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ANALYSIS

The employment effects of sustainable development policies

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ARTICLE INFO

Article history:

Received 13 December 2005

Received in revised form

26 October 2006

Accepted 22 February 2007

Available online 17 April 2007

Keywords:

Employment

Sustainable development

Structural adjustment policy

Ecological tax reform

Service economy

ABSTRACT

This paper argues that it is time for ecological economists to bring the employment impacts of sustainable development policies to the forefront of the research agenda. Important conservation efforts continue to founder because of their perceived employment effects. The paper examines the evidence on the employment impacts of sustainable development policies and argues that maintaining or even increasing employment depends critically on appropriate policy design and attention to the political economy of implementation of policies. The paper concludes that a better understanding of these issues, fair labour market and structural adjustment programs, and especially forward planning to anticipate problem areas, must replace the piecemeal, ‘knee-jerk’ reactions to environmental issues, such as were evident in Australia during the last federal election.

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1. Introduction

If there is one criticism that might be made of the work of ecological economists in general, it is the relative lack of attention devoted to economic policy; specifically policy initiatives to smooth the progress to sustainable scale. Where there has been discussion of policy it has tended to be at an abstract level without giving any real consideration to the political economy of implementation.

Take the preservation of old growth forests, for example. This is a priority for ecological economists, not least, because we have only just begun to understand the valuable ecosystem services they provide. We continue to research such vital areas believing that it will help policy-makers to recognise the short-sightedness of cutting down old growth forests, particularly when they are to be used for wood chips. Yet a key dimension is largely absent in our theorising; viz. political

reality. As Joan Robinson is generally attributed with saying: ‘The answer to every economic problem is a political question’, an observation that, ironically, she makes in her critique of the neo-classical paradigm, given this particular brand of economics was developed specifically to ignore such questions. Ecological economists must be wary of falling into the same trap.

Recent events in Australia provide us with a stark reminder of this. If, in one of the richest countries in the world, an area of old growth forest in the state of Tasmania can be sacrificed for wood chips, and this is allowed to happen purely for short term political gain, then the ecological economics scientific community clearly needs to work a lot harder to get its message across. In the Australian 2004 federal election campaign, the issue was presented, rather melodramatically in the media, as one of ‘jobs versus the environment’. It was ‘jobs’ that won the day.

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The Tasmanian case provides a graphic example of where attempts to preserve natural capital – one of the ‘prudent miniSmum conditions’ of sustainability theory (strong sustainability) (Costanza, 1992) – failed dismally because the employment issues were not addressed. This should be of no real surprise given that one of the key macroeconomic variables that governments all around the world focus upon is employment. Yet, within the ecological economics scientific community, the discourse on the subject is quite limited.³ Clearly, the scarcity of academic literature is not an indication of the importance of the topic. Structural unemployment is inevitable if societies are to become ecologically sustainable, and most will agree that winning popular acceptance of sustainable development is unlikely if it means individuals and – in some cases – whole communities have to sacrifice their livelihoods and self-respect to achieve it.

Structural adjustment of economies is hardly a new phenomenon and, if anything, in an increasingly dynamic, economically integrated world it has become more frequent. People have lost their jobs because of technological change, trade liberalisation, changing consumer tastes, and the outsourcing of business processes to lower cost-centres in the developing world. Structural adjustment arising from a commitment to sustainable development policies is no different in that some jobs will be lost largely (but not exclusively) in the extraction sectors and others will be created elsewhere. What is different, however, is that whereas the free-marketeers typically pay little attention to the effects of social dislocation arising from (for example) the liberalisation of international trade and investment, ecological economists consider distributive justice to be of paramount importance. One would expect as a matter of course, therefore, to see measures introduced which attempt to make structural adjustment proceed more smoothly, with the minimum of political fall-out.

Prompted by recent events in Australia, we pose several questions about the employment effects of implementing sustainable development policies: At the macro level, is an increase in unemployment inevitable? What arguments might ecological economists have advanced to allay fears in this regard during the last federal election campaign in Australia? Also, if unemployment and social disruption are to be minimised, what are the key considerations in the design and implementation of policy?

This paper represents a modest attempt to address these questions but, more importantly perhaps, it is an appeal to others to share this research agenda to increase our collective knowledge so that situations like the one described in Tasmania may be avoided in the future. In the section following this introduction (Section 2), we begin with a brief description of the events in Tasmania. In Section 3 we critique the literature on the employment effects of policies designed

to achieve sustainable development, and discuss the inevitability (or otherwise) of unemployment at the macro level. Section 4 then focuses on the various policy instruments available and how they might be utilised to achieve the best employment outcome. Section 5 draws some conclusions.

2. The 2004 Australian federal election: the Tasmanian forests issue

The 2004 federal election in Australia saw ‘jobs versus the environment’ emerge as a central issue. As Gale (2005) documents, an estimated 320 forestry worker jobs were under threat if a ban on the logging of old growth forests was to be introduced. Several high profile campaigns to conserve these forests had attracted publicity in the 12 months leading up to the election, and Green Party leader, Bob Brown, continued to push the issue during the election campaign. Five days before the day of the election, Mark Latham, the then leader of the Labor Party (one of the two major political parties in Australia) announced the Labor Party’s proposals on the issue. Included in these was a proposal to legislate for the protection of 240,000 ha of high conservation value forests, accompanied by funding of no less than \$A800 million as a ‘sustainable development restructuring fund’ (Gale, 2005 p. 20). The fund included provision for ‘exit payments’ to timber workers who did not want to retrain.

Somewhat surprisingly, the Labor government’s proposals were strongly opposed by the Labor Premier of the state of Tasmania, Paul Lennon. Lennon (quoted in Gale, 2005 p. 208) stated his position fairly bluntly:

‘To the timber workers of Tasmania, I stand beside you to protect your jobs, your families and the communities that depend on you:

- Your jobs are not negotiable.
- The RFA (current arrangements for managing the forests) is not negotiable.
- A pulp mill is not negotiable
- Our veneer plants are not negotiable.
- Support for planned new investment is not negotiable
- The very future of the timber industry in Tasmania is not negotiable.’

A Labor Party candidate standing for election in Tasmania also attacked the Labor Party’s proposals, labeling them as a ‘sell out’ for timber workers. Two days after the Labor Party’s announcement and 3 days before Election Day, the Coalition of Liberal and National Parties (the second of the two major parties and the incumbent government) presented a proposal that expediently focused on jobs, but at the same time outlined plans to place 170,000 ha of forest land into reserves. The Australian Financial Review (AFR) described the release of the Coalition’s policy as, ironically, looking very much like a ‘Labor rally from another era’ with ‘the Australian and union flags draped from the balconies and a sea of orange timberworkers shirts filling the floor’ (AFR, 7 October 2004, cited in Gale, 2005 p. 209).

³ A new journal, the *International Journal of Environment, Workplace and Employment*, is a welcome exception. Also, in the gestation period of this article, the Organisation for Economic Co-operation and Development (OECD) has commenced a research series on the political economy of some existing economic instruments for environmental policy in member countries. Three completed studies may be found in the Environment Directorate of the OECD website at www.oecd.org.

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