Just Transition programs to support those workers who would be displaced by climate change or by climate change policies and mitigation measures. The CLC will strongly advocate for compensation, retraining, re-employment and relocation for affected workers. We will work in close cooperation with environmental organizations around a common agenda.

## **II. Green Jobs and the New Economy**

Canada has an unprecedented opportunity to create new and better jobs as part of a planned transition to a much more energy efficient and environmentally sustainable economy. Through regulation of the corporate sector and major public investments tied to made-in-Canada procurement, particularly at the municipal and provincial/territorial level, we can create hundreds of thousands of additional “green collar” jobs. However, without adequate investment, the number of new green-collar jobs will be hampered.

If the federal government were to invest \$30 billion dollars over a ten year period in climate change adjustments (including Just Transition), economic benefits would include the creation of 330,000 jobs, an additional \$140 billion in GDP, the repayment of the \$30 billion public investment in ten years through increased tax revenues, an additional \$95 billion in personal income and \$28 billion in energy cost savings.

The CLC will demand adequate public investment in green-job creation and will work to highlight key opportunities to create new unionized jobs with equal opportunities for women and men across the country. Specifically, the CLC will fight for:

- public policy initiatives to promote much greater energy efficiency;
- fair fuel efficiency standards;
- investment in rail and mass transit infrastructure;
- development of renewable energy sources.

Government investment in public transportation should be tied to the procurement of Canadian equipment, development of new technologies in Canada and fair wage programs. In addition, the

CLC will continue on this work by pursuing best practices around the world.

The following public policy initiatives, public investment of funds and public returns can significantly reduce our greenhouse gas emissions and create many good quality green jobs.

### **Promoting Energy Efficiency**

- Setting tough standards for energy efficiency in furnaces, water heaters, air conditioners, household appliances, lighting, etc. to reduce energy use.
- Significantly increasing energy efficiency in existing residential, commercial and institutional buildings through retrofits using qualified, certified unionized workers.
- Improvements in regulation of energy efficiency in new housing and new buildings through tougher building codes, and zoning requirements to create higher residential and commercial density in urban areas while preserving community settings with community buildings and public space.
- Government supports for lower income households for housing retrofits and direct financing to acquire energy efficient appliances and heating/cooling systems for low income renters.
- Create new highly energy-efficient affordable housing.

### **Investment in Rail and Mass Transit Infrastructure**

- Regulating and investing in new rail infrastructure to increase energy efficient rail transportation of goods with fair wage programs.
- Major investments in mass rapid transit systems in urban areas.

- Limiting urban sprawl to allow for increased urban density and an opportunity for transit infrastructure to 'catch up'.
- Major investments in inter-city, high-speed rail, especially in the Windsor to Quebec City and Edmonton to Calgary corridors, to reduce emissions from trucks, autos and aviation.

### **Fair Fuel Efficiency Standards**

- Creating mandatory rising fuel efficiency standards for autos and trucks by vehicle class, including standards focused on more energy-efficient short and long haul trucks. Efficiency standards must recognize the integrated North American auto market.
- A Green Vehicle Transition Fee should be charged to manufacturers based on each vehicle sold in Canada, with proceeds rebated to auto manufacturers located in Canada investing in new green technologies to assist with the further development of green technologies and re-tooling factories.
- Additional public investment in the re-tooling of factories, as done by foreign governments with public funds such as Japan during the 1990s. Additional re-tooling should be in-line with vehicle production. For instance, to produce 2 million hybrid vehicles the re-tooling costs would exceed \$3 billion.
- Implement measures to both retire and recycle older vehicles as production of more efficient vehicles increases.

### **Development of Renewable Energy Sources**

- Investments in research and development and public investment to promote the development of renewable energy sources of electrical power in the public sector such as wind farms, solar, biomass, geothermal, methane capture and in

particular, combined distributed heat and power systems, in order to reduce reliance upon fossil-fuel and especially coal-fired power generation.

- The federal government should work with the provinces and territories to achieve an ambitious national target for renewable sources of electrical energy, and to promote Canadian technological and production capacities. Public sector procurement, particularly through public electrical utilities, has a huge role to play in generating the economies of scale needed for rapid expansion of Canadian capacities in renewable energy.

