



**JUST
TRANSITION**

**A SOCIAL ROUTE TO
SUSTAINABILITY**

SOCIAL EUROPE DOSSIER

JUST TRANSITION

A SOCIAL ROUTE TO SUSTAINABILITY

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FRIEDRICH EBERT STIFTUNG AND SOCIAL
EUROPE

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PREFACE

In co-operation with our partner the *Friedrich Ebert Stiftung*, we explore the issue of ‘just transition’. This idea has evolved, in a sense, as a sub-set of the Green New Deal. Making the ecological transition to a sustainable future is essential.

From a social-democratic perspective just transition needs to be implemented in a way that does not further increase social inequality. Otherwise it will have negative social side-effects, particularly in terms of lost jobs in fossil-fuel industries and fuel poverty for the socially excluded.

This dossier elaborates what ‘just transition’ means—from the concept itself to its outworking on the ground. It includes contributions from the Spanish deputy prime minister and minister for the ecological transition, from leading figures in the trade union movement in Europe and internationally and from the director of the European consumer organisation.

A common thread is the need to engage widely those affected and to draw on their knowledge to develop plans for re-employment and

retraining which offer a positive perspective. What emerges more generally from the collated material is that ‘just transition’ is now a robust and well-developed idea supported by many examples of good practice. It falls to the European Union to will the means, in terms of the scale of the Just Transition Fund it has established.

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REIMAGINING A JUST TRANSITION

ÉLOI LAURENT

Transitions have a bad name. Rob Hopkins, who arguably introduced the word ‘transition’ into the environmental lexicon, is said to have chosen the most neutral expression possible, so that reluctant consumers and businesses would not be frightened by the hard choices and sacrifices entailed by living in harmony with the biosphere (as opposed to blindly destroying it). Transitions are supposed to be painless.

What is worse, the French historian Jean-Baptiste Fressoz has convincingly argued that ‘energy transition’ is an expression coined by industrial lobbies in the mid-1970s to prevent the idea of ‘energy crisis’ from taking hold in western minds. Transitions are supposed to never really happen (and remain, forever, ideas for tomorrow).

And yet, the concept of transition is actually a very powerful tool to think about what we should be doing in the face of worsening ecological crisis—and to act upon it. Imagining a transition means having to answer three fundamental questions: why is the world we live in not desirable anymore, what world do we want and how to get from here to there?

Resonant idea

If you think the notion of ‘transition’ is a bit tricky, wait until you grapple with the idea of a ‘just transition’. Promoted in the early 1990s by the US labour leader Tony Mazzocchi—to resolve ‘the conflict between jobs and the environment’—it has resonated in recent climate summits, where heads of state have endorsed the need for a ‘just transition of the workforce’ in fossil-fuel industries.

Understood from the standpoint of the political cycle, however, there is a clear warning here to all governments *not* to engage in ecological transition—lest they be overthrown by the social revolt of laid-off, ‘transitioned’ workers and angry taxpayers. Just ask the French president, Emmanuel Macron.

And yet the *just transition* might indeed be the most interesting idea of the early 21st century, as the twin crises of inequality and the biosphere feed one another—provided we embrace its full meaning. It is much more demanding, unfortunately, than ‘a helping hand to make a new start in life’ for fossil-fuel workers and their families, as Mazzocchi put it (the economist Jim Boyce estimates that the cost of guaranteeing re-employment for workers, meeting pension commitments and assisting communities for the whole US fossil-fuel industry, one of the largest in the world, amounts to less than 1 per cent per cent of the investment needed in the country for low-carbon energy).

So what would be the key components of a just transition?

Unjust world

First question, first answer: what is the unjust world we don’t want anymore? It is one where inequality and unsustainability go hand in hand. One where outsourcing of environmental damage of all kinds is enabled by the gap between the rich and poor among and within coun-

tries, and where the poor become ill and die because of the damages inflicted on their well-being via the degradation of their environment. Environmental inequality—access to clean air, drinkable water, energy, food, protection from climate change and so on—is an inescapable challenge of our time. Inequality literally pollutes our planet.

This is true at the global level, with 90 per cent of deaths related to air pollution occurring in low-and middle-income countries. It is also true of Paris—city of light, love and lung irritation. Recently released maps show clearly that hundreds of thousands of Parisians in low-income and middle-class neighbourhoods and along the *périphérique* ring road are exposed to poisoning pollution, while the affluent Paris of the south and west is largely exempt from this lasting degradation of wellbeing. Inequality is a pollution enabler; pollution is an inequality accelerator.

Second question, second answer: what is the just world we desire and should be aiming for? One where human wellbeing (here and now, tomorrow and elsewhere) is improved—not growth. Yes, the growth compass is still an attractive deception to many but that is because they confuse it with social progress. And a fundamental reality is materialising before our eyes: it is not growth that creates wealth but wealth that creates growth. Growth is the superficial measure and the result of human development.

If growth is being pursued at the *expense* of wellbeing, as is so obviously the case in the US—where health, institutions and infrastructures are crumbling while gross domestic product, driven by inequality, increases by 3 per cent annually—then growth is an impoverishment. Look at Chile, where GDP *per capita* has increased by 80 per cent over the last 15 years, where growth was 4 per cent last year and 3 per cent this and yet justice (distribution rather than production) is the core demand of the protesting public.

Look at California, where GDP grows at the breathtaking rate of 5 per cent a year (almost as fast as in China) and whose ecospheres have

entered a systemic crisis so severe that parts of this magnificent region are quickly becoming uninhabitable. Isn't it obvious that the health of children is a far better indicator of development than GDP growth? Why not do what New Zealand did last May and put it front and centre in our public finances?

Just policies

Finally, how to build just policies between the unwanted world and the desirable one? By considering inequality as an obstacle and justice as a lever. Consider climate change. One of the most shocking climate numbers (and there are plenty) is not the 3.2C global temperature rise by the end of the century business as usual entails. It is the fact, rarely discussed, that even if all countries achieve their targets and pledges we are still heading for a +2.9C world.

In other words, the problem is not achieving targets—it's changing them. And this requires starting, at long last, the global conversation about climate justice (a notion only mentioned once, and misinterpreted, in the Paris agreement).

A handful of countries, 10 per cent exactly—and a handful of people and industries within these countries—are responsible for 80 per cent of human greenhouse-gas emissions causing the climate change which is increasingly destroying the wellbeing of much of humanity around the world, mostly in developing nations. On the other hand, the vast majority of those most affected, in African and Asia in their billions, live in countries which carry almost nothing in terms of responsibility but are highly vulnerable to the disastrous consequences of climate change—heatwaves, hurricanes, flooding and so on—triggered by the lifestyles of others.

Why is climate change still not mitigated and indeed worsening before our eyes? Largely because the most responsible are not the most

vulnerable and *vice versa*. Climate justice is the key to understanding and eventually solving the urgent climate crisis. It is the solution to climate change. As much as the great Greta deserves praise for standing tall in the face of stupidity and hatred, she is wrong on one important point: people will not ‘unite behind science’; they will unite behind justice. Let’s start the conversation on climate justice at COP 25 and make it the substance of a 2020 climate-justice treaty, which would be efficient because it is fair.

Social-ecological policy

This is as true at the national as the global level. As much as opponents and sceptics of low-carbon initiatives want it to be so, the ‘yellow vests’ revolt, one year old this month, did not demonstrate that environmental policies must be unfair by nature—they can be unfair by design.

It is perfectly possible, tomorrow, to introduce in France, for instance, a progressive carbon tax which would redistribute money to most households and help drastically to reduce fuel poverty. This is the typical social-ecological policy, part of a broader social-ecological state built on the justice-sustainability nexus, which will take us to the future we (still) want.

None of these three steps of the just transition is easy to take in and of itself but if taken together simultaneously will reinforce one another. Aiming to reduce environmental destruction, rather than increase growth, is reinforced by combatting inequality here and now and by taking inequality into account when designing environmental policy.

Difficult? For sure. But try living in a world that burns like California and breaks down like Chile.

* * *

Éloi Laurent is a senior research fellow at OFCE (Sciences Po Centre for Economic Research, Paris), professor at the School of Management and Innovation at Sciences Po and visiting professor at Stanford University. He is the author most recently of *The New Environmental Economics: Sustainability and Justice* (Polity Press, forthcoming).

A JUST TRANSITION FUND: ONE STEP ON A LONG MARCH

LUDOVIC VOET

Is setting up a 'Just Transition Fund' going to be the answer to the challenges facing the European Union in its efforts to achieve a carbon-neutral economy? The European Trade Union Confederation and civil-society organisations such as the Climate Action Network have welcomed this initiative by the European Commission president, Ursula von der Leyen's, but the €4.8 billion budget on the table has been described as a 'drop in the ocean'.

The term 'just transition' is increasingly common but needs definition. It means that social justice must be at the core of steps necessary to combat climate change and workers must not pay the price with their jobs and livelihoods. Trade unions emphasise four requirements: solidarity to support regions and sectors most affected by decarbonisation, strong social protection and the right to (re)training, robust social dialogue and creation of high-quality jobs.

Unions have two major concerns about the commission proposal. The first is a reallocation of resources: any new fund must bring in new money, not simply redistribute existing finances. Secondly, a fund, while necessary, must be just part of an overarching and holistic strategy to address climate change and its impact on workers and soci-

ety. We should therefore start by setting the strategy and then design the right tools—including the financing—not the other way around.

Mainstreamed

Von der Leyen’s mission letter, in September, called on the commissioner for cohesion and reforms, Elisa Ferreira, to design a Just Transition Fund to ‘offer tailored support for the most affected, for instance those in industrial, coal and energy-intensive regions undergoing significant local transformations. There should be close coordination between the Just Transition Fund, employment and social funds, as well as the InvestEU programme.’

We want to see what this means in detail. As the climate emergency intensifies, trade unions insist that ‘just transition’ should be mainstreamed in all policy strands and across all areas of the EU budget. Certainly, there needs to be strong co-ordination between the future Just Transition Fund, the European Social Fund Plus (ESF+), the European Globalisation Fund (EGF), the InvestEU programme and the European Fund for Regional Development. But the scope of this new fund should be clearly defined, to avoid confusion with existing mechanisms or diluting resources across too many sectors and regions.

We welcome the proposal for a Green New Deal but it must include a comprehensive Just Transition Strategy, to be launched in 2020, with a social and economic impact assessment carried out in close collaboration with the social partners. This strategy must involve all the relevant commission departments and cover areas such as agriculture, transport, energy, waste management and urban planning, based on the principles in the European Pillar of Social Rights. It means defining specific plans for decarbonisation in every industry. What does just transition to a carbon-neutral transport, trade or chemicals sector look like, for example?

If we are serious about tackling the climate challenge, these decisions cannot wait. All EU macroeconomic policies and trade agreements should be aligned with the objectives of the Green New Deal and the EU must strive to build international consensus with other major economies to avoid carbon leakage—combating climate change is a global fight.

Greater resources

The new fund should add resources to those already available at EU level, not take money from the existing cohesion-policy envelope. Instead, the much greater resources available through cohesion-policy funding should be available and investment should match the needs identified during the socio-economic impact-assessment phase. Coping with other structural developments affecting the EU economy—such as globalisation, digitisation and robotisation—will meanwhile also require massive financial, legal and policy commitments.

To boost resources, the ETUC wants EU action to impose fair and effective taxation, combating tax avoidance and fraud. The phasing out of environmentally harmful subsidies, for example to fossil-fuel projects, as well as income from the Emissions Trading System, could also contribute. Just-transition investments should be excluded when national deficits are assessed in the Stability and Growth Pact, allowing public authorities to spend on services and infrastructure.

Just-transition principles must be a political priority for the EU, to anticipate change, avoid social disruption and deal with restructuring. The Just Transition Fund is just one step on a long march to making that priority real.

