WORKFORCE POLICY FOR A JUST TRANSITION

ISSUE BRIEF BY **ALÍ R. BUSTAMANTE** | JUNE 2022

This issue brief is part of Roosevelt's **All Economic Policy Is Climate Policy** *series.*
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INTRODUCTION

Investments in green infrastructure and renewable energy can address climate change by reducing carbon emissions driven by fossil fuel consumption while also creating high-quality jobs for American workers. However, during this transition to a green, sustainable economy, we must also adopt workforce development policies to counteract employment losses and empower workers. The Climate Justice Alliance's Just Transition framework provides a guide to shift from an extractive economy and toward a regenerative one (CJA 2022). The CJA articulates three principles that should shape the process and practice of the energy transition: equity, reparation, and justice. This issue brief explains how workforce development policies can serve as a vehicle for the Just Transition framework and mediate labor disruptions, while supporting an economy that centers workers and frontline communities (CJA 2022; McCauley and Heffron 2018).

Workforce development policies focus on investing in the education, training, and job experience of American workers through postsecondary institutions, industry-specific training, and apprenticeships (Look et al. 2021). Besides supporting the growth of the renewable energy industry by providing the skills that match the occupational demands of the green economy, workforce training can also facilitate the transition of workers out of fossil fuel industries, while improving job quality and worker power and driving forward a just transition (Naidu and Sojourner 2020; Cha 2017). The next sections argue that workforce development policies can provide distributional and procedural justice by mediating labor disruptions, can increase equity in local labor markets by increasing worker power and reducing corporate monopsony, and can repair the legacy of marginalization and exploitation that characterizes the fossil fuel economy by prioritizing inclusive decision-making.

WORKFORCE POLICIES MEDIATE LABOR DISRUPTIONS

Green public investments, like many New Deal-era programs,[1] would expand the productive capacity and environmental sustainability of the American economy while providing jobs to displaced and otherwise unemployed workers. Data show that investments in green infrastructure and renewable energy are more than sufficient to replace jobs lost due to a transition away from fossil fuels: Wind energy investments create 20 percent more jobs than investment in fossil fuels, while solar energy investments create 50 percent more (Jaeger et al. 2022). However, reliance on market-based mechanisms to facilitate decarbonization will reproduce existing inequities in a greener economy. To ensure sustainable job growth into the future, policymakers must create a framework for smoothly transitioning workers away from fossil fuel industries through green investments.

The CJA's Just Transition framework for decarbonization focuses on distributional and procedural justice. Mediating labor disruptions is critical to the success of the new green economy. Workforce development policy can drive the transition to green energy and produce equitable and inclusive economic growth (McCauley and Heffron 2018) by making investments to expand the labor force and environmental sustainability of the economy while imposing guardrails that directly protect displaced and marginalized workers and local communities. In the absence of robust workforce development policies—including high compensation and labor standards, the creation of industry-wide job opportunities, and a focus on building worker power—the energy transition could result in rising unemployment and declining job quality due to the decline of household income and local economic activity.

Data show that there is substantial occupational overlap between jobs in fossil fuel industries and those in the green economy, which include renewable energy generation, transportation, energy efficiency, and green construction. Six of the top ten occupations within the oil, natural gas, petroleum, and chemical processing industries—such as construction and extraction occupations—are also critical occupations in the solar and wind industries (BLS 2021).[2] While some skills may not be perfectly transferable between industries, workforce development training can address these gaps and ensure a smooth transition for displaced workers. Additionally, workforce development training programs can provide essential economic support to workers undergoing job changes, preventing any income loss.

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1 These programs included the Works Progress Administration and the Public Works Administration, as well as programs explicitly focused on energy provision (the Tennessee Valley Authority) and conservation (Civilian Conservation Corps).

2 Installation, maintenance and repair occupations; management occupations; office and administrative support occupations; engineers; business and financial operations occupations; and construction and extraction occupations.

Furthermore, research shows that green investments will fuel consumer activity, leading to a broad increase in employment opportunities across most economic sectors (Dierdorff et al. 2009). For example, one comprehensive study of the Transform, Heal, and Renew by Investing in a Vibrant Economy (THRIVE) agenda—which proposes measures to address the interlocking climate, economic, and health crises while correcting systemic injustices—shows that investing $1 trillion annually in the THRIVE plan over 10 years can create 4.1 million jobs in the renewable energy and energy efficiency sectors in addition to 11.4 million jobs across other economic sectors (Beachy 2021; GNDN 2020). For example, research shows that the investments in a green economy from the THRIVE agenda will lead to nearly 2.3 million jobs in the surface transportation sector and more than 3 million jobs in the agricultural sector as the green economy facilitates transportation improvements and a move toward regenerative, and more inclusive, agricultural practices. This finding suggests that broad-based employment growth spurred by green investments could also mediate the potential for labor disruptions even in industries unrelated to the fossil fuel industry.

A JUST TRANSITION REQUIRES EMPOWERING WORKFORCE POLICIES

The Just Transition framework aims to rebalance the labor market and promote equity by increasing worker power. Workforce development policies can go beyond counteracting employment losses and sustaining local demand while communities transition to a green economy—they can also include compensation and paid-training standards that employers must abide by in order to participate in green workforce training programs. Comprehensive reporting requirements that track compensation and working conditions after workers complete training programs can also hold employers accountable for creating quality jobs. Industry partnerships in workforce development programs are already common, but requiring high labor standards in return for government-sponsored workforce training can increase the stock of quality jobs in the economy and foster economic inclusion by ensuring stable, reliable employment where workers have the power to achieve fair compensation and dignified working conditions (Lam and Walter 2020).