Improvements in energy efficiency, fair fuel efficiency standards, investment in rail and mass transit infrastructure and development of renewable energy sources should be combined with skills training and jobs development and the increased certification of contractors to support qualified certified trades in a broad range of occupations. This is important both to prepare the workforce at large for the skill requirements inherent in green jobs and to ensure that green industries and workplaces do not face a shortage of adequately trained workers. It is also important as a commitment to people in poorer, isolated and disadvantaged communities – providing a ladder out of poverty and connecting green jobs with social equity. Communities should be prioritized for energy efficiency improvements, skills training and jobs development programs, based on their economic need.

In addition, the Congress will push for public investments which maximize the return to communities through community benefit agreements, green standards, worker standards and preferential hiring of union firms to be required for projects that receive public funds.

### **III. Growing Inequality and Carbon Pricing Policies**

Despite the urgent need to act, one of the challenges for labour is that climate change policies could increase inequity in Canada. The other “inconvenient truth” about the current global economy is the growing inequality between the wealthy and the rest of us. The CLC will work to ensure both that it is the biggest polluters who pay for the harm they cause and that inequality does not increase as a result of climate change policies.

In line with the polluter pay principle, the CLC will support a national Cap and Auction Carbon-Pricing System. In such a system as proposed by the CLC, the government would fix a maximum emission level, in line with the overall national targets, literally setting a cap for different industries based on the industrial sector's ability to reduce their carbon emissions in a realistic time frame. The system would be permit-based and would move towards full auctioning by government of all permits. To meet their targets, companies would have to reduce emissions and buy permits in an auction or from other companies in Canada that have reduced emissions below the cap at market price. All of the proceeds from the auction should be recycled into industrial adjustment supports and Just Transition. The CLC-supported C&A System would create financial incentives to reduce emissions. In many cases emission reduction activities would result in modernizing plants, and improving workers' health and safety. A similar Cap and Trade system was successfully used in the U.S., starting in the early 1990s to reduce sulfur dioxide emissions and curtail acid rain.

In regulations implementing a C&A System competitive realities which could cost production and jobs with no environmental gain will have to be taken into account. In sectors which are closely

integrated on a North American basis, significantly raising costs in Canada ahead of the US could cause transfers of production and job loss with no net reduction of carbon emissions. Some industries, such as the pulp and paper sector, have already made major reductions in their use of carbon-based energy by such means as switching to bio mass and co-generation of heat and power and these efforts should be acknowledged using a 1990 baseline and then rewarded through caps which are only modestly below current levels. Caps should still be imposed, but initially at modest levels.

If Canada is to put a price on carbon either through a Cap and Auction system, a Carbon tax or both, we should ensure that a tariff is placed on imported goods. Specifically, a separate carbon-pricing scheme must be developed for imports. This carbon-pricing system would ensure that off-shore producers, particularly transnational corporations, pay the price of the carbon content in the goods they ship to us.

Under a national C&A System carbon-pricing on imports is not a discriminatory tariff, as the same policies apply to Canadian produced goods. However, the simple reality that a tonne of steel made in Canada has one third the carbon content of Chinese made steel will provide a substantive advantage to Canadian produced goods.

Any intensity-based "baseline and credit" system as proposed by the current federal government, would do little to reduce total emissions and indeed is designed to allow tar sands emissions to grow rapidly. Intensity-based systems are inherently problematic and have no role to play in advancing our new economic vision.

A carbon tax is being proposed by many across the country and around the world. Any such tax should be introduced only if it is done equitably, unlike Gordon Campbell's carbon tax in B.C. which imposes additional costs on working families and is being used to finance unfair tax cuts. In particular, the CLC must strongly advocate to ensure any inequitable impacts of a carbon tax are offset. In addition, we must recognize that a carbon tax is not a magic wand and that there is no one solution to climate change. Instead, there are a number of paths forward, including regulation and public investment, which must be taken together.

(A carbon tax on households should only move forward if 100% of the revenues are directed into investments in further GHG emission reductions through renewable energy, energy efficiency and retrofit programs, public transit, as well as a green-energy tax refund to protect low-income Canadians.)

#### **IV. Emissions Reductions by Large Final Emitters, including the Tar Sands**

Just under half of all Canadian carbon dioxide emissions come from heavy industry, led by coal-fired electricity plants and the primary oil and gas sector. The goal of the government's climate policy must be to force significant real reductions in absolute emissions from these sectors, not simply a reduction in emissions intensity.

The CLC supports hard caps on emissions from large final emitters. In addition, the CLC strongly supports and will advocate for the elimination of perverse tax subsidies to the primary oil and gas industry. The primary oil and gas sector is highly profitable and can afford to invest much more in climate change abatement measures, such as carbon capture and storage, without public subsidies.