The prime function of the fund should be to address the problems facing workers in regions that are economically dependent on the sectors in the frontline of decarbonisation. This means providing tech-

nical assistance and supporting all efforts to transform these economies and diversify their industries. The existing European Platform for Coal Regions in Transition is an example of good practice which can be adapted to other contexts.

Existing jobs must be replaced like-for-like—not with temporary or precarious work—and policies must avoid widening inequalities in society or increasing energy poverty. Education and reskilling are important elements, but of little use if no alternative work is available.

Inclusive approach

Policy-makers have to understand the diversity of the regions affected. Local restructuring must be done ‘on the ground’, not by one-size-fits-all measures imposed from above. Most of all, an inclusive approach must involve workers, trade unions and communities and allow them to take ownership at every step of the process. Without the commitment of well-informed workers, the EU will be wasting its money and the short time we have to secure a sustainable planet. The quality of spending is as important as the size of the budget. Funding must target countries and activities which protect workers and accelerate decarbonisation.

Yet this comes at a time when governments are facing pressure to cut back EU expenditure. The Multiannual Financial Framework will be back on the European Council agenda in mid-December. The arguments go on but, with delegates having gathered for the United Nations COP meeting, yet more evidence has emerged from the UN and the World Meteorological Organization that the fight against climate change cannot wait.

The Green New Deal must set targets to take account of the increasingly sober scientific data on the impact of greenhouse-gas emissions. The challenge facing the EU is not just about money but is rather one of political will. The ETUC will be closely monitoring the proposals

coming from the new commission and doing everything in its power to protect workers and their communities.

* * *

Ludovic Voet was elected confederal secretary of the European Trade Union Confederation in 2019. Previously he was national youth leader of the Belgian CSC union.

WHY SHOULD JUST TRANSITION BE AN INTEGRAL PART OF THE EUROPEAN GREEN DEAL?

BÉLA GALGÓCZI

That there is a climate emergency has been widely acknowledged. New scientific evidence on the devastating effects of climate change, ever more dramatic, appears on a weekly basis. Scientists warn that global warming may reach a tipping point in the immediate future—one that triggers a sudden and violent shift in the system and catalyses a domino effect of dramatic further changes via positive-feedback mechanisms.

While the COP21 Paris agreement of 2015 was a historical milestone, the commitments of the signatories would only confine global warming to an estimated 3C by the end of the century, compared with pre-industrial levels. This would far overshoot the +1.5C ceiling which, according to the Intergovernmental Panel on Climate Change, is necessary to keep the impacts within bounds.

Long-term objective

Acknowledging the gap between the European Union's earlier commitment and the Paris targets, in November 2018 the European Commission set the long-term objective of a climate-neutral Europe, to be achieved by 2050. The European Green Deal, announced by the new

commission as its flagship initiative, is to transform this objective into concrete policies. One pillar is a large-scale investment plan, which would require estimated yearly commitments of between 175 and 290 billion euro to energy systems and infrastructure.

Stepping up the EU's climate ambition is unquestionably the priority. But we need to be aware of what it means to reduce greenhouse gases in the next 30 years at four times the rate the EU will have achieved between 1990 and 2020. This would constitute a fundamental revision of the linear, extractive and fossil-fuel-based growth model of the past, with a restructuring of the entire economy—leading to major changes and adjustments which would affect jobs, livelihoods, working conditions, skills and employment prospects.

This paradigm change can only succeed if it happens in a socially balanced way. 'Just transition', a framework developed by the trade-union movement to encompass a range of social interventions needed to secure workers' rights and livelihoods when economies are shifting to sustainable production, has become a recognised element of climate policies, referred to in the Paris agreement.

Early declarations about the European Green Deal suggest that a social dimension would be one of its integral elements. The cases of two key sectors of the European economy—energy and the automotive industry—demonstrate why this is important.

Phasing out coal

Meeting the commission's objective of a net-zero-carbon economy by 2050 will not be possible without the timely phasing out of unabated coal from energy generation. In 2015, 18 per cent of the EU's greenhouse-gas emissions came from the chimneys of just 284 coal-power plants, with a total employment of 52,700 across the union. In 2017, the number of coalmining jobs in the EU was just below 130,000.

Although the total number of coal-dependent jobs makes up only a small fraction (about 0.15 per cent) of European employment—and a much greater of jobs were lost during the financial crisis—the challenge is that these are concentrated in a small number of regions with wide-ranging potential impacts on the local and regional economy. Poland alone has nearly two thirds of the coalmining and nearly half of total coal-dependent jobs in Europe.

In many of these regions, the livelihood of a large part of the population is dependent on a coal-based economy. Although a lot of progress has been made in 2019, the current coal phase-out plans by member states are inadequate by far (see map) and substantial efforts remain to be made.



Source: Europe Beyond Coal (2019) and national sources. Cyprus, Belgium, Latvia, Lithuania, Luxembourg and Malta have no coal-fired plant. While Estonia does not have a coal plant its energy generation is largely based on a much more polluting solid fuel, oil shale, and it has no plan to phase it out.

Phasing out coal is thus a manageable and highly rewarding ambition—indeed, it is seen as a ‘low-hanging fruit’. But dedicated and concentrated efforts are needed in terms of regional and employment initiatives, in which an EU-level Just Transition Fund must play a leading role.

Transport shift

Unlike coal, cars and individual transport will still have a future in a net zero-carbon world. But it will be a very different one from today, with a shift in modes of transport and a phase-out of the combustion engine. Although the automotive industry is not widely seen as a case for just-transition policies, the magnitude of employment change in this sector will definitely require that.

Unlike coal, the industry is a key employer in Europe, covering 13.8 million jobs altogether. It is undergoing three simultaneous transformations. First, regulation aimed at fulfilling climate objectives and improving environmental performance is pushing it towards powertrain electrification.

Secondly, there is a ‘mobility revolution’, whereby extensive digitalisation and vehicle electrification will boost the development of new business concepts and service-provision functions, based on new connectivity and autonomous features. Such change is truly revolutionary since it has the potential for overhauling vehicle usage and ownership, along with the industry’s traditional business model.

Thirdly, digitalisation across the automotive value chain promises to stretch the physical limits of flexible production further, with considerable impact on working environments. Intelligent production systems are building the interface between production machines and employees through an integrated communication network. In addition to the new

automation potential opening up, this will also facilitate comprehensive control of the production process.

The paradigm change in mobility and transport will also have a disruptive effect on established patterns of globalisation in the industry. Car manufacturers in Europe will need to face these challenges, which will rewrite business models with reverberations throughout the supply chain.

Social dimension

An ambitious European Green Deal can only succeed if it has a strong social dimension. As the European Trade Union Confederation puts it, this must be ‘inclusive and supportive for the most vulnerable regions, sectors and workers’. The transport and energy sectors will deliver a large part of the decarbonisation of the European economy and deserve special attention—in terms of investment and social and employment policies.

Phasing out coal as soon as possible is the pre-eminent interest of the entire EU and will have a huge reward in terms of emission reductions, combined with very limited employment effects at the European level. At the same time, coal-based employment is concentrated in a small number of European regions. There is a clear case for European solidarity and the delimited scale of the problem allows of rapid progress.

European structural and cohesion policies need to prioritise Green Deal objectives but dedicated support is also required. The existing European Platform for Coal Regions in Transition needs to be equipped with appropriate finances and could be rebranded as the Just Coal Transition Platform.

The automobile industry faces even more complex challenges and its importance for the European economy is of a different magnitude. Its transitions will need tailored employment policies under a new frame-

work. Social dialogue and plant-level agreements will have a key role in managing an epochal transformation process.

With higher climate ambition it must be clear that earlier ideas about a Just Transition Fund should also be upgraded. Pooling existing funds and attaching a ‘just transition’ label won’t do.

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Béla Galgóczi is senior researcher for the European Trade Union Institute and author of the new book *Towards a Just Transition: Coal, Cars and the World of Work* (ETUI, 2019).

SUSTAINABILITY IS SOCIAL, ENVIRONMENTAL AND ECONOMIC

LIINA CARR

While recent Fridays for Future and Extinction Rebellion actions have heightened the focus on climate change, sustainability is not just about the environment. In calling for *climate justice*, trade unions demand a far-reaching transformation of the economy, a ‘just transition’ that protects workers while moving rapidly to cut emissions. Europe will never have a sustainable future if thousands of people are thrown out of work.

The European Trade Union Confederation welcomes the ‘Green Deal for Europe’ of the European Commission president, Ursula von der Leyen, but this must integrate all dimensions of sustainability: social, economic and environmental. This Green Deal should have a significant budget and investment plan to meet the climate goals recommended by science—mobilising new, not reallocated, funds. It should prioritise social justice and implementing the European Pillar of Social Rights and the United Nations’ Sustainable Development Goals ought to form the foundation of EU policy.

‘Sustainability first’ should be the thread unifying all EU actions, and social partners must be closely involved at every stage of policy-making to mitigate the social impact of a much-needed zero-emissions

economy. We believe a sustainable economy can create good jobs in many sectors. But it is a mistake to neglect the challenges and dangers. A just transition means governments, unions and employers working together to anticipate and manage change.

Key role

Transition challenges vary between regions and sensitive sectors such as mining and the car industry. Subsidies that damage the environment must be phased out, while EU structural and social funding should be redirected to upskilling and retraining workers and creating green jobs. Trade unions have a key role in preparing and representing workers in transition.

Climate policy should review international trading conditions, promote short and local economic circuits, and not mean relocating production outside Europe. Managing social impacts must be built into the design and implementation of policies in all these areas.

Involving and getting the support of workers to move towards a sustainable society requires more democracy at work. Social dialogue and workers' information, consultation and participation rights need to be strengthened at all levels. The EU must take responsibility for promoting and supporting collective bargaining, so that trade unions and workers can shape sustainable workplaces and a green economy.

The manufacturing sector is the basis of the European economy and we need to preserve it, through a coherent EU industrial strategy that supports sustainable development. New technologies will play an important part in transforming industry, but workers must have a say in their introduction.

Fiscal rules

Strong public services and social protection are also key to sustainable development. We have urged the EU to adapt its fiscal rules—especially the Stability and Growth Pact—to allow investment in sustainable infrastructure and social protection.

Member states should carry out impact assessments to ensure the costs of decarbonisation policies are distributed fairly and do not increase social inequalities or penalise the poorest in society, for example through higher energy costs.

The Green New Deal must target social inequality as a priority. We cannot allow the climate emergency to turn into a social emergency.

This first appeared in the European Commission's Social Agenda

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Liina Carr was re-elected confederal secretary of the European Trade Union Confederation at the ETUC Congress in 2019.

CLIMATE POLICY, ‘JUST TRANSITION’ AND THE QUALITY OF GOVERNMENT

MARINA POVITIKINA AND BO ROTHSTEIN

The challenges which climate change is heralding are nothing if not formidable. Effective policies against this threat to human wellbeing on our planet will imply huge changes for many sectors of the economy and society in general. In November 2019 a global coalition of more than 11,000 scientists warned the earth was facing a ‘climate emergency’, which would cause ‘untold human suffering’ unless drastic steps were taken.

Many industries will cease to exist and many jobs will go. There is no solution to the climate crisis which will not imply huge costs for many sectors and the individuals employed there. Energy, manufacturing, agriculture and forestry, which currently employ millions of workers, will have to undergo serious restructuring.

The ‘just transition’ idea was initiated by the International Trade Union Confederation, fearing that workers would be forced to bear the costs, leading to unemployment and exclusion. The Paris climate agreement refers to the idea, which implies that governments commit to various policies to help workers who lose their jobs obtain new skills or other forms of support. The central question is whether voters will trust that

their governments are capable of implementing those policies needed for a ‘just transition’.

‘Active labour-market’ policies

Economic restructuring is nothing new: over the history of modern capitalism, many sectors and branches have shrunk dramatically or even disappeared (agriculture, mining, switchboard operators, typesetters ...). In some countries, ‘active labour-market’ policies have been a large part of governments’ ambition to ease the transition for individuals caused by technological innovation, competition from countries with lower wages or other forms of structural change in the economy. These have entailed extensive counselling, resources for retraining and upgrading of skills, help for the unemployed to move to areas with better job opportunities, temporary relief jobs and so on.