Green workforce policies that guarantee workers' rights to organize and bargain collectively can empower workers to effectively negotiate working conditions with employers. Workforce development training structured around union-sponsored programs has the potential to provide workers with union representation and wage bargaining power as soon as they are hired (Takahashi and Meléndez 2004). Union involvement in workforce development training programs has the additional benefit of serving as a defense against discriminatory practices that Black and Indigenous workers often endure. Unions can promote inclusivity through the stewardship of all workers and education about labor rights (EPI 2021). Union development also gives workers greater control over working conditions in the development of a green economy, generating positive spillover effects such as higher incomes, greater health coverage, and fairer elections (Banerjee et al. 2021). Empowering workers through greater collective bargaining power is also an essential safeguard against the concentration of corporate power that can undermine job quality.

Corporate monopsony power in labor markets is rampant across industries, including in fossil fuel production (Bustamante and Smith 2022). Large employers tend to crowd out competitors and limit employment opportunities, giving them wage-setting power in their geographic area. Corporate monopsony in the green economy is a growing concern, as evidenced by NextEra Energy Inc. The Florida-based company has 15,000 workers and is currently the largest investor-owned solar and wind energy producer in the world, with a higher market capitalization than Exxon Mobil Corporation (Eckhouse et al. 2020).

Workforce training programs could reverse the growth of corporate monopsony power and foster greater competition by ensuring that worker training is linked to employment opportunities at various employers in the renewables industry. Research shows that workforce development programs are often structured as employer partnerships that funnel workers to a specified employer, instead of having a broader, industry-wide focus. These programs drastically lower the cost and time of on-the-job training, thereby crowding other employers out of the labor market (Naidu and Sojourner 2020). Ensuring that workers are not being absorbed by a single employer forces companies to compete for workers and fosters a labor market where workers can maximize their working conditions and compensation.

GREEN WORKFORCE POLICIES SHOULD ALSO EMPOWER COMMUNITIES

Workforce policies can also serve to repair the legacy of marginalization and exploitation that characterizes the fossil fuel economy, especially for Black and Indigenous communities. Historically, Black and Latino people in the United States have borne a disproportionate share of pollution burden and are more likely to live in close proximity to toxic waste (Tessum et al. 2019; NAACP 2021). Black and Latino communities are also more likely to face energy insecurities, which have been exacerbated by the COVID-19 pandemic (Memmott et al. 2021), and are less likely to have access to renewable energy (Sunter et al. 2019). On the other hand, a just transition driven by worker-centered workforce development policies can help ensure that the benefits of a greener economy will be equitably shared by all.

The government can advance racial equity by prioritizing workforce training and green infrastructure investments in communities that have endured the worst of the fossil fuel economy (Young et al. 2021). The Biden administration's commitment to deliver 40 percent of overall benefits of climate investments to marginalized communities through the Justice40 Initiative is a major step in addressing historic climate inequities, but local community input is required to create guardrails that ensure accountability and measure the effectiveness of workforce and climate investments (Kelly and Reta 2021). For example, without input from local communities, green infrastructure projects may have negative impacts on the way of life pursued by Indigenous people and undermine their social and economic sustainability by disrupting agricultural, hunting, and fishing practices (Norton-Smith et al. 2016).

Including community benefit agreements in the development of workforce programs can also empower local communities to play a role in selecting green projects and jobs for themselves. These agreements allow a broad swath of the community to provide feedback and offer a concrete plan for how they will benefit from the investments in training and infrastructure (Stokes and Mildenberger 2020). Research shows that community agreements can link unions and community-based organizations and enable them to effectively implement infrastructure investments while also addressing equity issues (Lujan et al. 2013). Additionally, workers and community members can shape the design and governance of workforce development programs by placing workers on boards that oversee programs and deploying existing workers in the industry to train and educate (Kahn and Sojourner 2021). Prioritizing community voices in the green economy is an essential component of a Just Transition approach and can serve as a counter to the extractive practices of the fossil fuel economy.

CONCLUSION

The Just Transition approach to phasing out fossil fuels is not merely sound economics; it is also a more democratic and equitable path toward decarbonization. Workforce development policies that follow the principles of the Just Transition framework can ensure that workers and frontline communities are able to dictate the terms of the transition away from the carbon economy and toward a green and sustainable economy. These policies and programs can be designed so that the economic benefits of a green economy lead to high-quality jobs and industries that eschew corporate extractive practices and build worker power. The climate and health benefits of reducing carbon emissions provide an undeniable rationale for green investments. However, decarbonization also brings the opportunity to create workforce development policy that provides education and training infrastructure to design and implement economic opportunities that represent the interests of workers and frontline communities instead of fossil fuel corporations.

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ACKNOWLEDGMENTS

The author thanks Mark Paul, Rhiana Gunn-Wright, Suzanne Kahn, and Anna N. Smith for their review and comments. Roosevelt staff Sonya Gurwitt and Matt Hughes, as well as Anamaría López Méndez, also contributed to this project.

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