**Forum:** Economic and Social Council

**Issue:** Facilitating the transition of workers in “non-green industries” into a growing green economy

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**Introduction**

The eighth annual session of the SHASMUN Model United Nations Conference will foresee the debate of the issue: Facilitating the transition of workers in “non-green industries” into a growing green economy. It is imperative that delegates understand the importance of worker facilitation, but also its role in a green and brown economy. Worker facilitation--the accommodation of workers from discontinued industries into current industries—has always been a prevalent issue throughout the modern era. In the 21st century, with environmentalism rising in popularity, many nations have slowly been transitioning from a brown economy-- an economy that relies on environmentally destructive activities--to a green economy--an economy built on sustainable development. Although only prevalent after the 1992 Earth Summit in Rio de Janeiro, the goal to transition to a green economy has been a key catalyst in innovating green technology as well as initiating sectoral change. However, many brown industrial workers are abandoned by the growing green economy. Especially in MEDCs (More Economically Developed Countries) such as the United States, jobs such as those in the coal industry are being terminated and replaced by more sustainable energy sources such as solar, natural gas and wind. In Australia, 12 coal-fired power plants were closed, causing a 0.7% increase in unemployment.

Given the fact that the world will see a gradual replacement of the traditional “brown” economy with a “green” economy, delegates must draft solutions that can allow workers within discontinued industrial sectors to find new jobs in green sectors. Furthermore, delegates must take in account the issue that many LEDCs (Lesser Economically Developed Countries) do not have the capital to transition, thus unable to keep its labour force competitive in the world economy.

**Definition of Key Terms**

**Green Economy & Green Growth**

Although there isn’t a globally accepted definition of a green economy, it is most commonly defined as “economy that aims at reducing environmental risks and ecological scarcities, and that aims for sustainable development without degrading the environment”(Abdelraouf). However, that is only an umbrella term that encompasses the general idea of what it is. Given the ambiguous nature of the definition, the real importance of the term comes the comparison to the term “Green Growth”-a term often used interchangeably with green economy. The Global Green Growth Institute (GGGI) defined green growth as “low-carbon, sustainable development that builds on the synergies between economic growth and a better environment”(Abdelraouf).

Despite the similarities between the definition of the terms and their interchangeableness, green economy and green growth is a completely different socio-economic process. A green economy is essentially a top-down approach where the government tackles all aspects of the economy and society at once, while green growth is a bottoms-up approach where the government merely the transition to a more eco-friendly way of producing goods and services within sectors of an economy.

**Principles of a Green Economy**

It is important to notice that there are many aspects to consider when considering the idea of what a successful green economy is. Michael Ben-Eli highlights the five main domains of sustainability in his writing, *Sustainability, Five Core Principles*:

*The Material Domain*

*Constitutes the basis for regulating the flow of materials and energy that underlie existence.*

*The Economic Domain*

*Provides a guiding framework for defining, creating and managing wealth.*

*The Domain of Life*

*Provides the basis for appropriate behavior in the biosphere concerning other forms of life.*

*The Social Domain*

*Provides the basis for social interactions.*

*The Spiritual Domain*

*Identifies the necessary attitudinal orientation and provides the basis for a universal code of ethics*

**Intellectual Property Rights**

The idea of intellectual property rights is: who owns what? The protection of intellectual property can come in forms such as patents, copyrights or trademarks.

**Brown Economy**

Most MEDCs are in the transition from a brown economy to a green economy. A brown economy is a type of economic growth that relies on environmentally destructive activities (burning fossil fuels, etc.) to grow and develop.

**History & Developments**

**Introduction**

***Origins and Overview***

In 1992, the United Nations hosted its first “Earth Summit” in which “172 member states and 2400 representatives from various non-governmental organizations” participated in bringing the term “green” to the world stage. This formally marks the beginning of global environmental awareness and the first steps towards a global green economy. Leading members such as the United States and the nations within the EU (European Union) took drastic measures in cutting transboundary pollutants such as CO2 and water pollutants. However, despite the positive outlook of the future, many questions remain about the ways to incorporate the working class of the brown economy as well as the LEDCs not capable of such moonshot.

***Challenges Towards Successful Facilitation of Workers to Green Economy Jobs***

The first challenge is massive conglomerates taking advantage of a green economy via market access through the guise of environmental protection. This form of espionage was seen in 2009 when the European Union, fearing that the more sustainable palm seed biofuel from Asia would replace traditional in-house rapeseed biofuel, established trade barriers to limit palm seed imports. This was all done under the guise of “preserving forest biodiversity” (Yaik). Not only did this behavior stagnate the European economy, but it also prevented Asian producers from expanding their palm seed business, thus indirectly limiting the growth of a “green” labor force.

