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## Job Security in the New Energy Economy

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### Can we design a climate change policy that doesn't unfairly burden working families?

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## Key Issues

- Providing adequate transition and adjustment assistance to affected workers and communities
- Minimizing the economic costs
- Making new opportunities available to affected workers

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## Assessing Economic Impacts

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## Potential Job Impacts

- **Projected Kyoto Impacts**
  - Clinton administration, many enviro-sponsored studies
    - Net gains, minimize loss impacts; recognized coal mining losses
  - Rob Scott/EPI (1997)
    - 400,000-500,000 high-paying job opportunities eliminated in mining, transportation, public utilities; 35-38,000 less coal mining jobs than BAU
  - UMWA-BCOA
    - 1.3-1.7 million lost jobs; cum.GDP loss of \$1.1-\$1.5 trillion, 2000-2010
    - Sharpest decline in output and employment in energy producing, transportation, energy-intensive manufacturing
  - IBB Intl. Emeritus President Charles W. Jones:
    - Major impacts on chemical, aluminum, steel, paper, petroleum refiners and cement companies--move offshore, plant closures, declines in output and jobs.

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## Current Climate Policy Impacts

- **Bingaman-Specter**
  - EIA analysis (2006): very modest overall impacts
  - Total GDP (\$2000) only 0.1% less than BAU, 2009-2030
  - Modest energy price increases, coal by 48% by 2020, 81% by 2030; natural gas 6-7%; electricity 6-9%
- **Boxer-Sanders**
  - Emissions 80% below 1990 by 2050; CO<sup>2</sup> prices 5-8 times higher than Bingaman-Specter
- **Warner-Lieberman**
- **CAFE Standards; Renewable Portfolio Standard**

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## Sector Impacts

- **Coal Mining and Rail Transport**
- **Utilities**
- **Auto Vehicles**
- **Energy Intensive Manufacturing**
  - Steel, Aluminum, Pulp & Paper, Chemicals
- **Aviation**
- **Buildings**

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## Transition & Adjustment

- **Can we have a "Just Transition"?**
- **Economic adjustment and worker assistant programs**
- **Training and adjustment are not enough**

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## “Just Transition”

- **OCAW (→PACE→USW) first proposed**
  - National Just Transition Fund to assist workers and communities affected by environmental regulation
- **Controversial in early Blue-Green dialogue**
- **Principles of Just Transition**

■ National Commitment	■ Full Social Accounting
■ Making Workers Whole	■ Full Funding
■ Broad Eligibility	■ Advance Planning
■ Fairness	■ Older Worker Protections
■ Labor's Role & Worker Rights	■ Making Communities Whole
■ Comparable Work	

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## Worker Transition Program\*

■ <b>Retraining for laid-off workers</b>	■ <b>Rapid response to ensure prompt service</b>
■ <b>Substantial income support</b>	■ <b>Work with unions to inform workers and administer services</b>
■ <b>Retirement bridge</b>	■ <b>Performance standards</b>
■ <b>Maintenance of health and pension benefits</b>	■ <b>Assessment resources</b>
■ <b>Advance notice</b>	

\* Jim Barrett, *Worker Transition & Global Climate Change*, Pew Center on Global Climate Change, Arlington, VA, December 2001.

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## Redwood Employee Protection Program

- **For lumber industry employees adversely affected by Redwoods National Park expansion (1978)**
- **“Cadillac” of worker assistance plans**
  - 70-80% wage replacement for over 6,000 workers;
  - Full health coverage, full education benefits, retirement bridge for older workers
- **By 1988: \$104 million on 3,500 workers; <13% enrolled in retraining--95% completed, 25% relocated**

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## Economic Adjustment Programs

- **Federal Worker Assistance Programs**
  - Worker Adjustment and Retraining Notification Act (WARN)
  - Trade Adjustment Assistance (TAA)
  - Workforce Investment Act (WIA)--“One-stop shops”
- **Federal Economic Adjustment Programs**
  - EDA; MEP, SBA
- **State Programs**
  - Early warning, rapid response, WF programs
- **Training and Adjustment Are Not Enough!**

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## Minimizing the Impacts

- Modest carbon pricing scenario (e.g., “safety valve”)
- Allowance allocation offsets
- Early investment in advanced energy technology development and deployment
- Incentives for modernization and energy efficiency investments
- Level the playing field in global trade (generally, climate policy)

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## New Opportunities

- **Job Creation in Emerging Energy Markets**
  - Link to Affected Sectors and Workers
  - Advanced Fuel Vehicles and Detroit
  - Energy-Intensive Manufacturing
    - Steel, Aluminum, Paper (e.g., Flambeau River Papers)
  - Clean Coal and CCS
  - Apollo Alliance/Renewables
- **Policy Instruments**
  - Allowances and industry investments
  - R&D and “Climate Trust” Funds
  - Pension funds
  - State programs (e.g., PA)

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## Flambeau River Papers

- Pulp and paper mill in Park Falls, WI, closed, plagued by soaring energy costs: \$400,000/m<sup>3</sup> → \$1.4 mil/m<sup>3</sup>
- 300 lost jobs, in town of 3,000
- With state help, reopened late 2006
- 145,000 tons paper, 50,000 tons pulp, 10,000 waste
- WI's Focus on Energy, Clean Tech Partners: helped reduce energy costs, identify emerging technologies; \$
- Biomass gasifier to produce steam, syngas and separate biorefinery
- Could become 1st integrated pulp and paper mill to be fossil free, produce cellulosic ethanol on commercial scale
- Save 300 jobs, create 100 more

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