This is, however, a type of policy quite difficult to implement. Every person who is, or is likely to become, unemployed is unique, in terms of skills, age, social and family situation, education, ambitions and interests—in short, everything that makes a person suitable for a specific job. Exactly what type of support the individual needs to find a new job cannot be stated in a law or general principles (contrast, for example, pension entitlements).

Instead, the ‘street-level bureaucrats’ who are to implement the policy have to be given a large amount of discretion as to how each unemployed person can best be supported. As is well-known from research about the problems of implementing public policies, such discretion is a sensitive thing when it comes to securing legitimacy for the policy—the unemployed person in question can feel ‘at the mercy’ of the implementing agency.

Quality of government

When it comes to winning support for a policy, this question of the quality of the government institution with responsibility for implementation is very often neglected. People may very well think that a policy in itself is a worthwhile undertaking yet mistrust the government's ability to implement it in a fair and competent manner. But in obtaining support from voters, this quality-of-government aspect is as crucial as their ideological orientation.

The Swedish sociologist Stefan Svallfors has explored survey data for 29 European countries, including questions about the fairness and competence of public authorities (public health and tax) and respondents' ideological leanings and policy preferences. He has shown that, overall, there is a preference for more economic equality—and a respondent in a country where he or she believes these two authorities are basically just and competent will affirm willingness to pay higher taxes for more social spending. In a country where citizens perceive these two institutions are treating people unfairly or lack competence, however, the same leftist 'ideological type' of respondent will prefer lower taxes and less social spending.

We find the same pattern when it comes to support for policy measures addressing climate change. For example, carbon taxes are recognised to be one of the most cost-effective tools to reduce greenhouse-gas emissions, yet numerous studies in political-opinion research show that people often do not support carbon taxes if they do not trust their governments.

In their recent study of 23 European countries, the sociologists Malcolm Fairbrother, Ingemar Johansson Sevä and Joakim Kulin show that, while most Europeans (78 per cent) believe in anthropogenic climate change and worry about its dangers, only a minority (33 per

cent) support increasing taxes on fossil fuels. The researchers convincingly demonstrate that people concerned about climate change and its effects only support carbon taxes if they trust their governments. Similarly, the political scientists Dragana Davidovic, Niklas Haring and Sverker Jagers show that leftist political ideology only explains support for environmental taxes in countries with high governmental quality but does not matter in contexts with low quality of government.

Rule of law

For environmental taxes to gain more public support, political leaders can consider various types of targeted compensation: tax rebates or redistribution to improve fairness, subsidies for using ‘green’ electricity or switching to electric and hybrid cars, more information and educational programmes about the advantages of protecting the environment. Such reward-based measures are better supported in countries where people trust their governments and each other more—coercive measures, such as heavy fines, being more popular in less-trusting countries. Nevertheless, to be successful, all these instruments require effective implementation, which is hard to achieve without a competent, largely non-corrupt public administration and a strong rule of law.

If there is one thing the current wave of populist politicians have in common, it is they attack precisely the competence, honesty and fairness of the public institutions with the responsibility for implementing public policies. The populists often point to issues related to corruption and incompetence when they attack policies for achieving climate change. Addressing these quality-of-government concerns is thus paramount if there is going to be support for policies to address climate change as such, and the ‘just transition’ measures that will follow.

* * *

Marina Povitkina is a postdoctoral researcher in the Department of Political Science at Oslo University and is affiliated with the Center for Collective Action research at the University of Gothenburg.

Bo Rothstein is a professor of political science and co-founder of the Quality of Government Institute at the University of Gothenburg

A JUST TRANSITION WITH CLIMATE AND SOCIAL AMBITION

TERESA RIBERA

We find ourselves immersed in an unprecedented climate emergency, which is putting the current model of development at risk, increasing inequality and affecting especially the most vulnerable. Governments have to lead this transformation and we have to carry it out within the timescales that science sets for us and with the profundity that is necessary—no less.

This is not time to be lukewarm. Either we drastically reduce emissions or the future will be extremely hard for the most vulnerable on the planet and we will destroy a ‘natural capital’ that does not belong only to us but also the generations to come.

Collective talent

In this world of accelerating climate change, we need to be able to act in a manner that is innovative, strong and coherent. We need to pay attention to the direction of the changes in order to anticipate them, to generate proposals that meet the scale of the challenges and to multiply and expand our collective talent.

The only way to avoid climate chaos is if the transformation is taken on

as a cohesive, robust proposition—a plan in which everyone has a role to play, in which no one is left behind. Ambition in climate commitments must go hand in hand with ambition in social guarantees, so that the changes that occur do not negatively affect those who have the least, but rather become a catalyst for opportunities precisely for them.

The objectives of the Paris agreement are fundamental to guarantee justice and equity in all societies, particularly in the poorest societies and in the least-favoured strata in all countries. Without accelerated climate action, a just transition cannot be realised.

However, accelerating mitigation policies without deep reflection on who will be the winners and losers of the transition to fully decarbonised economies will not engender the support and confidence of populations and communities who feel threatened by the very important change we have to undertake. Although the benefits far outweigh the adverse effects, attention must also be paid to these.

We have to move forward on climate policies yet while analysing well the economic contexts in which they must be implemented. In many countries, including many European countries, climate policies now have to be implemented in some national contexts where progress in social indicators is arrested or in retreat, where the indicators of inequality do not stop rising. Social indicators going in reverse debilitate in a profound way our ability to undertake transformations of all kinds.

More and better jobs

Employment is one of the fundamental elements to consider, because the incomes of families and their ability to prosper depend on its realisation and its quality. Climate action has to be a vector of creating more and better jobs and it must pay attention to the job losses which some of the associated changes can bring in train. In a country such as Spain,

where unemployment levels remain high, this fact has been a key element of our action as a government.

That is why at the national level we have been developing a battery of responses to ensure that in Spain the transition to a decarbonised economy is just. Last year we presented the Strategic Framework for Energy and Climate, focused on facilitating the modernisation of the economy towards a sustainable and competitive model.

This is about different elements designed together so that Spain relies on a solid and stable strategic framework for the decarbonisation of its economy:

- a draft Climate Change and Energy Transition law, which aims for emissions neutrality in 2050;
- an Integrated National Energy and Climate Plan 2021-2030, much in line with a goal for the European Union of reduction of emissions by close to 55 per cent, with the current rules for sharing out, and
- an accompanying strategy of support and just transition, to ensure that individuals and regions make the most of the opportunities of this transition, so that no one is left behind.

Finally, together with the climate and energy strategic framework, we approved an Energy Poverty Strategy to protect vulnerable consumers. And elaboration of a long-term decarbonisation strategy—a document expected to be delivered to the European Commission in the short term and whose central objective is for Spain to achieve climate neutrality by 2050—is well advanced.

Mobilising investment

We set ambitious goals from a climate point of view because we know they will create significant opportunities for the country. The Integrated

National Energy and Climate Plan will mobilise more than €230 billion over the next decade from private, public and mixed investment and boost growth in growth domestic product against a scenario without such a plan.

It will also allow Spain to reduce its energy dependence and to improve its trade balance by around €70 billion between 2020 and 2030. And it will allow the not inconsiderable reduction, by around 25 per cent, of the number of premature deaths caused by air pollution, compared with a no-plan scenario.

Finally, it will have a positive effect on employment, as approximately 250,000 to 350,000 jobs will be created over the next decade, especially in manufacturing and construction, in a country such as Spain which needs its economy to generate more and better jobs.

We understand however that for the social and employment gains to be optimised, measures must be proposed among the different administrations—within the government (Industry, Labour, Agriculture, Economy, Finance, Education), between the different levels of the administration in Spain, from the local to the state, and through social dialogue, with employers, trade-union organisations and other social actors—to seek the most appropriate solutions.

In this way, our proposal for just transition includes sectoral policies for optimising the results, in terms of employment, of the ecological transition of the economy as the Green New Deal at European level aims to do as well. We consider these proposals key for Europe to continue leading the climate and social agenda.

It is about identifying the areas of the energy transition with the greatest opportunities for job creation (renovation of buildings, renewables, storage of renewable energy, electrical mobility, biomethane, hydrogen) and going beyond the energy transition (the circular economy, the bioeconomy). It is also about identifying proposals to support

companies better and driving plans in support of the transition in industry and other sectors.

Training for workers in the skills of the present and the future is an important part of our proposal. We must review the curricula of compulsory secondary education, professional training and university education, for the inclusion of ecological-transition contents.

Just-transition agreements

We must optimise the social gains of the ecological transition, but we also need without a doubt to mitigate the challenges. That is why, for those regions where the energy and ecological transition can put businesses and economic activity in difficulty, we have incorporated a tool for their revival—just-transition agreements, which must propose a comprehensive territorial action plan for them.

Just-transition agreements have as a priority objective the maintenance and creation of activity and employment in the region through working with the sectors and groups at risk, the maintenance of populations in rural territories in areas with installations facing closure and the promotion of a diversification and specialisation consistent with the socio-economic context.

In my first stint in charge of the Ministry for Ecological Transition, we had to face the closure of the Spanish mines and the request to close most of our coal-fired power plant. That is why we prepared an urgent action plan in which we committed ourselves to work together with all the administrations, the companies involved and the social actors on the transition agreements for these areas.

This plan arose from the agreement signed with the trade-union and business organisations for the closure of the mining sector, whose efforts were essential to advance the search for solutions. The agree-

ment was associated with a strong, continuous dialogue with the mayors of the affected municipalities.

The agreements for these coal zones include numerous tools in support of investments, the restoration of the territories, support for industrial projects, the retraining of workers and the development of small and medium enterprises.

Also in a very innovative manner, at the end of 2019 we approved a regulation which allows us to put out to tender the network access and water use, of which coal-fired power plants avail themselves, to the best projects, not only in economic terms but also *vis-à-vis* employment generation. Two scarce resources in Spain, network access and water, are put at the service of job creation in the areas affected by closures, redirecting investments without the need to be supported with public resources—simply by approaching geographically opportunities and challenges, and taking into account the social benefits of these.

The preparation of the agreements is being carried out by means of participatory processes in which we propose an objective assessment of possible job losses and a commitment to a final list of projects born of the agreement between the parties, which will have to result in the maintenance of employment and population. This should represent a sustainable future project for these territories which were fundamental actors in generating the wealth of today—we have to recognise their contribution, respect their identity and help them to continue to be protagonists of the economic future of our country.

The just-transition agreements which have begun to develop must be signed with the territories which were living off coal in the coming months of May to October 2020. Fortunately, this proposal has generated important social support, demonstrated in the response to the various elections of the last year.

Finding a future

The population of the regions, although anxious and in many cases sceptical of the commitments made after a long restructuring which has been difficult and painful, is dedicated to finding a future for these territories and values honesty. Delaying debate or decision-making does not eliminate the problems—it simply leaves us in a worse position to solve them. Accelerating changes without putting people in the centre will equally have little traction and could lead to setbacks difficult to overcome.

As the priority of this new mandate of the Vice-Presidency for Ecological Transition and the Demographic Challenge, we have the opportunity to make a reality of our promises, demonstrating that social and climate ambition can go hand in hand and can also respect the wishes of the rural population fighting depopulation, in Spain and in the European Union as a whole.

* * *

Teresa Ribera is deputy prime minister for the ecological transition and the demographic challenge in Spain, having already been minister for the ecological transition in 2018-20. From 2014 to 2018 she was director of the Institute for Sustainable Development and International Relations (IDDRI), enabling it to play a key role in the negotiation of the Paris agreement. She previously served as secretary of state for climate change from 2008 to 2011. She has also taught at the Autonomous University of Madrid.

