

GreenerJobsAlliance

Greener Jobs Alliance Discussion Document

Rescue and Recovery – unconditional or with strings?

This discussion paper has been published to inform the debate around the policy framework needed in the current economic and health crisis. The GJA is a loose coalition of organisations including unions, student and environmental organisations and the views expressed in this paper do not necessarily reflect the position of all the organisations that we work with.

It is widely anticipated that the 2019/20 Covid-19 pandemic will be followed by a worldwide recession. Only the magnitude and possible range of impacts remain unknown, but the negative economic consequences for the UK are predicted to outstrip those following the world wars of the 20th Century, and financial crash of 2008. Millions of jobs will be lost as businesses, closed by lockdown, never reopen and enterprises fail.

Without determined political decision-making by government, workers and their families will suffer extreme social, and economic hardship. Gains to the environment, health benefits and the 1700 fewer premature deaths saved by reduced pollution and atmospheric CO₂ during lockdown will be sacrificed. Further, political decisions *not* informed by climate science will lead to an acceleration in fossil fuel consumption amounting to a catastrophic game of catch-up where cumulative increases to CO₂ in the atmosphere will be exponential.

These real threats give rise to pressing political questions which include: Should the political priority for public investment be conditional on the principle of *'Build Back Better'*?

If a key condition for providing recovery funding was compliance with the *'Build Back Better'* approach, public investment would simultaneously support enterprises and jobs whilst delivering vital climate change outcomes. The alternative would be governments paying without conditions - for businesses to default to the quickest, dirtiest routes back to *'Business as Usual'*.

Conditional approaches were endorsed by the St Petersburg Climate Summit of April 2020¹ and supported by trade union, environmental and other social movements. Already, political decisions have led to huge sums in public money being spent. These sums will be dwarfed by next stage investment to prevent economic catastrophe. To this end, governments in Denmark, France, and Poland have already specified minimum conditions for taxpayer funded bailouts.

In the UK, climate criteria for government support would need to be unambiguous and compliance monitored of the businesses benefiting. To shape discussions about criteria and measures UK Trade unions need to advocate and campaign for this approach, including:

- 1. Conditions to be applied to all rescue and recovery packages**

A rescue package could be limited to weeks or months to protect jobs but may only impose a minimum of conditions. Nick Stern, the LSE economist, argues that only recovery packages, further down the line, might introduce more extensive compliance provisions. This approach has significant dangers. Differentiating between the 2 purposes and packages could easily be blurred. Significant sums would be drawn down immediately and it would be

unacceptable for government to issue a 'blank cheque' that failed to protect workers' rights and minimise climate change.

2. Conditions that must be met by employers to be State-aided.

The UK has yet to lay down any clear conditionality on current and future financial bailouts. Easyjet has already received a £600 million taxpayer loan despite a recent £174 million dividend pay-out to shareholders. The Danish Government has specified that bailouts will only be offered if the business meets 3 criteria:

- *No tax havens.* The business must pay tax in the home country
- *No dividend pay-outs.* Shareholders must not receive annual dividends
- *No share buy-back schemes* or alternative methods of paying bonuses

Rescue / recovery packages should also be conditional on:

- **viability** of the business pre-Covid-19
- **protection** of workers jobs / no redundancies whilst in a period of recovery, including protection of pensions
- trade union **recognition** clauses
- payment of the **living wage** to the workforce
- a written commitment to the principle of **just transition**
- a commitment to **measure** carbon emissions and prepare a net-zero emissions reduction strategy.
- companies committing to full 'country by country' **reporting** of profits and taxes

3. Additional conditions for State aided medium and large-scale businesses.

Measures should include:

- establishment of **sector strategy** groups to understand and plan short, medium and long-term strategy for the sector
- measures to deal with **failure to comply** with bail out agreements
- **recognition** of union green reps to monitor climate and environmental related performance and employer / union bargaining structures
- adoption of a **net-zero strategy** in consultation with the workforce and recognised trades unions that is consistent with the Paris climate goals and the UN Sustainable Development Goals
- adoption of a workforce **green skills policy** that supports the strategy and is consistent with the principles agreed above
- adoption of a **procurement and supply chain policy** aligned to the strategy and is consistent with the principles above

4. Additional government policies, actions and conditions are needed to support these measures.

This is not a moment to relax environmental regulations and follow the US model. Statutory protections need to be enhanced. This is especially important in the light of the links between climate change and pandemics. For example:

~ new strains of flu from cross animal contact exacerbated by shrinking habitats.

~ the impact of air pollution on lung capacity and susceptibility to the consequences of infection.

~ air pollution as a vector for pandemics as in the transfer of SARS .

New measures to ensure the success of an economic recovery strategy are needed. These include:

- creation of a National and Regional Recovery Commissions with trade union and civil society membership
- adoption of WHO air pollution standards and recognition of Covid-19 as an occupational disease.
- application of social justice criteria to tackle inequality in the UK and abroad consistent with climate and sustainable development commitments
- targeted support to the FHE sector to build the knowledge and skills both the industrial and wider societal transformation will depend on
- bringing the social care sector under the control and management of the NHS. More broadly, public control of key economic sectors and infrastructure projects to ensure that public health and climate targets are delivered.
- linking recovery packages to the UK Nationally Determined Contributions (NDCs) that must be drawn up in 2020 in preparation for the COP in 2021
- reform of trade union laws

5. Next steps

The trade union movement has a window of opportunity to set out a range of strategic conditions as governments seek to deal with the unfolding economic crisis. There are significant dangers if we fail to use this moment to organise around a set of demands that address the public health, social justice, climate, and economic emergencies in an integrated and coherent way. Many organisations are advocating recovery strategies² and the GJA is looking to support the development of broad coalitions that have an alternative economic and public health strategy at their core.

The GJA welcomes comments on this discussion paper. Please post to [gjacom@gmail.com](mailto:gjacoms@gmail.com)

Register to receive our newsletter and breaking news items. Check out our free online courses covering Climate Change, Air Pollution, and Just Transition. For more information visit:

<http://www.greenerjobsalliance.co.uk/>

¹ **Extracts from the St Petersburg Climate Summit**, April 2020 <https://www.bmu.de/en/press/live-broadcast/>

German Federal Chancellor, Angela Merkel. *“Health and Climate action Sustainable Development Goals are interlinked”*

German Environment Secretary, Svenja Schulze *“Every economic stimulus package must be geared to green jobs”*

UN General Secretary, Antonio Guterres, *“Delayed climate action will cost us even more. Rare and short window of opportunity to build the world for the better”*

UK Foreign Secretary, Dominic Raab, *“Means investing in industries and infrastructure that address climate change. No choice between cutting emissions and growing the economy”.*

UK BEIS Secretary, Alok Sharma, *“A Green Deal will be vital. The transition must be fair and inclusive”*

UK Economist, Nick Stern, *“A brown recovery is not viable. Austerity is not an option”*

ITUC General Secretary, Sharan Burrow, *“A new social contract is needed. Climate proofing the economy is the only way to deal with issues like equality resilience”*

2 Selection of Covid-19 recovery sources of information

- TUC blog
<https://www.tuc.org.uk/blogs/plummeting-economic-growth-shows-why-we-need-plan-build-back-better>
- Build Back Better <https://www.buildbackbetteruk.org/what-we-want>
- Committee on Climate Change report
<https://www.theguardian.com/environment/2020/may/06/uks-coronavirus-recovery-should-have-green-focus-johnson-urged>
- Oxford Smith School on Enterprise and the Environment
<https://www.smithschool.ox.ac.uk/publications/wpapers/workingpaper20-02.pdf>