

SUMMARY POLICY BRIEF

Just Transitions and the Green Economy: Navigating the Fault Lines

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1. Introduction

Businesses and communities cannot thrive if the environment on which they depend and the societies in which they are situated fail. If businesses and communities protect and restore the natural resources that sustain them, and workers and communities generate sufficient and equitable economies, then as a country we are more likely to address inequality, reduce poverty and increase employment in ways that are sustainable and just. The current trajectory of increasing climate change impact, decreasing natural resources such as water, rapid technological change, and increasing inequality, poverty and unemployment requires significant change in the way we do business and the way we live. All sectors of our economy can contribute to these changes, both through their internal operations and through the decisions they make with regard to the services they offer.

Drawing on relevant literature, this publication considers the history of the notion of 'Just Transition', debates and differences of approach in relation to the concept, and the implications that an engagement with the concept may have for companies and organisations. It aims to provide a deeper understanding of the term and thus opens the possibilities for a more robust engagement with the kinds of changes that are required within the companies and organisations in all sectors of our economy in response to emerging economic, social, technological and environmental challenges and opportunities. The research forms part of a larger study examining the implications of sustainability considerations and digitisation for the banking sector.

2. Core concepts

As the changes in environmental, social, technological and economic systems become both more urgent and more conscious, so the potential to shape these transitions in ways that are just becomes more important from both a business and a moral perspective.

Two broad questions regarding the many sectors within our economy have emerged in this changing context. The first is how much responsibility companies and organisations should have for the impact of their clients. The second is to what extent the processes and products of the businesses can influence their clients' behaviour. The answer to both questions appears to be shifting to companies and organisations taking greater responsibility and thus taking a greater interest in influencing and supporting their clients to be more conscious of the impacts of their business and lifestyle decisions. As the changes occur, it will be important to avoid costly 'stranded assets' and at the same time avoid the devastating consequences of creating 'stranded workers' and 'stranded communities'. It is these considerations that sit at the core of the concept of 'just transition(s)'. Stranded assets can be defined as assets that have suffered a significant destruction of value, often becoming liabilities, due to unanticipated or premature transitions. A farm that unexpectedly experiences a long-term water shortage or a coal mine that is prevented from mining and selling its coal due to transitions in climate-change related legislation or the shift to renewable energy are examples of assets becoming stranded. Stranded workers and communities suffer unanticipated or rapid destruction of jobs, livelihoods and quality of life due to unplanned for transitions. A worker or community evicted from a drought ridden farm or a coal miner/mining community left destitute from the closure of a mine are examples of stranded workers and communities.

Origin of the concept Just Transition

The concept of Just Transition emerged through the engagement in the 1990s in the United States between a relatively conservative labour movement focused on preserving jobs and the more radical environmental justice movement campaigning against the exposure of predominantly Black and Hispanic Americans to environmental pollution and risk. As the Oil, Chemical and Atomic Workers Union sought to respond to the increasing environmental pressure on existing businesses in their sector, they realised they were being forced to side with greedy and polluting companies to protect their jobs. Rather than continue to place themselves in opposition to

local communities, and broader aspirations for sustainable development, labour and environmental justice activists worked to ensure that workers and communities that would be negatively impacted due to trade agreements, and the ban or phase-out of toxic substances, should suffer no net loss of income.

Having first emerged within the environmental movement, and the move to a greener economy, the concept of Just Transitions is now used in another contexts as well. For example, the implications of automation, digitisation, and Artificial Intelligence on employment and the future of work more broadly, is being brought into the Just Transition discussion.

3. The formal adoption of Just Transition approach in South Africa

By the early 2000s climate change was becoming an increasingly urgent global issue and many of the ideas that had been developed in the environmental justice movement carried through into the work on climate justice. Of particular significance for this study is the commitment to ensuring that solutions to climate change do not externalise costs to workers and communities and are thus in line with the principles of a Just Transition. In South Africa the close interaction between the labour movement and the environmental justice movements has resulted in a strong tradition of working towards Just Transitions. An excellent example of this work is Congress of South African Trade Unions' (COSATU) policy on climate change.

With the financial crash in 2008, there was both a need and an opportunity to address the relationship between jobs and the environment. In the context of significant job losses due to financial mismanagement and the growing pressure for change in response to increasingly urgent climate pressures, there was a renewed focus on the interconnections between the environmental, social, and economic dimension of sustainability. There was also a growing realisation that the recovery from the financial crisis could not be achieved by a 'business as usual' approach to growth.

At the global level, the trade union movement was influential in making the link between climate change and Just Transitions. Trade unions and other organisation lobbied for the inclusion of the Just Transition concept in the 2010 Cancun Agreement at COP 16. South Africa was deeply engaged with this emerging focus on climate change and the importance of a Just Transition, as articulated in the COSATU policy on climate change entitled *A Just Transition to a Low-Carbon and Climate Resilient Economy* published in 2012.