JUST TRANSITION: REPLACING FEAR WITH HOPE

SAMANTHA SMITH

Twenty twenty started with catastrophic bushfires in Australia, floods in Indonesia and record temperatures across much of the northern hemisphere. As wildfires, heatwaves and floods accumulate, people are demanding climate action. There is growing understanding that a real response to climate change requires deep, rapid and just transformations of economies and sectors. It requires a ‘just transition’.

The good news is that such transformations are still possible and they are happening. Zero- and low-emissions technologies and know-how exist for every sector, from power to heavy industry, aviation, buildings and transport. In an increasingly fractured and unequal world, we know how to bring people security—with decent jobs, social protection, quality public services and fair tax and investment.

Real plans

Just transition brings people on board and leaves no one behind. Through social dialogue between workers and their unions, businesses and governments, just transition delivers climate ambition along with real plans for decent jobs, regional redevelopment and social protec-

tion. In countries such as Germany and Spain, strong plans for just transition and climate action are already bringing down emissions while offering workers and communities hope for the future.

Unions have solutions. Together, the union movement fought for just transition in the International Labor Organization and the global climate negotiations. We now have a global United Nations framework, along with the launch of a European one. Now, we are fighting for just transition on the ground.

To support and accelerate action, in 2016 the International Trade Union Confederation and the European Trade Union Confederation launched the Just Transition Centre. The centre works directly with unions and allies around the world to help unions secure concrete and binding plans for their members on climate action and just transition. We work in a practical way providing best practice and learning and, for those who want it, hands-on help to start, support and document social dialogue that leads to collective agreements, laws or regulations.

Strong unions

What we have seen so far is that *just transition works*. With unions at the table in social dialogue, workers and communities get hope for the future, there are decent new jobs, climate action gains support and emissions start to go down. Strong unions and social dialogue are key, along with making sure the new jobs are indeed good jobs and leaving no one behind. We have real examples in countries ranging from Canada to the Netherlands to New Zealand.

We have also learnt a lot from working with unions that are winning plans for just transition on the ground. The single most important lesson is that it must not just be about shutting stuff down—phasing out high-emitting sectors and processes. A real just transition puts at least

as much emphasis on greening today's jobs, on creating good new jobs and on making investments and plans for vulnerable regions.

People need hope for the future and prospects for decent work. If they don't see how they will feed their families, they will fight hard to keep the jobs they have. These concerns are reflected in three questions we hear from workers everywhere. What are the new jobs? How do I get from here to there? And what does 'just transition' mean for me and my colleagues, and my community?

From the perspective of workers who today have good jobs in high-emitting industries, the best transition is one in which they keep their current jobs but emissions go down and conditions of work improve. Workers would like to see today's industrial companies transform rather than go out of business, while taking workers with them. Thus one priority for just transition must be to support traditional industries in bringing emissions down, while maintaining job quality and union density.

Three key steps

Getting a just transition in existing industries takes three key steps. First, employers should commit to a policy of 'retain, retrain and redeploy'. Power-sector unions and national federations have successfully bargained for exactly this principle in companies in transition from thermal to renewable power generation. It is also a key principle of Germany's recent agreement on coal transition.

Secondly, labour-management collaboration on emissions-reductions plans builds worker confidence and leverages workers' knowledge about their sectors. Thirdly, government targets, investments and research and development bolster industry and labour confidence and draw in new capital.

At the same time, workers and particularly young workers need new,

quality, low-emissions jobs. Creating new jobs requires broader plans, targets and investment for sectoral and regional development. These should be based on social dialogue and codetermination, as opposed to being imposed from outside. There can be immediate gains in new jobs—for example in coalmine workers moving to mine remediation and cleanup—while others may take more time to materialise.

In regional development, both ‘hard’ infrastructure, such as public transport, broadband, grids and storage, and the ‘soft’, such as schools and hospitals, can be rich in good new jobs. Governments should use the power of procurement to require high job standards in regional plans and investments.

More broadly, government policy can apply such job standards to every part of the value chain, for every climate target. For example, in setting targets for wind energy, governments can require companies to guarantee decent job standards from mine to manufacturing, and from construction to maintenance, sales and customer support.

A pathway for every worker

Nonetheless, despite the best efforts some jobs will disappear. Not every industry or sector can get its emissions down and we have to be prepared for that. A just transition must leave no one behind, which means a pathway for every single worker in vulnerable sectors, to a good new job or early retirement.

Key measures include enhanced social protection (particularly with respect to income replacement), health care and education, and skills training for which workers do not have to pay themselves. No one likes to lose their job, but our experience is that workers become more favourable to transition as they see concrete benefits from just-transition agreements, with significant investments and clear political commitment.

A final lesson is that though the power sector and particularly coal are today's frontline, all jobs and all sectors will have to change to respond to climate change and inequality. It is possible and important to get today's power-sector transition right—it will set a precedent for much bigger transitions yet to come in other sectors.

* * *

Samantha Smith is director of the Just Transition Centre, working for a just transition for workers and communities. The centre was established by the International Trade Union Confederation and partners to help unions and their allies secure concrete plans for just transition at all levels.

BEYOND 'GREEN GROWTH'

FRANK HOFFER

The story goes like this. Brown jobs have to be replaced by green jobs. There will be victims of decarbonisation but for the greater good of saving the planet this is inevitable. Greening the economy however also opens up opportunities and will generate alternative jobs and growth. Successful greening can position advanced industrialised European nations as green global champions and the green profits will allow societies to compensate the losers. The remaining challenge is the fair management of this fundamental structural change.

'Just transition' is then the magic formula to ensure that what is good for all is also good for everybody. It sounds a bit like the free-trade narrative of such social-democratic globalisers as Gerhard Schröder, Tony Blair and Bill Clinton.

What looks theoretically like a win-win solution often fails to materialise, however, because such processes are not driven by the common good but profit maximisation. And the enthusiasm of winners to pay taxes and to share with the losers is, according to all available evidence, rather limited.

The narrative of 'green growth' and just transition is basically a varia-

tion of the Keynesian compromise of market-driven innovation combined with social-democratic industrial restructuring. It assumes that through technological progress plus government policies the circle can be squared: energy- and resource-saving innovation allow simultaneously improved material wellbeing, reduced resource utilisation and lower CO2 emissions. We can enjoy continued growth in consumption—and still save the planet.

Structural change

In the past, structural change was about replacing sunset industries with new growth opportunities. As long as productivity gains did not exceed growth, employment grew overall and just transition was about maintaining growth while helping people adapt to new labour market-requirements, promoting migration or paying social transfers to those unable to acquire the newly required skills.

Even under favourable conditions of economic growth, however, structural change has proved very challenging—as the US rustbelt, Nord-Pas-de-Calais in France, the English midlands or the German Ruhr show. Reskilling people is easier said than done, labour demand is more difficult to predict than usually thought and regional mobility is slow due to the economic, cultural and social transactional costs. Maintaining and enhancing growth alone is not sufficient for a just transition but it has been a cornerstone of successful management of structural change in the past.

Green growth adds an environmental dimension. Otherwise it remains largely within the paradigm of expansionary capitalism. So far the most successful implementation of such a transformation strategy has been German reunification, the most radical—if partly unintended—greening of one of the most polluting economies of the world.

Within six years the CO2 footprint per person in the former German

Democratic Republic halved. Generous pre-retirement arrangements and public-employment schemes on an unprecedented scale, as well as the right of all east Germans to migrate to the prosperous west, helped to buffer the massive employment shock, as roughly half of all jobs disappeared in this restructuring tsunami. A total collapse in birth rate (during the first 15 years after unification the Vatican was the only state with a lower rate than the east German *Länder*) generated an environmentally-friendly, long-term demographic decline.

Thirty years and 2 trillion euro later we see economic growth and the *blühende Landschaften* (flourishing landscapes) promised by the unification chancellor, Helmut Kohl. Mecklenburg Vorpommern has replaced Bavaria as Germany's most popular tourist destination, unemployment rates are single-digit, Leipzig is the fastest growing city in Germany and a small but highly efficient east-German manufacturing industry is fully integrated into the mighty German export engine. Berlin, the reborn capital, is by and large a green post-industrial city with clean air, superb public transport, countless theatres, thousands of business start-ups and vegan food at any corner. It attracts the young and creative from all corners of the world.

But there are a few important lessons to be learned. First, there will be no other place in the world where the relatively wealthy neighbours will be willing to compensate the victims of environmental restructuring to a similar scale.

Secondly, money transfer is not enough to neutralise the political fallout. Engineering change without the people and treating the losers largely as a transitional cost results in a considerable political backlash. Today, in the decarbonised east-German countryside 25-30 per cent vote for the extreme right wing *Alternative für Deutschland*.

Finally, with rising living standards the decarbonisation of Germany has slowed down, as the overall economic logic of growth has been

maintained. The environmental challenge, however, puts the very concept of growth into question.

No solution

If the global growth rate of roughly 3 per cent continues, world gross domestic product will double every 25 years. There is no way that this can be achieved without a massive increase in energy and resource consumption. Greening the economy is better than continuing business as usual, but having more less-polluting consumer goods is no solution and reaching the critical point of 2C global warming only in 2060 instead of already in 2050 looks more like a small delay.

Of course, more environmentally-friendly products, new mobility concepts, energy-neutral houses and so on are desirable and necessary. But there should be no illusion that a global economy based on permanent growth and powered by the pursue of profit maximisation is environmentally sustainable. It is not.

While for thousands of years productivity growth was marginal and humankind lived in a poor circular economy, we changed gear approximately 200 years ago and global GDP started to rise exponentially. Today a society without growth seems beyond imagination, as growth is the panacea that makes injustice and inequality bearable and ensures general social peace in a deeply unfair world which nevertheless promises equal human rights.

Given the strong correlation between individual income and individual carbon footprint, 1 per cent growth for an upper-middle-class person in Europe is far more harmful than 100 per cent income growth for a very poor person in Africa. Average individual weekly CO₂ emissions in the UK equal the average *annual* impact per citizen in the poorest African countries.

Hence, we need simultaneously income growth for the bottom half of the world population while establishing a circular economy for the affluent, with stagnating income and a declining carbon footprint. All possible technological progress, the greening of production and the reduction of CO₂ emissions per unit of output will not solve the issue without a radically different attitude to growth, consumption and quality of life.

The affluent—the top 10 per cent of the population in most societies today receive 35-65 per cent of national income—are overconsuming and causing 50 per cent of all CO₂ emissions. They set the aspiration for the rest of the world's population. It is their lifestyle and consumption pattern that needs to change radically, while the bottom 50 per cent of the world population, as well as the bottom 30 per cent of the population in developed countries, definitely need income growth to move out of poverty.

More time

Convincing the affluent to consume wisely is most likely a Sisyphean task, as long as they are expected to give up something for nothing. The new currency for the rich has to be more time instead of more money. Anyone in the highest income decile should enjoy working-time reduction instead of any further income rise. Those still insisting on more money need to be taxed at a high marginal rate, of at least 80 per cent.

Bullshit production and consumption—private jets, luxury yachts, sport-utility vehicles, extravagant housing, frequent-flyer benefits, plastic bags, free returns of online purchases, coffee to go ...—need to be stopped or highly taxed. Public investment in education, security, mobility, health and care needs to take precedent over costly private solutions for the rich, while subsidies need to be directed towards environmentally friendly industries and so on.

Notwithstanding all these urgently needed policy measures, however,

any just transition beyond mere greening of ‘business as usual’ must have at its heart a transition from work to leisure, from material consumption to time enjoyment. Western lifestyle has elevated individual utility maximisation to the ultimate goal of life. Within this *Weltanschauung*, caring about the wellbeing of others—let alone future generations or the planet—is irrational. Our secular societies are in urgent need of a deeper sense of purpose. This is not a metaphysical add-on to a Green New Deal but at the core of sustainability.