The tar sands are the most dominant factor in future oil and gas development. In fact, it is the single most destructive development project anywhere on Earth. Ongoing development will continue to have a significant impact on Canada's greenhouse gas emissions, water quality in Alberta and beyond and on First Nations communities. The tar sands operation consumes one gallon of oil for every two gallons it produces. The tar sands now cover an area the size of Vancouver Island. With production forecast to grow by 400% - 500% in the next ten years, the tar sands development will produce a hole in the ground which will soon be the size of Florida. Development is mainly driven by foreign transnationals that export raw bitumen and profits to the United States. The potential implications of massive growth in oil sands production and massive temporary dislocation of workers could dwarf all other GHG emission reduction efforts. In addition, the ongoing growth of the tar sands has inflated the Canadian dollar and indirectly resulted in massive manufacturing job losses.

In conclusion, to supply the United States with cheap oil we are racing in a Klondike-like gold rush, digging a hole the size of Florida, elevating our dollar and dislocating workers. Unfettered expansion of the tar sands hurts everyone and needs to be slowed down. The Canadian Labour Congress will actively push for a drastic and dramatic slowdown on any further expansion in the tar sands.

## **V. Just Transition**

Energy-intensive industries, extractive industries and road transport are examples of sectors that could see some negative consequences from climate mitigation policies if measures are not taken to protect workers. For workers affected by changes in employment patterns resulting from transitions to a green economy,

the key to a fair and just transition is a properly planned aggressive green economic development strategy that will create an economy that is more labour intensive and offers new unionized jobs and opportunities for workers.

Workers who are displaced or experience wage cuts due to structural economic changes which benefit society as a whole should be fully compensated, as should communities that suffer a negative impact by such changes. Unfortunately, this principle has been often evoked in response to trade-driven economic change, but rarely translated into practice.

In creating the legislative framework for investments and expenditures to deal with climate change, the Federal government should establish Just Transition Funds. These funds should be governed by an independent Just Transition Board with labour representation. Provinces and territories must also be urged to integrate Just Transition into their own climate change plans. The Just Transition Fund would make payments including supporting provincial Just Transition funds, which should also be governed by boards with labour representation. Across Canada, the funds would be allocated in support of the retraining of workers who lose their jobs due to climate change policies and to compensate workers for any income losses. Communities should also be eligible for support.

Funds should be made available for the training of unemployed workers by spending up to the full amount allowable under Part I of the *Employment Insurance Act*, including through “work share while learning” programs, and also by expanding provisions for the re-training of employed workers through Part II of the *Employment Insurance Act*.

## **VI. Conclusions**

There is an urgent need for labour to address not only climate change with solutions which can be deployed quickly but also to seize the opportunity to create new and better jobs and ensure that climate change policies will not increase inequality in Canada. The labour movement will continue to participate actively in the Climate Action Network and will work with environmental organizations which support a climate change agenda incorporating green jobs, industrial, trade and Just Transition policies. A joint agenda can be used for joint advocacy and mobilization including at the national and community level.

Building on the Alternative Federal Budget and the work of the Green Budget Coalition, the CLC will continue to work with researchers and activists to help develop a detailed climate change strategy for Canada which promotes serious reductions in greenhouse gas emissions and maximizes green jobs creation.

The CLC will continue to work with the U.S. labour movement to develop national climate change and green jobs policies which work in the interests of workers in both countries and recognize the reality of close integration of some sectors. The CLC will assist federations of labour to work on bi-lateral initiatives such as the Western Climate Initiative between the western provinces and seven western states including California, Oregon and Washington that will implement a C&A System.

We will continue to work with the ITUC to develop the climate change and green jobs policies which are needed to deal with a global crisis.

The CLC will focus on the opportunities for good green job creation with climate change policies and the desperate need for well-funded Just Transition measures for workers and communities. It will advocate for a national Cap and Auction carbon pricing system and push for hard caps on all large final emitters. In addition, the Congress will work with like-minded groups and advocate a dramatic slowdown of continued expansion of the Alberta tar sands.

Addressing climate change isn't just the right thing to do for the planet, it is also the right thing to do economically. This is a win-win situation where we can reduce our greenhouse gas emissions, create jobs and build export potential not seen since the industrial revolution. The labour movement needs to be in the forefront of the critical issue. We need political leadership to dramatically invest in public infrastructure and industrial development and to be leaders, not followers.

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