European Employment Observatory

EEO Review: The Employment Dimension of Economy Greening

Netherlands

Philip de Jong
Carola Irvine
APE (Aarts, De Jong, Wilms & Goudriaan Public Economics b.v.)

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1. Introduction

Definition of green jobs

"Green jobs reduce the environmental impact of enterprises and economic sectors, ultimately to levels that are sustainable. This report defines "green jobs" as work in agriculture, industry, services and administration that contributes to preserving or restoring the quality of the environment. Green jobs are found in many sectors of the economy from energy supply to recycling and from agriculture and construction to transportation. They help to cut the consumption of energy, raw materials and water through high-efficiency strategies, to de-carbonize the economy and reduce greenhouse gas emissions, to minimize or avoid altogether all forms of waste and pollution, to protect and restore ecosystems and biodiversity. Green jobs play a crucial role in reducing the environmental footprint of economic activity".[1]

General

On the one hand, the Netherlands is a densely populated country, which complicates the greening challenge. On the other hand, the share of polluting industry is relatively small as it is traditionally more of a trade and service oriented country. However, the geographical position of the Netherlands as a gateway to continental Europe means that it has a large transport sector. In terms of export volume the country is also strong in bio-intensive agriculture and horticulture (flowers). Given these features the country faces considerable environmental challenges.

In 2007, the current minister for housing, regional planning and environment launched the programme "Clean and Economical", which set out following targets:

- 30% less CO_2 emissions in 2020 as compared to 1990;
- the pace of energy saving is speeded up from 1% to 2% per year; and
- green energy as a share of total energy consumption should be 20% in 2020, up from 2% in 2007.

These targets are more ambitious than the 20-20-20 targets set by the EU.

The greening of the economy has also been high on the agenda of the social partners for quite some time (since at least 2000), as witnessed by recommendations of the tripartite Social and Economic Council (Sociaal Economische Raad, SER). These have related to sustainable globalisation, agriculture, nuclear energy and sustainable energy, energy policy, sustainable consumption, sustainable development and other environmental issues.

[1] United Nations Environment Programme (September 2008) *Green Jobs: Towards Decent Work in a Sustainable, Low-Carbon World.*

Green employment does not appear to be an issue on any level of the Dutch society. The fact that the Netherlands is an economy has led some to fear that emphasizing sustainability may impede international trade and therefore employment growth. Other links between greening and employment are not part of the public debate.

Green production as an alternative to polluting industries are subsidised, especially in agriculture, energy efficient housing and transport, production and use of green methods to produce energy (through wind and solar systems) and therefore also have employment effects. They create green types of employment, but also raise public expenditures and taxes, thereby reducing economic activity.

The public is mildly worried about the environment and generally in favour of green alternatives, but employment aspects, whether positive or negative, are not part of the public debate. Furthermore the price elasticity of green products is still quite high.

2. Labour market outcomes

Level and composition of employment

No references are made to labour market effects, either in the 'Clean and Economical' programme or in any studies commenting on it. There are no national statistics calculating or monitoring green jobs in absolute terms or as a share of total employment. Even in scenario studies, like Koutstaal and Veenendaal (2008), in which the GDP effects of the Clean and Economical programme are calculated, employment effects are not considered.

Comprehensive concepts

One ongoing debate which links environmental targets with labour market policy is a broader definition of national income, encompassing environmental output indicators. Conceptually, it means integrating environmental accounts into the existing system of national accounts. In February 2009, the Monitor Sustainable Netherlands was published. The monitor was requested by the current Dutch government in order to assess the process of sustainability governance and was compiled by four Bureaus: the Central Bureau of Statistics; the Central Planning Bureau; the Social Cultural Planning Bureau; and the Planning Bureau for the Environment.

The monitor sets out a comprehensive definition of sustainability: *a sustainable development is a development that meets the needs of the present generation without compromising the ability of future generations to meet their own needs*. " This definition is taken from the book "Our Common Future", published in 1987 by the United Nations World Commission on Environment and Development, chaired by the then Norwegian Prime Minister, Gro Harlem Brundtland.

The four Bureaus take a capital approach to operationalise this broad notion of sustainability. They distinguish four types of capital and define their constituting elements:

- natural resources: climate & energy (sources), biodiversity, soil, water and air;
- social capital: social participation and trust;
- human capital: labour force participation, education and health; and
- economic capital: physical capital and research & development ("knowledge").