It is just too depressing to imagine that the final destination of humankind is more cars, Ipads, ever faster fashion and a billion Facebook likes. The technocratic left currently lacks the anger, ambition, ideas and hope to offer any alternative. The early visionaries of socialism thought of technical progress as a way to liberate people from the burden of work. John Maynard Keynes foresaw his grandchildren working 15 hours a week. Already 150 years ago Paul Lafargue—concerned about the labour movement’s obsession with a right to work—promoted ‘the right to laziness’.

It is time to put these visions into practice. There is no just transition without greater distributional justice and without replacing money with time. Beyond a decent salary, the marginal utility of money is highly overrated—and what really counts in life money can’t buy.

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Frank Hoffer is executive director of Action, Collaboration, Transformation (ACT). He writes in a personal capacity.

TELLING A DIFFERENT STORY: THE MEDIA AND ‘JUST TRANSITION’

NATALIE BENNETT

Discussion of ‘fake news’ often centres on ‘social media’, on Russian interference and Twitter bots, on nefarious undercover sources. This ignores the ‘fake news’ hiding in open sight—plainly false reporting of news in mainstream media outlets and subtler slanting of reporting to meet the interests of proprietors and their friends. And then there’s the unconscious or unevaluated biases of journalists themselves.

The respected *New York Times* recently analysed ‘How Rupert Murdoch is Influencing Australia’s Bushfire Debate’—noting the playing down of the seriousness of the fires and their unprecedented nature amid the suggestion that an ‘arson emergency’, rather than the climate emergency, was to blame. It was an unusual case of a publication breaking an unwritten professional pact not to criticise colleagues.

To the dispassionate, informed eye, such falsehoods are often easy to identify and are generally debunked by critical readers. Broader underlying narratives built on misconceptions, however, are harder to identify, highlight and correct.

‘Poor will pay’

One such narrative posits that the actions needed to tackle the climate emergency and nature crisis—slashing carbon emissions and our resource consumption—must come at the expense of our quality of life. It suggests that these measures will adversely affect the lives of the poor and vulnerable, particularly communities that are currently reliant on fossil-fuel and resource-heavy industries. You might call it the ‘poor will pay’ assumption.

The counterclaim is that it is possible to have a ‘just transition’, from fossil fuels to renewables, from mass bulk consumption to quality production, from armaments manufacture to socially-useful goods, from the insecurity of zero-hours contracts to the security of a universal basic income.

The ‘poor will pay’ thesis is not in the ‘fake news’ class of thinking. The region of England in which I live, south Yorkshire, a traditional coal and steel area, has bitter experience of how major structural economic change—the deliberate closure of its industries driven by neoliberal ideology—can deeply scar, even destroy, communities and lives. It relies however on a deeper assumption: that politics and economics will continue on the neoliberal course of the past four decades and that the dominance of multinational companies and the financial sector was and will continue to be inevitable, rather than the product of political choices which could be made differently.

The ‘poor will pay’ thesis is demonstrably untrue—and certainly subject to change through struggle. The continuing *gilets jaunes* unrest in France is sometimes reported at least as having started as simple resistance to a ‘green’ measure in the form of fuel taxes. But there is ample evidence—including in the reaction of the president, Emmanuel Macron—that it was as much against the dropping of wealth taxes.

Inequality was the driver, the righty identified fact that the rich were getting off scot-free while poorer people paid and paid again (without the option of not using that fuel, austerity having slashed alternative public-transport services).

What is news

The lack of understanding of change in the media is not the only challenge to reporting on the possibility of a just transition. Another practical professional barrier is the belief that news is about conflict, failure, pain and suffering. The impact of joblessness in ‘rustbelt’ communities, and the associated US opioid epidemic, is innately a ‘sexier’ story, in terms of conventional news values, than the successful opening of a new turbine factory or a massive offshore windfarm. The former goes page one or has a big spread in the weekend magazine, the latter maybe downpage in the business section in the depths of the newspaper.

Thinking about reporting, informing and educating about a just transition also means thinking about our classification of what is news—and how we can highlight good news and success stories. We’re not going to suddenly change journalism as a profession, or the news judgement of editors, although we can highlight these issues and campaign on them. But there are other things we can do.

One crucial corrective to dominant narratives, including the ‘poor will pay’, is media diversity. A range of voices, genuinely varied, will—in presenting different approaches, narratives and conclusions—at least encourage questioning and competition for the public’s understanding. That’s why reform of media ownership is crucial for our democracies. The UK is dreadful on this score but it is an issue across Europe and beyond.

There is also huge potential in the growth of ‘social media’ platforms.

Traditional media are becoming less important every day, with the young never even picking up the habit. Everyone is now at least potentially a journalist and can get out the news through the almost ubiquitous tool of the mobile phone. Encouraging and supporting people to do this—particularly those whose voices are unlikely to be heard and fairly represented in the mainstream media—is crucial in getting out the just-transition message.

Media literacy

But it isn't enough, and will in any case have limited effect, simply to say that we have to change how the media work. A crucial factor in promoting a just transition, and indeed more broadly in improving the quality and effectiveness of our democracy, is the level of media literacy in our societies—the capacity of the public to absorb information critically and to see the biases, the falsehoods and the gaps.

The Open Society Foundation recently attempted to chart this. And it will surprise few to learn that Finland came top of the media-literacy class, thanks to its widely-admired education system which explicitly seeks to teach this crucial skill.

And this process is not confined to formal education. The young climate strikers around the world have discovered, largely by themselves, the falsity and inadequacy of the world they are being presented with by their elders, and have developed a thoughtful analysis of the changes that need to be made.

That we have growing up sceptical, critical cohorts is on one level a tragedy, reflecting the failure of current systems to deliver a coherent, survivable world. But it is also deeply hopeful: they won't swallow wholesale tired, failed, old narratives, but are demanding, and creating, visions of the just transition we all have to work towards.

* * *

Natalie Bennett is a Green Party peer in the UK House of Lords. She was leader of the England and Wales Green Party from 2012-16, and editor of the *Guardian Weekly* from 2007 to 2011.

MOVING BEYOND COAL: POLICY LESSONS FROM ACROSS EUROPE

ELENA BIXEL

The transition from coal to renewable energy is gaining pace throughout Europe. In 2015, the United Kingdom was the first country in the world to announce an explicit end to burning coal for energy production. Since then, an additional 14 EU member countries have announced that they will phase out electricity generation from coal—and a few, including Finland, France and the Netherlands, have enshrined this in law. While its end date of 2035-38 remains inadequate, Germany will also legislate a coal phase-out early this year.

But not only new laws are driving change. A host of policies across Europe aim to smooth the transition to low-carbon electricity.

Avoiding mistakes

While there are many successes to build on, if we are to speed up this coal-exit trend, in a just and sustainable way, it is however critical that countries avoid mistakes made by others. Working with a group of national coal experts to analyse what makes a good coal phase-out, Europe Beyond Coal and Sandbag have drawn out good and bad examples from across Europe, the results published in a report in December.

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Solving the Coal Puzzle defines nine criteria of a successful coal phase-out. For each, there are lessons to share from European countries—policies that worked well, and policies that didn't.

1. Ambition is key: we cannot address climate change or the extremely heavy cost of its impacts without a rapid phase-out of coal. The ambition of announced phase-out dates and pathways must be judged against the backdrop of the scientific findings of the Intergovernmental Panel on Climate Change and national coal dependence. No matter how attached they are to coal, all European countries must be coal-free by 2030 if we are to keep the temperature rise below 1.5C. While this demands major changes in infrastructure, policies and finance, a decade is more than enough time to make it happen.

Greece is an example of a country with a high coal dependence which has announced a relatively early phase-out date of 2028. In fact, its old coal plants will be closed as soon as 2023. Greece still generated 33 per cent of its electricity from lignite in 2019 and is so far the only lignite-extracting country to pledge to go coal-free.

2. Legislation is needed: to lay out the scope and speed of change, phase-out plans need to be written into law. This not only prevents the risk of backtracking with a change of government but also provides certainty for markets and helps avoid loopholes. Not many countries have translated their phase-out announcements into law yet. In February 2019, Finland was the first to do so, adopting a clear-cut ban on burning coal as of May 2029 without any caveats.

3. No one should be left behind: The phase-out should include the participation of trade unions and communities, securing a just and fair transition for those affected by the shutdown of the industry. It should also boost the regional economy. The Spanish experience shows this is possible.

In light of the obligation of most coalmines to shut down by the end of 2018, to comply with EU state-aid law, the Spanish government achieved a historic agreement with the coalmining unions. A €250 million sum was pledged to support a just transition through a variety of instruments, including early retirement, reskilling and restoration. The Ministry for Ecological Transition will authorise the closure of coal plants only when operators present a just-transition plan for the workers.

4. There must be investment in renewables: wind and solar investment should be explicitly linked to closing coal plants. Only wind and solar give the full benefits of a coal phase-out, in terms of jobs, investment, energy self-sufficiency, cheap energy, clean air and reduced CO₂-emissions.

The Dutch climate agreement is the best example. It aims at a renewable share of 70 per cent in electricity generation by 2030—up from 15 per cent in 2018, in only 12 years. The coal phase-out was announced at the same time as the climate package was announced, envisioning an explicit coal-to-clean transition.

5. Gas and biomass are not bridges: the climate benefits of gas and bioenergy are not what they promise—natural gas is still a climate-damaging fossil fuel, which leaks methane, and biomass life-cycle emissions are far from zero. Due to the high Dutch renewables target, no new fossil-gas plants will need to be built there, and the use of existing gas plants will likely reduce by 2030.

6. Flexibility must be built in: governments and companies should maximise investment in electricity storage, interconnectors and demand response, to guarantee a reliable electricity supply. Here too the Netherlands models best practice, including via new interconnectors (with the UK, Germany and Belgium and, in train, Denmark) and converting hydrogen to power.

7. There must be a carbon price for coal: carbon pricing can help to accelerate coal-plant closures, as well as to finance the transition and reduce fuel poverty. By improving its Emissions Trading System, the EU as a whole showed that a carbon market can work. Following a reform in 2017, the carbon price rose to the reasonable level of €15-30 per tonne.

The price in 2019 of around €25 per tonne affected coal power plants in two ways. First, it stripped away profitability, making an estimated four out of five coal plants uneconomic in Europe. Secondly, it meant wind and solar could often compete without subsidies, encouraging governments to scale up substantially their renewables ambitions.

8. The worst polluters should be scrapped first: the dirtiest coal plants

should close first, to realise immediate health benefits. The EU has a good process of tightening air-pollution standards, which forces the dirtiest coal plants to invest or close. Under the Industrial Emissions Directive ‘best reference’ (BREF) policy, standards are updated every seven years. In 2021, SO₂ and NO limits will tighten substantially and many plants across Europe will not be able to comply. Utilities must then choose: do they invest more money in old coal plants or do they close them?

9. Rent-seeking should not be rewarded: taxpayers’ money should not be used to compensate polluters for closing plants. The writing has been on the wall for a very long time and those who have refused to move with the times should not be rewarded for bad decisions. Bailing out fossil fuel companies creates perverse incentives, slowing the transition and making a phase-out unnecessarily expensive.

The Finnish experience shows that polluters cannot count on compensation. In a significant ruling, its Constitutional Law Committee decided that companies and other traders could not reasonably expect the legislation governing their business to remain unchanged. Furthermore, it ruled that ‘responsibility for the environment’ overrode commercial claims brought forward by the energy companies.

Swift and effective

No country so far has solutions which tick all the boxes. The policy guide by Europe Beyond Coal and Sandbag aims rather to inform experts looking to implement a swift and effective coal phase-out in their country and eventually to enable others to leapfrog into a 100 per cent renewable future.

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Elena Bixel is campaign researcher with the Europe Beyond Coal campaign secretariat. Europe Beyond Coal is an alliance of civil society groups working to catalyse the closures of coal mines and power plants, prevent the building of any new coal projects and hasten the just transition to clean, renewable energy and energy efficiency with the aim of making Europe coal-free by 2030 or sooner.