At the national level, South Africa was also exploring the links to the emerging green economy discourse. Interestingly, the Green Economy Accord, signed in November 2011, by representatives of labour, business and government does not mention the term Just Transition nor does it make any explicit reference to justice. A closer reading of the document reveals a strong focus on job creation and very little in terms of ensuring that workers and local communities are treated fairly in the transition to a more environmentally sustainable economy. Also, in November 2011, the Cabinet approved the National Strategy for Sustainable Development and Action Plan 2011-2014 (NSSD 1) (Department of Environmental Affairs, 2011). In the same year, South Africa approved the National Climate Change Response White Paper that presented 'the South African Government's vision for an effective climate change response and long-term, just transition to a climate resilient and low carbon economy and society'. This acknowledgement of the importance of a Just Transition within South African Climate Change policy was carried through into the Nationally Determined Contributions (NDCs) linked to the Paris Agreement. Despite these formal commitments, there is still much work needed to mainstream the concept of Just Transitions, and to ensure meaningful commitment to this concept amongst all social partners in South Africa.

4. Approaches to Just Transition

Different approaches to and debates about Just Transitions have emerged, and there are overlapping debates and concepts linked to Just Transitions. Overlapping with the Just Transitions debates are those on the Green Economy, and those on sustainability in business.

Central to these debates about Just Transitions, are approaches that build economies with reduced environmental impacts, while leaving intact existing inequalities, and those approaches that reduce the environmental impact of the economy while simultaneously ensuring that the needs of workers and poor communities are taken into account – attempting to create systemic change in the economy. These differences are very evident in the current debates around the building of a renewable energy sector in South Africa. The failure to understand the nuances in this debate has stalled, and is likely to stall again, the investment in the Renewable Energy Independent Power Producer Procurement Programme. It is also likely to significantly influence how we decide to manage other resources such as water and who gets allocated access to water in a water-stressed country such as South Africa.

Regarding debates within **sustainable business**, both globally and locally – many companies and organisations are under pressure to consider their exposure to and impact on economic, social, technological and environmental challenges and opportunities. A number of different approaches have been taken to linking companies and organisations and sustainable development. A key approach has been that of risk reduction where institutions across economic sectors have sought to limit or mitigate their exposure to environmental and social risk. Another approach has been to build a business case for ‘sustainable’ or ‘shared’ value creation where businesses are focused on generating profit while simultaneously generating social and environmental benefits. The potential of this approach to generate significant value is noted, but this could be viewed as too instrumentalist and narrow in approach.

Both globally and in South Africa there has, at least since 2008, been a close link between **Just Transition(s) and the green economy**. As mentioned, South Africa’s National Sustainable Development Strategy and Action Plan has as a key strategy, the creation of a green economy and the objective linked to this strategic priority explicitly mentions a Just Transition. The idea of a green economy has a long history, both globally and within South Africa, and there have been robust debates about the linkages between the two concepts in South Africa. Some have asked whether is it useful to aspire to a green economy as only one part of the economy and view ‘green jobs’ in other parts of the economy as part of a ‘distinct discourse’? This position is strongly articulated in the report ‘The Power of Collective Action in Green Economy Planning: It’s the economy, stupid’,¹ which made the point that terms like the green economy, inclusive economy, and circular economy are all ‘trying to communicate the same simple idea – the economy that we have is not necessarily the one that we want. There is only one economy and we cannot have a meaningful conversation about the economy if we divide it into narrow chunks.’ This suggests that both a Just Transition and the related green economy discourses need to be focused on the whole economy.

Despite these debates, across all the work on Just Transition(s), several principles are emerging:

- As we consciously support transitions (be they transitions to low-carbon economies, greater resource efficiency and the need to restore ecosystems, or technological transitions as encapsulated by the notion of the 4th Industrial Revolution), it is necessary that we anticipate the impacts of these transitions. It will be necessary to anticipate the employment and social impacts on the most vulnerable segments of our society.
- From a procedural justice perspective, it will be vital that vulnerable and marginalised groups are actively engaged in the dialogues that shape the transition processes and impacts. This will include

¹ Nicholls, S., Vermaak, M., & Moolla, Z. (2015). *NBI Green Economy Finance Project: The power of collective action in green economy planning*.

not only 'being at the table' but having the power, knowledge and skills needed to understand the issues across several scales and to having voices heard in the decision-making processes.

- There needs to be an active labour market research and policy engagement that includes long-term planning and associated career advice and skills development.
- Workers and communities need to be proactively supported to deal with the opportunities and threats associated with transitions. This will include both the investment in local infrastructure and the diversification of economic opportunities.

All these suggest the need to invest in enterprises that lead to high quality, decent jobs and sustainable livelihoods.

5. Conclusion

All sectors of our economy are increasingly under pressure to engage with, and support change in response to, emerging economic, social, technological and environmental risks and opportunities. This conscious change requires a critical understanding of the multiple, and in many instances contested, uses of terms such as 'green economy', value creation and Just Transition. By taking these discussions and their potential to influence decisions in companies and organisations seriously, the country will be better positioned to support change that creates long term value in ways that are safe and just. This will, however, require that companies and organisations incorporate these changes into their operations and that they work with their clients and communities in ways that contribute to sustainable economies, sustainable societies and a sustainable environment. This will require a commitment to developing the skills needed to both assess risk and to recognise and create new opportunities through the products and services offered across all sectors. Building on a more detailed and nuanced consideration of key concepts, this research sets the scene for more in-depth studies into creating a sustainable economy through a just transition.