Another challenge is financing the transition to a green economy. To date, various multilateral funds—the Global Environmental Fund, the NEI Environmental Leaders Fund, the Greenchip Global Equity Fund—have been established to achieve a sustainable green economy and global environmental protection. These funds provide support to projects relevant to a green economy—green technology and different measures to shift towards a sustainable and climate-resilient economy. For example, the hybrid drive-train for cars was developed in Japan in cooperation with car companies and government sponsored multilateral funds. However, the funds lack a system to measure the project’s urgency, the magnitude on the green economy, and its projected value. This causes money to flow towards illegitimate or impact-less projects, causing a decrease in potential growth for the green economy, inhibiting entrepreneurs to train and hire professional effectively.

***The Technological Lag Between Developed and Developing Countries***

The growth process of economies—GDP, investment, labor force growth, productivity--is always accompanied by major changes in production structures: variations in sectoral contributions to GDP, employment, investment, and patterns of specialization (Ocampo). The implicit assumption is that these transformations are just a side effect of growth. These changes are not just a byproduct of growth, but rather, are among the prime movers. One such mover, especially for industrial countries, is technology. However, since technology generation is a highly concentrated activity at the world level, the process tends to create a lag in transfer between leading economies and developing countries.

When it comes to the transition for workers, the issue does not merely lie within the relations between sectoral industries, but also between the ways workers use technology within LEDCs and MEDCs. With a lagged system in place, global accommodation of workers within a structural Green Economy becomes extremely fragmented and one-sided. Major hubs of green growth would only be available between MEDCs, or the rate of green growth between LEDCs and MEDCs would become unfathomably large.

***Regional Facilitation***

Due to the diversity and different interests of countries within the status quo, it is hard to create a single pathway towards a Green Economy. Therefore, there is no single pathway to successfully facilitate the transition of workers in “non-green industries”. Thus different countries have opted for different ways to grow their “green” labor force and industries while initiating plans to make sure no one is left behind.

***Facilitation in the United States***

The main area of focus here is the United States’ coal industry. The retirement and revival of the coal industry and its sub-sectors, such as coal power, has been a hot debate amongst left and right-wing congressmen and presidential candidates. The reason for such debate comes down to the question: is it right to shut down an entire industry that supports thousands just in the name of the environment? Many people have lost their brown industry jobs in the Central United States (Wyoming, West Virginia, Kentucky, etc); over 100,000 coal-related jobs were lost over the last 3 decades alone. However, the current administration is not relocating the laid-off workers to other industrial sectors, but is instead attempting to revive the coal industry, causing massive backlash from left-wing environmentalists.

***Facilitation in Germany***

The European Union is facing a power crisis as German Chancellor, Angela Merkel, announced to phase out the German coal industry by 2038. The opposing party, AFD, predicts that if the coal industry were to shut down, more than 1 million German citizens would be affected, causing a 100% increase in unemployment rates. As of 2019, thousands of citizens living in the 58 towns and villages that make up Germany’s coal belt are protesting against the phase-out of fossil fuels. Fortunately, the German government will provide $40 billion of aid over the next 2 decades to towns affected by the phase-out.

***Facilitation in China***

In terms of the greening of a brown industry, many Asian countries have chosen to make small increments of change within existing sectors, thus limiting the workers laid off. In China, for example, the development of green jobs is defined as: 1) expanding employment with green jobs, while lowering unemployment to a level that will not threaten economic and social development; 2) promoting the protection of workers’ rights with green jobs development--promoting the green economy through human resources development (ILO Office for China and Mongolia). This means that jobs within existing industrial sectors are adapted to meet green requirements through means such as technological innovation.

**Geopolitics**

**Sweden**

Sweden’s tax reform program in 2001 is a prime example of promoting green growth while minimizing job loss in “brown” industries. The tax reform aims to reallocate the tax collected from labor to harmful environmental activities. This included a massive raise in environmental taxation accompanied by a reduction in labor and income tax. That way, the potential regressive impact of the economy was negated as the funds raised by environmental taxation were able to subsidize the monetary loss from the reduction in labor tax. “Between 2001 and 2006, the government raised 1.6 billion euros," contributing to a further reduction in income tax and other social contributions. The massive reduction in labor tax, as well as other subsidies promoting green growth, cause a voluntary surge in workers, ground-level workers and entrepreneurs alike, moving to green industries. Furthermore, because of the massive development in the green industrial sector, “biofuels, batteries, electric cars, biogas, and solar cells” (OECD), Sweden was able to avoid the 2008 financial crisis as more jobs were generated than lost. In the end, Sweden’s new taxation scheme directly benefited employment and economic growth, causing other countries such as British Columbia to also adopt the method.

**African Development Bank**

The 21st century marks African nation’s first steps towards a green economy in which the African Development Bank has played a major role in “developing a policy framework as building blocks for green growth development pathways” (Granoff). Apart from the obvious contributions such as promoting natural resource and waste management and providing low-interest loans for green projects, the bank also helps facilitate communication between the government, multilateral institutions, and the people. For example, the African Development Bank partnered with the World Bank, United Nations Environmental Programme (UNEP) and the Organization for Economic Co-operation and Development (OECD) to implement the Inclusive Green Growth Toolkit. The toolkit aims to “ensure the provision of essential services and transfers for individuals in need of protection to prevent them from falling into abject poverty or to assist them out of poverty” (AfDB, OECD, UN, World Bank). In context, this toolkit helps workers in outdated industries to find jobs, while also providing subsidies for workings to prevent them from falling into poverty.