THE POLITICS OF A JUST TRANSITION: AVOIDING FALLACIOUS ARGUMENTS

JOHN WEEKS

In December *Social Europe* launched its just-transition series, which has transformed the discussion and debate over achieving a sustainable, social and economic European Union. The initial article and those that followed clarify the political tasks required to achieve an equitable social system, beyond the current reliance on environment-undermining methods of production and distribution.

Along with concrete proposals, the just-transition discussion has however highlighted the need to discard fallacies which weaken the movement for a sustainable society. Perhaps the most politically debilitating is that inherent in the fight for a sustainable planet is a generational conflict.

Non sequiturs

This hypothesis is founded on two *non sequiturs*. The first asserts that the older generation has ‘stolen the future’ of the younger generation by its inaction on environmental policy. Second, and implied, is the assertion that the older generation is responsible for the environmental crisis, while the young are its victims.

Generational conflict is commonly used to depoliticise policy issues, such as wealth concentration. Such arguments share a fundamental flaw—a failure to view humans as living in societies. As should be obvious, in all societies the old were once young and the young will grow old. The idea that society is permanently divided between age groups is static and a variation on the infamous assertion by the former UK prime minister Margaret Thatcher that there is no such thing as society.

Nor is it true that environmental issues are more relevant to the young than the old. The immediate health impact of pollution on the elderly is at least as serious as for children and teenagers, with the most obvious effect respiratory ailments, which disproportionately affect the poor. The generational-divide assertion serves as a useful fiction for those who wish to avoid confronting the politics of constructing coalitions to achieve environmental rescue.

Far more plausible than the generational argument is the class element in the just transition. An effective transition will necessarily imply elimination of many well-paid, skilled jobs, for example in motor-vehicle production. Replacing these with productive green jobs is essential for gathering political support for the transition.

Further, the assertion that the environmental crisis has robbed youth of its future comes from a singularly middle-class perspective. Inequality and poverty have robbed millions of youth throughout the world of their future. This is why each country requires a just transition in which the struggle for environmental sustainability is part of creating decent incomes, as argued by Spain's deputy prime minister Teresa Ribera. Our internationalism requires us to extend the just-transition process to those low-income countries heavily dependent on hydrocarbon exports.

Special interests

Closely linked to the generational-conflict fallacy is a second—the sweeping accusation that ‘our leaders have failed us’. This derives from the further *non sequitur* that while politicians have had decades to act, they have failed to stop environmental deterioration. Effective action on the environment is not an issue of time. It requires confronting and successfully overcoming opposition from special interests.

EU politicians who have fought for environmental justice require and have earned the support of progressives. Rather than berate our allies for what they have not done, we need to build the coalitions that will achieve further advances. That task involves inspecting and assessing the stance of politicians, as for instance ‘Labour for a Green New Deal’ has done with contenders in the UK party’s leadership race.

The EU needs bolder action, and its own green programme represents a basis on which to build. How to build the cross-country coalition for a just transition through a green programme brings me to the third fallacy.

Dire warnings

Stoking fear of disaster was not an effective method for marshalling ‘remain’ voters in the 2016 UK referendum on EU membership, nor is it a likely formula for success to save the environment. Some will consider the dire warnings as exaggerations; more importantly, when believed predictions of catastrophe can provoke despair and *ennui*.

Samantha Smith, director of the Just Transition Centre of the International Trade Union Congress and partners, provides the antidote to this fallacy: we replace fear with hope, a programme ‘offering workers and communities hope for the future’. Most successful politicians recognise that citizens respond to hope rather than fear—none

more so than Franklin D Roosevelt, four times elected president of the United States.

In the autumn of 1932, ‘FDR’ made his first run for the presidency with one third of the US labour force unemployed and more on short hours. He chose as his unlikely campaign song ‘Happy Days are Here Again’ (*Happy days are here again, the skies above are clear again ...*). And he won a landslide majority.

The just transition could take a lesson from Roosevelt. Perhaps it could choose the 1926 Irving Berlin hit, ‘Blue Skies Smiling at Me’, offering the rousing promise of the healthy, sustainable future we seek—or, more European and sophisticated, the first movement of Beethoven’s *Eroica*.

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John Weeks is co-ordinator of the London-based Progressive Economy Forum and professor emeritus of the School of Oriental and African Studies. He is author of *The Debt Delusion: Living within Our Means and Other Fallacies* (2019) and *Economics of the 1%: How Mainstream Economics Services the Rich, Obscures Reality and Distorts Policy*.

JUST TRANSITION: THE PENSIONS ANALOGY

ANTON HEMERIJCK AND ROBIN HUGUENOT-NOËL

Any ‘just transition’ worth its name must square a circle along three dimensions: effective production, fair redistribution and political feasibility.

The productive puzzle is about finding the most relevant technology for the transition to get going. Will green energy be based on solar or wind? Should nuclear power be included? And any transition implies winners and losers, thus raising questions of redistribution. Should the public purse subsidise isolated housing or exempt electric cars from road tax? Allocating costs and gains also has a temporal aspect—the pace of withdrawing old technologies while feeding in the new.

The politics of a just transition is essentially about constructing consensus across these dimensions. Climate policy is thus increasingly framed as an investment strategy. The European Green Deal, adopted by the European Commission on January 14th, involves a Just Transition Fund to help coal regions phase out brown energies. An intertemporal offer *par excellence*—promising that short-term costs will be compensated by longer-term returns on investments, rather than allowing the wholesale destruction of human and social capital.

Salutary lesson

While intertemporal consensus-building is rapidly becoming the *modus operandi* in climate policy, a salutary lesson is provided by how this logic can hit the buffers when it comes to pension reform, as currently in France. The quest for productive solutions is easily trumped by distributive conflict between government clamouring for ‘fiscal consolidation’ and vocal opponents defending ‘social protection’ in the here and now.

One of the most successful feats of mid-20th century social engineering, pension innovation after World War II unmistakably followed in its time a ‘just transition’ logic in individual terms. Essentially, political consensus was reached to subtract part of the income of the working-age population to fund the pensions of those entering retirement.

The model allowed short-term costs on employees to be converted into long-term benefits for retirees, in the expectation that current workers would be treated likewise when they reached pension age. Effectively eradicating old-age poverty, this was highly effective from the 1950s to the 1980s, as the working population grew in size and productivity increases were realised through improved education for the baby-boom generation.

Already before the onslaught of the global financial crisis, however, the sustainability of inclusive pensions in Europe was in jeopardy. Today, ageing populations dampen employment and productivity, while ‘secular stagnation’ at low real interest rates makes it difficult for large pension funds to guarantee carefree old age.

Reasoning from a zero-sum perspective of static efficiency, closing the looming ‘pensions gap’ pushes governments to contract higher debt or reform pension parameters: increasing contributions, raising the retirement age, reducing benefits. This enflames mass protest.

Intertemporal perspective

To follow a just-transition logic, pension reforms should approach productive and distributive questions from an intertemporal perspective.

First, we need to raise the stakes of welfare as a productive factor. Keynesian-Beveridgean provision was considered barely to affect the capacity of the economy—at best, social security would stabilise aggregate demand over the cycle. In the neoclassical critique, social protection was claimed to distort the supply side via moral hazard, resulting in self-exacerbating unemployment.

Today, the evidence corroborates the contention that the quality of modern social policy positively affects long-term supply, especially with respect to employment and productivity, and indirectly demand. Central to the financial sustainability of the welfare state are the number (*quantity*) and productivity (*quality*) of current and future employees and taxpayers. Thus, to the extent that welfare in a knowledge economy is geared towards maximising employability and productivity, this helps bolster the sustainability of the welfare state, including of pensions, in ageing societies.

This requires a multi-dimensional ambit of policy interventions across the life course, from early child education and care, through lifelong education and training, active labour-market policies and work-life balance arrangements such as paid parental leave, flexible employment relations and work schedules, flexible retirement and long-term care. Such capacity-building social policies conjure up a ‘life-course multiplier’. The cycle initiates from early investments in children which may translate into better educational attainment and spill over into higher and more productive employment in the medium run. The latter, in turn, implies a larger tax base to sustain overall welfare commitments, such as pensions.

Seeing the pension predicament in terms of a productive problem to be managed in an intertemporal fashion, involving all age cohorts, requires a more inclusive coalition to support a truly paradigmatic welfare transition. Securing political compliance hence requires building *dynamic* governance arrangements, able to adjust policy in a process of social learning, with a strong commitment to fair and sustainable welfare from the young to the old—the bedrock of success of the European social model and of a greener future version.

Lessons to draw

Lessons can be drawn from the pension-reform experiences in Finland and the Netherlands—also applicable to the ecological transition. A first is that reform sequencing matters.

Pensions are tightly connected to the labour market. Success in labour-market reform makes pension reform easier to swallow: workers who see labour-market conditions improve are more likely to support reforms than those who experience jobless growth. There is evidence that governments which have already enacted family and labour market reforms to facilitate life-course transitions find it easier to put pension reform on the political agenda as part of an inclusive, long-term ‘just transition’.

Finland provides a good example. In the 1990s, as the government wished to keep older workers in the workforce, various policy approaches were developed. These first concentrated on improving the occupational health, work ability and wellbeing of ageing workers. Reaping the fruits of these investments, Finland was able to follow suit in the early 2000s by giving employees the option of earning larger pensions than before, taking gender into consideration. This eventually allowed the government to postpone the age of retirement, thereby reducing the need for increased pension contributions without affecting the wellbeing of its elderly.

The Dutch lesson bears on mustering reform consensus, beyond party government, to include the constructive opposition and the social partners. In 2012, the Dutch government attempted to increase the retirement age from 65 to 67. The pension reform deeply divided the Dutch trade unions and reform progress on many other dimensions of welfare stalled. Over the long tenure of the centre-left coalition under Mark Rutte, the social partners were brought back to the table. Ultimately, the unions were able to make critical amendments, including special treatment for hard physical work as well as capacity-building incentives to lengthen working careers. A full pension accord was finally concluded between the subsequent centre-right Rutte administration and the social partners in June 2019, after a referendum of trade union members.

The overriding lesson from the constructive, lengthy and not always easy-going Dutch and Finnish pension-reform momentum is that success is more likely when it is an integral part of a productive, future-oriented welfare agenda. In both cases, the issue of the sustainability of pension commitments was not reduced to an isolated ‘older worker’ policy issue but became part of a more comprehensive reform strategy to develop a fully-fledged social-investment welfare state, from which future rewards would be reaped. Government and the social partners allowed each other to refine productive ideas for sustainable and fair distributive solutions through a process of joint problem-solving, which in turn strengthened mutual trust in the overriding effort.

As for France, from an intertemporal perspective the government has been unable or unwilling to widen the perspective on the fiscal sustainability of pensions toward a long-term endeavour of ‘saving pensions by investing in children and young families’, whose employment and productivity prospects essentially make up the carrying capacity of future pensions. The president, Emmanuel Macron, thus played into the hands of France’s most conservative unions, deepening the distributive decision-trap, which is bound to result in here-and-now mutual conces-

sions, sure to further undermine younger cohorts' ability to carry pensions in the future.

Months after the 'yellow vests' mobilised against Macron's green-transition unfairness, a more comprehensive social-investment horizon could have inspired a more inclusive consensus and a stronger pension-reform coalition, thereby isolating the more self-serving unions who simply refuse to consider the long term.

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Anton Hemerijck is professor of political science and sociology at the European University Institute. He researches and publishes on social policy, social investment and the welfare state, and is a frequent advisor to the European Commission.

Robin Huguenot-Noel is an advisor on good financial governance at the *Deutsche Gesellschaft für Internationale Zusammenarbeit* (GIZ). He previously worked as an advisor on investment and tax policy for the UK Treasury, the European Commission and the European Policy Centre.

A JUST TRANSITION MUST HELP THOSE STRUGGLING TO HEAT THEIR HOMES

MONIQUE GOYENS

The task of moving to a carbon-neutral society is herculean, but the benefits won't just include saving the planet. There are also long-term economic gains, even for the most hard-up.