To assess the trend in sustainability, the monitor provides indicators for each of these elements and tracks their development over time.

Using such a broad concept allows for the linking of environmental aspects with core indicators of the Lisbon goals like education, employment and R & D expenditures. The Bureaus also dwell on the potential substitutions between the different types of capital and the importance of enhancing labour productivity.

The monitor tracks trends from the 1950s to the present day and concludes that the average income, health status and educational level have improved considerably. Moreover, the Netherlands can be labelled a high-trust society. The level of workforce productivity is relatively high. The condition of soil, water and air shows strong improvements.

However, local pollution has increased, which has had adverse effects on health and the environment. The biodiversity has decreased considerably. The monitor also recommends increasing the labour force participation rate of older workers and immigrants, and increasing the work hours of women. A higher employment rate is needed to safeguard sustainability for future generations because the working age population is expected to shrink. In addition, the Bureaus are worried about the development of social cohesion; minorities in the Netherlands judge themselves as being subject to discrimination more often than in other European countries. Another source of social tension is the unequal distribution of skills, work and income.

The Bureaus also challenge the current declining growth of labour productivity and the relatively low R & D expenditure rate. Innovation is a key element in increasing energy efficiency. However, the biggest problem faced by the Netherlands is a global one: pollution and climate change.

The Bureaus conclude that sustainable development requires choosing between scarce resources and choosing in favour of "elsewhere and later" instead of "here and now". This decision creates tensions at national level for instance, through higher taxes to subsidise both the greening of the economy and to discourage polluting production and consumption. It may also strain labour market requirements as sustainable production requires new skills and management techniques. However it is important to note that the most pressing problems are global and can only be solved through international cooperation.

Recovery measures

Like other EU governments, the Cabinet issued a crisis package to stimulate the economy in the current recession. In the Netherlands, this also included several 'green' measures. In the Budget Memorandum 2010, the Cabinet lists the additional expenditures for various categories, of which 'economic sustainability' is the one that is closest related to economy greening. Table 1 provides an overview of how around EUR 0.8 billon will be spent on sustainability over the period 2009-2010.

Table 1 Stimulus package to enhance sustainability

+ = € million spending increases	**2009**	**2010**
Sustainable farming	30	20
Electronic cars	5	15
Car scrapping scheme	35	30
Residential energy savings (double glazing)	10	20
Faster implementation of spatial economic policy projects	190	190
Faster implementation of environmental and sustainability projects	91	128
Sustainable energy		15
Sustainable business	25	5
TOTAL	386	423

Note: With the Van Geel motion, the government is aiming at increasing the means to facilitate keeping home care assistants for the health sector.

Crisis and Climate

In November 2009, The Planning Bureau for the Environment (Planbureau voor de Leefomgeving, PBL) issued its 2009 Environment Balance. It devotes a section to short-term and long-term effects on the environment.

Short-term effects of the crisis – until 2015

The economic recession will lead to lower GDP in 2009 and 2010 compared to previous years. This is advantageous for the environment, because of reduced levels of air pollution. However, water and soil pollution are unlikely to change considerably.

The table below shows the reduction in emissions into the air between 2007 and 2010. Sulfur dioxide emissions will be only two thirds of the amount in 2007. Emissions will be reduced thanks to the impact of the crisis in the construction, trade and energy intensive sectors. The emissions from households and agriculture are hardly affected by the crisis.

Table 2 Emissions, 2007-2010

	GHG (mega ton CO_2)	SO_2 (kilo tons)	NO_x (kilo tons)	NH_3 (kilo tons)	PM_{10} (kilo tons)	NMVOC (kilo tons)
Total 2007	208	60	299	137	37	164
Total 2010	196	40	244	129	33	143
Reduction	5-10%	30-35%	15-20%	5-10%	10-15%	10-15%

Source: Milieubalans 2009, Planbureau voor de leefomgeving.

Note: NMVOC: non methane volatile organic compounds.

Note: PM / PM10: particulate matter / fine particles

Long term effects of the crisis – until 2030

As low or negative economic growth will reduce private and government investments and expenditures in research and development, the environment will suffer from the recession in the long run. This is due to four main issues: constraints on credit supply lead to less environment investments; a lower price of CO_2 emission rights means that the returns to CO_2 emission reduction are smaller; lower oil price reduces returns to investment in energy efficiency; and the government has a smaller budget to stimulate green investments.