**Caribbean Nations**

Perhaps in the Caribbean, the effort to transition into a green economy has done more harm to the workers than good. Over the past two decades, the Caribbean has fallen into massive debt due to “weak fiscal management, economic downturns, and natural disasters” (Hares). The net debt only increased, when nations such as the Bahamas increased capital spending on green projects. Not only did poverty sky-rocket, but the financial burden also caused a massive outflow of industry, causing a decrease in technical capacity and the loss of thousands of jobs.

**China**

Ever since China’s acceptance of mass-market capitalism during the late 1980s, the country has been known for rapid development in its industrial and technological sectors. The passing of China’s Renewable Energy Law in 2005 once again proved its technological power by establishing the country as one of the leaders in renewable energy development and usage. However, the nation suffers from a massive skill gap, which causes a labor shortage in green industries such as wind and solar power industries. To solve the issue, China, within its 11th 5-year plan, have declared that they will integrate green technology within existing industrial sectors. For example, China provides incentives for manufacturing industries to draw power from renewable power. China also provides incentives for automobile manufacturers to develop and sell New Energy Vehicles (electric cars). In this way, workers working in the current industries are not at risk of being laid off.

**Canada**

Similar to Sweden, British Columbia also adopted an environmental taxation system that increased carbon taxes and reduced labor taxes. However, the British Columbian government specifically targeted low-income households as a main benefactor of the taxation system. For example, the taxation system was designed to be “revenue neutral” (OECD), meaning that all revenue generated by the carbon tax went directly to “reduce the burden on low-income households through direct transfers” (OECD). These, unlike Sweden, had a quantitative effect on British Columbia’s economic and social process. Between 2008 and 2011, emission decreased by 10 percent. During the same period employment saw a 4.5% increase as students and workers alike rushed to work in green industries. Thus the transition of workers in British Columbia was direct and voluntary.

**Previous Attempts to Solve the Issue**

UN Economic and Social Commission for Asia and Pacific (ESCAP) with cooperation with the United Nations Industrial Development Organization (UNIDO) and (UNEP) held their International Conference on Green Industry in Asia in Manila, the Philippines, where they adopted the Manila Declaration on the 14th of September 2009. While the declaration mainly focuses on the promotion of green technology and industries, it also highlights the importance to integrate producers (workers and entrepreneurs) into “the new global and regional value and supply chains” (Manila Declaration: IV). Furthermore, the annex of the Manila Declaration, Framework of Action, stresses the need for the exchange of information regarding green industry practices and methodologies. In this context, it means that providing workers information and training to successfully transition to green industries is necessary.

The OECD has always been the forefront of worker accommodation in green industries. During the G7 meeting of 2017, the OECD published the report *Employment Implications of Green Growth: Linking jobs, growth, and green policies* for Environment Ministers. The report highlights the different factors that make a successful transition to a green economy, and countries that have already succeeded.

Furthermore, one part of Agenda 2030, is to create “Inclusive and sustainable industries that are environmentally sustainable, socially inclusive and economically competitive” (Tezera).

**Relevant UN Treaties and Event**

* Earth Summit-1992
* International Conference on Green Industry in Asia (2009)
* Manila Declaration (2009)
* Framework of Action (2009)
* G7 Summit (2017)

**Possible Solutions**

One possible solution to helping workers transition to the green economy is to enforce on-the-job training for employees, and to prevent them from being laid off due to lack of training. In many countries, such as the United States, industries that go through technological or sectoral changes tend to fire the old, unskilled employees and hire already-trained employees. Although economically efficient, the constant replacement of employees causes a massive skill gap, diminishing the chances for employees of discontinued industries to find new jobs. By training employees, it creates an evenly distributive skill set that can encourage a strong private-sector response in the long run.

Delegates must also address the technological lag between LEDCs and MEDCs through strict IPR regulations and promote international cooperation. Delegates should also consider joint action programs between the MEDCs and LEDCs in each region. This means the constant inflow of information and technology to support sectoral and regional initiatives while maintaining an outflow of communication that influences international policies and initiatives should be encouraged. In the context of worker accommodation, in a green economy, information about the successes and failures of each country and their processes needs to be transparent. Furthermore, in order to integrate green technology into existing industries to minimize the net loss of brown jobs, countries need to be willing to share crucial green technology to those that are less developed.

Finally, member states must address the opposition stemming from the shut down of certain brown industry sectors. Member states can consider following similar tax reforms implemented by Sweden and British Columbia--raising carbon taxes and lower labor taxes. Furthermore, member states should provide subsidies to those that lose their jobs for a period of time until they find new ones.

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