An estimated 50 million around the European Union struggle to keep their homes warm and pay their energy bills. Many suffer from the same problems: poorly insulated homes, ill-suited tariffs, insufficient advice on how to save energy or a combination of all three.

The lowest income earners in the EU spend an increasingly large share of their budget on energy—rising from 6 per cent in 2000 to 9 per cent in 2014. In the short term, for this group, it makes more sense to use energy more efficiently than to invest in solar panels, heat pumps or pellet stoves. It will also deliver faster savings.

The choice should not however be between having a warm home and having food on the table. In making their homes more efficient, people consume less energy to heat their living space and can more easily pay their bills.

But getting people to take action can be complex. Those at risk of

energy poverty might feel overwhelmed and prioritise solving other problems, such as warmer clothing or food. Often, they might not know what solutions are out there.

For governments and energy advisers to upload advice about insulation to a website isn't enough. That advice needs to get out to people. Human contact also helps.

Innovative outreach

At BEUC, the European Consumer Organisation, we think we have found a simple, yet innovative, way to reach out to people in, or at risk of, energy poverty. This is being trialled in the STEP project (Solutions to Tackle Energy Poverty) in which we are partners and which has received Horizon 2020 funding. If the results meet our expectations, there is a strong case for rolling out the *modus operandi* on a larger scale and to other EU countries.

Consumer organisations are generally trusted brands because of their independence. They also tend to have good experience in providing energy advice. This is one way of tackling the 'trust' issue related to energy poverty: people at risk don't always trust those providing the advice, usually coming from the private sector.

What consumer organisations might lack—the contact with those who need help most—can be addressed by teaming up with organisations which already have the direct contact. This is where frontline workers, who already provide health, food or financial advice to vulnerable people, come in.

Through STEP, each consumer organisation is partnering up with front-line-worker organisations in different EU countries, to train their workers to deal with situations of energy poverty. This way, either the workers will be able to provide advice directly to people or they will be

able to recommend these people to consumer organisations which can then intervene.

The support includes installing thermostats, taping draught-risk windows and providing information about relevant tariffs—and, if need be, about where to apply for financial support to install more costly insulation needs. Many countries have such schemes, but they are under-used. The project is due to run for the next two years.

Structural improvements

At this initial stage, it's already clear structural improvements will still be needed to deal with energy poverty. Some EU countries do not yet have a formal policy on this—let alone well-resourced or easily accessible schemes to provide financial support.

There is also too little done to warn people of the risks of energy poverty and what they can do to abate them. Consumer organisations can't take on this role alone. Governments have to get more involved.

STEP will produce comprehensive reports about what support is available in the project's countries to help those struggling to pay their energy bills. There will also be all-important policy recommendations to governments.

Different solutions

As Europe prepares for its European Green Deal, and digests the efforts necessary to change our carbon-hungry society, it's clear that different categories of the population will need different solutions. People finding it hard to keep their homes warm will require a different form of help from households with more disposable income.

Yet energy savings can cut CO₂ emissions, lead to substantial financial savings and relieve pressure on people's wallets—all at the same time.

So the just transition must be about getting the right support to the right people. And it's about making the sustainable choice the easy choice.

For those struggling to heat their homes, at this stage, that mostly means simple and cheap ways to cut their energy costs.

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Monique Goyens is director general of BEUC, the European Consumer Organisation.

JUST TRANSITION FUND CAN BOOST EUROPEAN COAL PHASE-OUT

REBEKKA POPP AND PIETER DE POUS

Only a year ago, the odds that Slovakia would plan to phase out coal power were widely seen as small. Yet the combination of a rising European carbon price and an offer of support through the European Union's Coal Regions in Transition Platform led the country to announce a phase-out of lignite by 2023.

The European Commission's proposal for a Just Transition Fund has the potential to add to this momentum, by making the EU's remaining coal countries an offer too attractive to refuse. The fund is one of three pillars of a new Just Transition Mechanism, a central part of the European Green Deal. Next to it, a dedicated scheme under the InvestEU fund and a public-sector loan facility with the European Investment Bank will support regions and sectors most affected by the union's transition to climate neutrality.

Under the European Green Deal, the commission combines a badly-needed effort to raise its climate ambition with a green-investment plan explicitly designed to close the divergence on low carbon between many western- and eastern-European countries.

Broad focus

The Just Transition Fund will be open to all member states and help regions with coal, peat, oil-shale and carbon-intensive industrial activities to slash their emissions by closing fossil infrastructure. This broad focus is necessary because reaching climate neutrality requires all member states to reduce emissions in all sectors of the economy—be that energy, buildings, transport or livestock farming.

To receive funding, countries will need to draw up territorial transition plans. Such plans are an essential element of a just-transition process, as they give prospective security to workers, industries, investors and communities. Importantly, these strategies need to be driven by all stakeholders from affected regions: people from a given region best know its strengths and weaknesses and what they want it to look like in the future.

Developing a transition plan therefore requires an inclusive process, which gives all interests a seat at the table—not just the incumbents who often dominate such debates. This means that environmental organisations or more recent joiners of the climate movement, such as the school strikers, should have their say.

The fund requires the transition strategies to be consistent with National Energy and Climate Plans. This, however, will not be enough. The current versions of these plans are unlikely to get the EU close enough to its 2030 target—let alone the new, 2050 climate-neutrality target. In fact, those draft plans revealed that major coal countries in Europe were only planning small reductions in coal production before 2030.

Need to strengthen

If Europe is to avoid getting stuck in transition, the commission's proposal will need to be strengthened, so that countries receiving funding are in fact planning to phase out coal or another polluting activity at a rate which ensures the EU will become carbon-neutral by 2050 at the very latest.

Under the proposed allocation criteria for the Just Transition Fund, Poland and Germany will stand to benefit the most. Allocation of funding is based on greenhouse-gas emissions, employment or production levels in a certain industry, economic development and the number of inhabitants—climate ambition is entirely missing from this equation.

Poland at the moment is nowhere near planning for a phase-out of coal. Germany's envisaged 2038 endpoint meanwhile is less ambitious than that of all other western-European countries. The Powering Past Coal Alliance, a global coalition of national and subnational governments, businesses and organisations, sets 2030 as an international benchmark for coal phase-out in countries belonging to the Organisation for Economic Co-operation and Development.

In contrast to Germany and Poland, Greece plans a timely phase-out and has recently announced it will stop burning coal by 2028—most of it already by 2023—yet it is left with a much smaller share of the Just Transition Fund. Those countries which commit to more climate action and plan for a major transition within the coming years should also receive more financial support from an EU budget that covers the next seven years.

Tight window

The European Council president, Charles Michel, has announced he wants to conclude a deal on the EU budget at a council meeting of

heads of state and government on February 20th. If successful, this means that allocations between funds and among member states will be set. The window of opportunity for adding climate ambition to the allocation criteria of the Just Transition Fund is therefore tight. In addition to the initial allocations among member states and whether these consider national climate ambition, negotiations on the proposed Just Transition Fund will however run for most of the year, providing a second major opportunity to improve climate conditionality.

The European Parliament has already made clear that Just Transition funding must be conditional on coal phase-out plans. Among member states, the EU countries which are members of the Powering Past Coal Alliance control a comfortable majority and share a common interest in insisting on strict climate conditionality.

There are good reasons for optimism. Coal is already in terminal decline. E3G's recent analysis of the state of the energy transition in central and eastern Europe—a region with many coalmining countries—shows that the role of coal is already diminishing because it is too expensive, while governments are looking for alternatives, such as ever-cheaper renewable energy.

Progress on moving beyond coal has direct consequences for the question as to by how much the EU can increase its climate pledge for 2030, which it will need to do before the COP26 climate conference in Glasgow at the end of this year. An analysis by the think tank Sandbag from March 2019 shows that the national coal phase-out plans which existed back then would already help the EU deliver an emissions reduction of 50 per cent by 2030. Since then more announcements have been made, taking the EU's emissions reductions well beyond that.

The prospect of more national phase-out commitments, supported through a Just Transition Fund, should now inspire the commission, and the member states, to make a bold proposal to increase its 2030 climate targets in the spring of this year.

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Rebekka Popp is a researcher in E3G's Berlin office, where she works on Just Transition, coal phase-out and industry decarbonisation in the EU.

Pieter de Pous works there as a senior adviser on the organisation's coal and gas programme.

A EUROPEAN UNION CLIMATE AGENDA FOR COP26

GEORGE TYLER

European Union members have adopted carbon taxes, averaging about €25 per tonne, which have rendered an estimated 80 per cent of domestic coal-fired power plants uneconomic. But their global adoption will be thwarted, at the COP26 environmental conference in November, by those responsible for more than half of global carbon emissions: China, India and the United States.

That places enterprises in the EU, Canada and elsewhere paying carbon taxes at a competitive disadvantage, sparking EU discussion of tariffs (endorsed by the *Financial Times*) to stem carbon dioxide dumping from abroad. This would encourage climate shirkers, such as Japan, to abandon plans for as many as 22 new coal-fired power plants over the next five years.

Threatened US retaliation however requires the EU to rethink its 2020 agenda. Carbon taxes are the most effective economic tool to reduce greenhouse-gas (GHG) emissions. EU advocacy must continue but it should be complemented with well-designed subsidies. At the climate summit in Glasgow, the EU should draw on its internal incentive programmes to help emerging nations end their reliance on fossil-fuel power plants.

Coal-fired plants

Global electricity demand is expected to surpass oil use by 2040, driven by aspirations for higher living standards and rising populations in emerging nations—Africa’s population alone is projected to increase by 500 million. But half of that electricity will be generated using fossil fuels, especially via a spate of new, polluting, coal-fired power plants.

Renewables’ economic edge in generating electricity is a major reason why hundreds of proposed coal-fired plants across the globe have been cancelled of late. Yet many others have made the cut, in Bangladesh, India, Vietnam and elsewhere, while 16 nations—including Egypt, Mozambique, Papua New Guinea, the United Arab Emirates and Nigeria—are planning their first such installations.

Replacing these coal plants with renewables is central to limiting global GHG emissions. And after nearly two centuries of runaway emissions, rich nations bear an ethical responsibility to match their domestic commitments to decarbonise electricity with similar support for emerging nations. This is a climate area where EU leadership can have a huge impact.

Customised profiles

Most emerging nations are in sunny latitudes conducive to renewables. The EU should craft national renewable electricity-generation profiles customised for each of them, reflective of their unique wind, topography, water, materials and security features and concerns.

Australia provides a profile model, thanks to elaborate analyses by the Australian National University (ANU), its elite research centre. ANU experts affirm that Australia could replace fossil fuels with 100 per cent renewable electricity generation, supported by pump-hydro storage and grid upgrades—lowering energy costs into the bargain.

These proposed customised profiles would reflect the fact that capital costs for utility-scale renewables are less than half those of new coal-fired power plants. The most relevant and meaningful cost variable is the lifecycle Levelised Cost of Electricity (LCOE) generated without GHG emissions—a comparison of fossil-fuel power plants fitted with state-of-the-art flue carbon-capture-and-sequestration (CCS) technology with 100 per cent renewable systems (including storage and upgraded grids obviating intermittency).

For Australia, eliminating intermittency, mostly with numerous pump-hydro storage sites, added 50 per cent to the cost of renewable electricity, predominantly from onshore wind farms. Even so, the LCOE generated by the optimised ANU renewables system was cheaper, a conclusion applicable elsewhere as well. Updated US Energy Information Agency projections affirm that the LCOE generated by onshore wind (including a hefty storage/grid cost factor) is lower than from coal-fired power plants fitted with CCS and is competitive with natural gas-fired plants with CCS.

Extreme cases

That cost edge may exist even in extreme cases—in emerging nations with abysmal pollution standards where fossil-fuel plants incur little or no abatement cost.