According to the PBL, the current Dutch environmental policies are insufficient to meet all long term goals, as stated in "Clean and Economical" (see section 1). Some goals can be met by small policy changes or some additional investments, but others require fundamental to be made policy instruments, policy approaches and finances if they are to be met. In addition to policy innovations, technical innovations also have to be made; but many of the necessary techniques are considered too expensive to develop and implement right now. The budget for innovation and stimulation has decreased due to the recession and will probably not be recovered within the next years. As a result additional means are needed to meet the goals. New investments will be hard to find because of the global character of the recession and as a result, it will be very hard, maybe even unrealistic to meet the long term goals as they currently stand.

3 Review of labour market policy developments

3.1 Relevant labour market policies

In February 2009, three Dutch trade union federations published an investment plan to boost both employment and sustainability. With regard to economy greening they propose:

- subsidies for cleaner production;
- subsidising energy saving measures for 500 000 houses;
- to double the investment in wind energy;
- a lower, 'green', VAT-tariff on sustainable products and services; and
- subsidies for replacing old central heating systems by energy efficient new ones.

The same plan also draws attention to the need for labour market measures, schooling, and subsidies for R & D. The relevance of this plan lies in the fact that it contains both greening and labour market measures.

The relatively large flexible shell of about 25% of total employment around the core of regular employment could make it easier to adapt the work force to production modes that are more environment friendly. If new skill requirements are needed to implement production techniques that reduce waste and pollution, and are more energy efficient, firms may upgrade the skills of their current manpower, or replace workers with obsolete skills by others that are specialised .in "green techniques". Replacement gives quicker results and may therefore be preferred. The larger the share of flexworkers the easier it is to realise replacement.

Moreover, attention and support for schooling and lifelong learning have increased considerably.

3.2 The role of ESF funding

During 2008 almost 172 000 people took part in about 520 projects in the Netherlands that benefitted from ESF funding. The goals of these projects were;

- to help unemployed individuals to find a job;
- to rehabilitate ex-prisoners;
- to prepare under-skilled pupils from lowest-level schools to a position in the labour market;
- to increase job opportunities and activities of those who are low-skilled and have little or no certification (acknowledgement acquired competences); and
- to increase labour productivity.

However, ESF funding is not used to create green jobs.

3.3 The main obstacles limiting greener labour market policies

The biggest obstacle is of course the focus on economic growth. In a period of increasing unemployment and uncertainty about future welfare growth, people tend to choose economic growth over sustainable growth.

3.4. Reflection on existing reforms

As a result of the economic crisis, lifelong learning, the skills to learn new techniques and the accommodation potential of the labour force are increasing. The crisis has made such demands more concrete and urgent and may facilitate economy greening.

Issues relating to activation and to increasing labour force participation are continuously high on the political agenda and is necessary to combine economic growth with greening. A more cynical approach would be to use the demography as an "automatic greener", by allowing the workforce to shrink and use the resulting structural reduction in GDP as a way to reduce pollution.

Apart from the validity of the double dividend argument, shifting taxes from labour to energy would not significantly change the distribution of taxes across income groups because high groups are bigger consumers and have larger carbon footprints. Given the progressive income tax system, the double dividend is illusionary. If, however, after such a shift, low-income groups show a smaller capacity to adapt to more environmental friendly consumption patterns and hence pay higher pigovian taxes, important issues relating to equity would arise.

4. Conclusions

ESF subsidies could be used to promote green jobs. To start with, the Netherlands could allocate part of ESF money to be used for green jobs or stipulate that it is used for projects in green workplaces.

The Dutch government could increase support for innovation that seeks ways in which to combine economic growth and going green. It should also use persuasion strategies to convince the public that economic growth and sustainability can go together.

Innovation and R&D expenditures are still relatively low in the Netherlands. Investing more public money in R&D would help to fulfil the government's ambition of ensuring that the Netherlands is ranked among the top knowledge based economies and the funds invested could be steered in green directions.

The teaching of environmental issues and raising green consciousness among pupils could be promoted by providing schools with an additional budget to make these subjects part of the curriculum.

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