

JAMES HOWARD – ITUC – 31 MARCH 2011

First, I would like to react to the WBCSD Vision 2050 report, and secondly to say something about unions' own views on the issue of efficiency.

First then, it has to be recognised that this report is probably the most ambitious piece of research that the business community has done on their contribution to environmental protection. It concentrates mainly on how to create the business opportunities of tomorrow, but it is aiming to be realistic about the natural carrying capacity of our Planet (which is not at all a bad starting point from a business perspective).

So the general 'vision' for 2050, that 9 billion people live well and within the limits of one planet, is fine. However, it has to be said that the business contribution to an **unequal** world is not really explored, and data only relates to economic indicators (or human development ones, but in aggregate at the national level which masks very unequal domestic dynamics).

Jobs are only dealt very superficially - not necessarily badly but certainly superficially. To provide a few examples of that approach (starting with positive ones), in their vision, by 2050,

- "taxes shifts towards incentivising job creation and healthier products and discouraging negative external factors"
- "people are healthier and wealthier; there are sufficient jobs and high levels of labour productivity through technological advances and skilled labour"
- "failing to create a global economy with more (4 billion plus) jobs by 2050 could lead to social and political dislocation. Innovation may reproduce and even increase social gaps and divides"
- *– all the above are perceptions we would share, but the report also contains more ambiguous statements -*
- "broader and more flexible concepts of work as well as virtual mobility give people and companies different options and conditions for employment"
- *– that could be acceptable but flexibility means many things to different people and similarly the report proposes that -*
- "people, as employees, have learned to be more flexible and to move easily to where jobs exist"
- *And most problematically, the report suggests that "governments reach out women, older people, minorities" - indeed all actors in society (and there it mentions everyone under the sun) EXCEPT trade unions which indeed are totally absent from this report.*

If I may contrast this approach with trade union views, I would say that our vision for 2050 is one that captures the need for achieving a **fair** distribution of wealth and natural resources alike, and thus requires a different role for the private sector, which can not on this own deliver these outcomes, and therefore needs to be regulated to comply with those objectives.

1. The need to reduce the impact of production on natural resources is clear. Going down the road of current patterns of production and consumption will harm the chances for a majority of the world to achieve prosperity by 2050; the natural resource base of the planet would be eroded and its benefits concentrated in the hands of a few (countries, companies, people).

2. Efficiency represents an important first step in that direction and has not been sufficiently used by the current economic system. The data shows that in the last 50 years, while productivity of labour has quadrupled, resource efficiency has only increased by 20% and energy efficiency has remained almost stable! This says something about where the companies' innovation has concentrated (reducing labour costs) and where progress needs to be made in the future (reducing materials use).
3. Efficiency requires a certain number of policies to be put in place to remedy the fact that in most cases the market does not send the 'right signals' to economic actors. Efficiency requires a policy mix including standards, regulations, and new forms of taxation that take into account the externalities of an inefficient use of natural resources, as well as developing new technologies. The case of energy efficiency in buildings is a clear example: in the case of rental property, even if we increase the cost of heating, this will not lead the owner to make investments, as the energy bill is ultimately paid by the tenant, who in turn has no incentive to invest in a property that is not their own. Government interventions are needed in such a case to encourage action.
4. Efficiency brings with it interesting opportunities for job creation – apart from the example of retrofitting buildings, we could also mention jobs in the 'energy services' sector, for example). It also brings interesting opportunities for transforming production at the workplace. For example, trade unions are working on the idea that through training of workers at the workplace, and the willingness of management to empower them, we can reduce by huge amounts the energy and material consumption of a workplace. This 'Green Workplace' strategy is already giving results. In the UK, where it has perhaps been the most developed, well known institutions such as the British Museum, have reduced their energy bill by 20% in one year. Perhaps the Royal Library where we are holding this meeting could do the same?

Coming back to the WBCSD report, overall, we would welcome their work but we would invite the business community to go further in terms of the impacts of their modes of production on poverty and inequality... looked at worldwide, there are many cases of companies that pay miserable wages, expose their employees to unhealthy working conditions, pay men and women differently, fight for a more precarious labour market, and so on; these are starting points of unsustainability too. The very fact that the WBCSD report does not mention, a single time, organised workers (trade unions) and the improvement of workers' rights in this document, says something about their attitude to a better distribution of wealth. Business has therefore an opportunity to immediately address the root causes of poverty and pollution in a majority of countries without the need to wait for the regulator to ask them for it, through the work within their own supply chains to support labour rights and the environment rather than putting them under pressure to provide goods at the cheapest cost possible.

On a concluding point, it is important to keep in mind that efficiency gains, while welcome, will not be sufficient to address the crises we are facing... It is therefore important to integrate them in a broader strategy of systemic change, in which we do not only aim at reducing the impacts of current processes, but we use efficiency gains as a driver for transforming the production processes themselves. Vision 2050 has the merit of mentioning the need to move from a product-based economy towards a service-based economy. It does not mean that production will not exist any more, but rather that our economies should work towards the satisfaction of needs of our people rather than the promotion of ever more consumption. It means that in the

context of current debates about the future of the car industry and the need to develop the electric car, rather than only thinking of reducing the emissions of the engine, we use that debate as a driver for a broader discussion on the need for developing mobility services - which will use motorised transport, but not necessarily for individual use, or at least not all the time – so, in the context of sustainable development, how do we ensure that the production chain adapts to these changes through a Just Transition strategy.

This shows that resource efficiency can enhance sustainable development, but only if it is thought of and promoted within a broader context, where the objective is not only to reduce the impact of production and consumption to the extent possible, but to transform the way in which our societies define and achieve prosperity.

Many of these issues are referred to in the Vision 2050 report and again, we would invite the WBCSD to work with us to incorporate the missing dimensions of regulation, standards, workers' rights, equity and the role of trade unions into their follow-up and into the next edition of their Vision 2050 report.