For example, few if any Indian power plants capture emissions of any type. Even so, researchers at the Energy and Resources Institute in New Delhi have concluded that construction costs for utility-scale photovoltaics are just 53 per cent (and for onshore wind 68 per cent) of those for new supercritical coal-fired power plants. Other experts agree. And the LCOE generated by renewables there in 2022 would be lower than from either combined-cycle natural gas or supercritical coal-fired plants—even from polluting plants *not* equipped with CCS. That is, even including a 50 per cent cost bump for obviating intermittency with

nationwide Indian storage buildout and grid upgrades, entirely replacing fossil-fuel electricity generation with zero-emission renewables will be cost competitive or cheaper for customers.

Scaling customised renewable profiles should include replacing existing power plants as well. The World Energy Outlook forecasts that coal use will not decline for decades because the typical Asian coal-fired plant is less than 15 years old (compared with 41 years in the US). Incentives should also address using renewable electricity during the inevitable episodes of surplus to produce hydrogen for cement and steel manufacturing (together responsible for 16 per cent of global carbon-dioxide emissions).

Political hurdles

Incentives would help renewables overcome political hurdles in emerging nations. As the incumbent, coal is familiar to politicians and bankers anxious about the risks and costs of retooling national energy systems and grids. Its use is promoted by influential domestic enterprises, such as Adani power in India—whose interests align with government concerns about mining employment and utilising government-owned coal reserves and coal-based engineering firms.

Moreover, giant Canadian, Chinese, Japanese, Indian and South Korean coal firms are aggressively fronting construction costs for plants in new markets such as Tanzania, Mozambique and Botswana. Chinese firms alone are financing at least 63 new coal-fired power plants under the Belt and Road initiative.

While incentives are a powerful counter to these trends, they cannot produce visionary leadership. Temperatures have hit a Miami-like 18C in Antarctica. Yet too many leaders—such as India's Narendra Modi, China's Xi Jinping and America's Donald Trump—pay only lip-service

to, or dismiss entirely, the externalities of GHG emissions, convinced their economic and social costs lie far in the future.

Tell that to the 50 million coastal inhabitants, in Bangladesh, China, Egypt, India, Indonesia, Japan, the Philippines, the US and Vietnam, who will be flooded out by rising seas by 2040.

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George Tyler began his career working in the United States Congress as an economic adviser to Senators Hubert Humphrey of Minnesota and Lloyd Bentsen of Texas and as senior economist on the Congressional Joint Economic Committee. Appointed by President Clinton as a deputy Treasury assistant secretary in 1993, George worked closely with international financial institutions and in 1995 became a senior official at the World Bank. He is the author of *What Went Wrong: How the 1% Hijacked the American Middle Class ... And What Other Nations Got Right*.

A SOCIAL-GREEN DEAL, WITH JUST
TRANSITION—THE EUROPEAN ANSWER
TO THE CORONAVIRUS CRISIS

MAJA GÖPEL

The biggest difference the coronavirus crisis has brought to political discourse is the destruction of an assertion: markets are best left alone to find solutions, quickly and efficiently, to any big problem. Getting through a massive health crisis and its impact on our societies is only possible with very well calibrated co-operation—among scientists, states, business and the public.

Taking a lot of formerly unthinkable social, political and economic measures is necessary to avoid massive disruption in the short term but without rolling back a transformation that was already in train. That transformation, towards a carbon-neutral European continent, regenerated soils, protected biodiversity and oceans and a circular economy, has been the subject of strategies designed to avoid crises of the magnitude we are witnessing today.

During the first shock weeks, with the goal to flatten the curve of infections, a lot of measures have to be reactive. But proactive measures are needed to guide the recovery and clear vision on its direction is an important ingredient in times of high uncertainty.

Widespread trust

For the first time in years we witness widespread trust in government decisions. Scientific evidence is released next to reports about political actions. In an unprecedented way, monitoring real-life developments—the number of infected people or the latest evidence—precedes the reporting of stock markets. News organs which formerly defended individual freedom against any suggestions to change lifestyles are shifting the moral consensus by condemning the hedonists who still splash out with no interest in the consequences for others or the health system.

And, despite being drastic, the political measures are still widely accepted—because they affect everyone. The support packages, at least in some countries, span direct incomes for the self-employed, compensation of wages and fixed running costs, payments for parents who need to lower their working hours to look after children, direct support to hospitals and guaranteed loans to companies. The terms ‘solidarity’ and ‘community of fate’ (in German *Schicksalsgemeinschaft*) have become widely used.

Yet, overall, the poor will be suffering the most during this crisis while the distributive effects will be favourable to the already privileged and well-off. And this is where the next round of measures needs to marry economic, ecological and social goals if the emergence of trust in well-calibrated co-operation is to prevail. The more outspoken the will to find crisis-management measures which do not bounce back but bounce forward—into sustainable and thus more resilient societies which leave no one behind—the more that trust will consolidate.

Three big narratives

For this to happen, letting go of three big narratives, and their respective manifestations in economic advice and models, is key. They were

strong for 40 years but had widely lost credibility before the coronavirus emerged. Clinging on to them now would be the best recipe to destroy trust and the idea of a community of fate.

1. Wasteful economic growth based on fossil fuels and the destruction of ecosystems can continue.

Since Kenneth Boulding's 1966 essay, 'The economics of the coming spaceship Earth', it has been clear to those who listen to natural scientists that humanity is indeed a fate community on a collision course with its own future. It took decades of further proofs (torpedoed by those whose business models would die), decades of rapidly expanding encroachment into ever more areas of life on the planet and decades of rebounded technological-efficiency gains until the young generation stood up and said: enough.

Coming out of the coronavirus crisis we can only work with a new generational contract, which acknowledges how solidarity to save lives goes in both directions. Adding the insights from research on planetary health (relationships between changes in ecosystems and humans) makes this very clear: eliminating animal habitats increases zoonotic spillovers of viruses on to humans and their immune systems, while public health is run down through pollution, low-nutrition food and hazardous chemicals. New pandemics are to be expected.

Neither of the generational threats will thus cease to be: systems thinking shows how they are linked. Pursuing recovery plans whose success is only measured by a quick GDP growth return at all costs must therefore be avoided. It is high time to introduce differentiated measures of wellbeing and true-cost accounting, with respect to the ecological and health impacts of the business models and production chains behind economic activity. High wellbeing with low ecological footprint should be the new competitiveness benchmark of the European Union.

2. Ensuring liquidity at the top will grant investments that trickle down to the bottom.

Some seriously have the nerve to demand a quick reduction of taxes across the board—in particular the alleviation of company owners and corporations, so they can reboot the economy. From an economic point of view one wonders where the demand would come from to make tax beneficiaries want to invest but from a societal perspective it is hard to think of anything more toxic today, given the distributional effects of cheap money after the 2008 crisis. There was then a lot of interest in assets because rent for houses and land are long-term, guaranteed—albeit unearned—incomes. The other attractive outlet was the stock market, including the manipulation of one's own share price through buybacks. This is fortunately ruled out for the now-agreed stimulus package in the United States.

Meanwhile, the biggest concern for normal people and small businesses in recent years in Germany has been the rent hikes for housing, office and retail space or land. And there has been growing uneasiness about increasing wage differences between sectors and tasks, the care sector being an example of wage erosion.

The new benchmark today has to be to ensure liquidity at the bottom and correct how much goes to the top. Lowering value extraction through rent-seeking was already overdue and cannot be postponed if incomes are reduced massively. At times of income uncertainty, wealth should not be enhanced but drawn down via taxation for the public spending which boosts economic security and activity.

Too much focus on the big companies, to the detriment of small businesses, leads to a loss of diversity, creativity, innovation and resilience. Sectoral priorities should be identified—big tech firms particularly stand to weather this crisis well and are champions in avoiding taxation. Strengthening the entrepreneurial base of the economy can

reshape the work of the future and combine the bouncing back of stable economic circuits with innovation potential and public trust in the fair sharing of burdens.

Any tax reform should be differentiated and comprehensive, following the principle of just transition—supporting desirable future outcomes with respect to the sustainable quality of products, the circular design of production chains and the regeneration of rundown ecosystems. Shifting the tax base from labour on to natural resources incentivises all of this and would provide a system-wide signal.

This should be combined with a new definition of productivity which includes prevention and care as qualitative performance measures and in compensation schemes. A health sector driven by short-term, economic-output goals cannot maintain staff or beds beyond instant use rates, while cutting down the time to speak to patients or the amount of personnel available does not help to build relationships from which people can develop knowledge and skills about how to stay healthy.

An agriculture sector driven by the same goals of high output at lowest possible cost is not able to design its fields and harvest cycles with biodiversity and aesthetics in mind or maintain the quality of soils, water and nutrients, instead of using chemicals and industrialised animal treatment to boost short-term outcomes. If the understanding of productivity and company reporting included positive social and environmental effects for the system in which the particular activity takes place, the entire logic of good value creation and business performance would shift.

3. What serves the financial markets will serve the performance of the real economy and society as a whole.

Taking systemic social and environmental effects into account has not been a concern of most actors in the financial markets in recent

decades. On the contrary, the mantra of turning money into more money generated a lot of morbid practices. Pursuing speculative gains from betting deals with no link to the real economy reflects the sector's myopic, extractive view of performance and its insulated, high-tower existence. The EU has tightened supervision of short-selling in the coronavirus crisis but it could simply ban it.

Excessive short-term orientation through the quarterly expectations of shareholders made it particularly difficult to allocate money for a preventive approach in productive practices, because this would require redundancy—a prime quality of resilient systems but anathema to economic-efficiency and dividend thinking. Ensuring high-quality maintenance of basic infrastructure is difficult under pressure for quick returns.

The same holds for the allocation of upfront capital investment to transform products, processes or supply chains towards more sustainable solutions. If soils need about seven years to rebuild the natural regeneration circuits which allow for synthetic-free farming, this is way beyond the horizon of impatient capital.

Mission-oriented finance or mission-oriented innovation have become terms for public-private partnering on the important longer-term goals of the Green Deal as it has been proposed. What also needs to follow suit for trust to prevail is a proper intent to reform the financial sector and make it accountable to the public. Recent work on an EU taxonomy for sustainable investments is therefore a huge step in the right direction but it needs to be allied to reforms of corporate reporting.

What value is and who should get compensated for it with which claims—work which the economist Mariana Mazzucato and others have pioneered—will be a good starting point for investment in reducing the fragility of our systems. Productive activities need to be funded and protected first and longer-term outcomes given equal weight.

The financial system is nothing without a real economy, run by real people, who co-operate to create the things necessary for survival and wellbeing. With so much government activity and spending involved, the outcome of the corona-linked support packages has to be one of definancialisation. It is not private investors who provide the risky money needed in times of emergency or transformation: it is the public.

A Social-Green Deal

The deal that should follow the short-term rescue measures and guide the path out of the coronavirus crisis and thereafter is the Green Deal with more courage. Franklin Roosevelt was very clear that his New Deal was not going to leave all institutions and players as they were. The medium-skilled and the pioneers of good business practice were to become the backbone of the future economy, including a sponsored civilian conservation corps to enhance the value of natural resources. People-centred and future-focused crisis management means investing in good education and skill development for all, including an update of what and how we teach and learn.

An upgraded Social-Green Deal and tighter co-operation between member states is an expression of the call for solidarity which the crisis has evoked. After the narrowly national reactions to its onslaught, it is very important to widen the community of fate (at least) to a European scale—and to shape a European identity cognisant of the multiple webs of global connection on which our wealth depends and through which our choices affect lives outside the continent. While measures will have to be adaptive during the transition, the direction of the emerging social contract needs to be put firmly on the table to sustain the trust and will to co-operate.

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Prof Maja Göpel is a political economist and sustainability-transformations expert. She is a member of the Club of Rome and one of the founders of Scientists4Future in Germany. Her book *The Great Mindshift* (Springer 2016) is available on Open Access.