



Volume 10. One Germany in Europe 1989 – 2009

Environmental Minister Jürgen Trittin Supports Ecological Modernization (October 21, 1999)

Minister of the Environment Jürgen Trittin (Green Party) asks business and labor unions to work toward ecological modernization. In order to assuage fears about the impact of ecological measures, he argues that better environmental protection will create more jobs, especially in the energy sector, provided that higher taxes make renewable energy sources competitive.

Minister of the Environment Jürgen Trittin: Ecological Modernization Creates Jobs

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Ladies and Gentlemen,

The federal government has declared its commitment to the principles of sustainable, environmentally-sound development that balances economic, social, and ecological imperatives.

Here, the main task is the ecological modernization of the economy and society.

Fears that ecological modernization will worsen economic conditions are unfounded.

Sophisticated environmental policy creates jobs and has a positive impact on competitiveness.

But this is not a matter of using employment policy to legitimize environmental protection.

Preserving vital natural resources for future generations should be reason enough for action.

I am firmly convinced that work and the environment go hand in hand, and that the ecological modernization of the economy will have a positive impact on employment, both in terms of the quality and quantity of jobs.

Today, one million people in Germany already work in the field of environmental protection. And this is a conservative estimate, since it was based on very cautious assumptions and narrow definitions.

3. Globalization and Environmental Protection

“Globalization” is a catchword that we constantly encounter in today’s world.

It is often perceived as a threat, because the globalization of the economy allows for the full exploitation of the cost advantages associated with particular business locations.

But it is also linked to a considerable increase in worldwide prosperity.

Right now, the global economy is growing faster than ever before.

Since the mid-1980s – that is, within barely fifteen years – the total volume of world trade has tripled.

At the same time, the consumption of energy and raw materials, toxic emissions, greenhouse gases, industrial waste, traffic, and the proportion of developed land have increased dramatically in some cases.

The environmental crisis threatens to become an impediment to growth.

For this very reason, globalization must be accompanied by environmentally-sound, sustainable development.

And herein lies an opportunity, since economies and companies will only succeed if they are able to make the most efficient possible use of natural resources such as raw materials, energy, and water.

Environmental protection has long since become a matter of “long-term economy.”

Environmental protection must be understood as an active part of our “globalization strategy.”

Companies will only thrive in the long run if their products and production processes take ecological needs into account.

Short-term considerations motivated solely by business interests will remain shortsighted.

Societies will have to manage to implement the “sustainability” principle in order to be viable in the future.

The goal lies in the future, but it is important to set a course in this direction today.

One cannot overestimate the extent to which this approach will benefit the economy by boosting innovation.

Here, [in Germany], global markets are developing with extraordinary force and speed.

And our chances of playing in the very top league of the international market are good.

Today, Germany, together with the United States, is already the top exporter of environmental protection products and is responsible for 18.2 percent of global trade in that area.

In view of the growing interdependence of international economic relations, it is apparent, however, that the global economy needs a coherent ecological regulatory framework.

This framework would ensure that globalization promotes sustainable development.

We cannot let global competition degenerate into a race to the bottom for the lowest environmental standards.

“Environmental dumping” cannot be tolerated.

Instead, we must do everything in our power to consistently improve ecological standards and norms.

To this end, it is imperative that we intensify international cooperation when it comes to the environment and development.

This is one of the challenges that we will have to face in the next round of WTO [World Trade Organization] talks, which will start with the Seattle conference at the end of this year.

International trade agreements that aim to control globalization are precisely the ones that need to include environmental protections in order to achieve internationally established environmental goals, such as combating the greenhouse effect, on the one hand, and to strengthen the international competitiveness of the German economy, with its demanding environmental standards, on the other.

The Federal Republic is an export country, also in the area of environmental protection products. But the connection between the economy and ecology is evident not only when it comes to opportunities on the international market.

There are also tangible economic reasons for us to advance ecological structural change here in our own country.

The German Environmental Management Association [*Bundesdeutscher Arbeitskreis für Umweltbewusstes Management* or BAUM] estimates that 2-5 percent of any given business's total costs can be saved through efficient environmental management.

According to BAUM, this amounts to a total potential savings of roughly 150-200 billion DM per year in Germany.

In view of increased competition on the markets, however, the real question is: can we afford, can a company afford, not to take advantage of this potential?

Doesn't the very act of neglecting environmental protection endanger Germany's status as a location for business and industry and thus put German jobs at risk?

By the way, on this point, people often overlook the fact that a modern environmental infrastructure is also an important selection factor for foreign companies that are choosing investment locations.

To reiterate: this is not about legitimizing environmental protection on economic grounds.

It is about understanding the fact that environmental protection lies in the interest of everyone.

I want to motivate businesspeople to view environmental protection as an opportunity, and I also want to encourage them to achieve results in the Alliance for Jobs.

Success will only be possible when all of the partners understand the opportunities offered by the discussions.

Only then will it be possible to move beyond an exchange of familiar positions. Only then can we move to the really crucial question, which is not: "Do we need ecological structural change?" but rather: "How do we bring it about?"

4. The Effect of Environmental Protection Measures on Employment

Ladies and Gentlemen,

Environmental protection has already led to decisive changes in our work environment.

Almost all occupational fields have had to deal with environmental protection to some extent.

Environmental considerations play a significant role in our training and in our professional lives, whether we are car mechanics or chimney sweeps, gas station attendants or engineers.

There is a growing demand on the labor market for knowledge and training in the area of environmental protection.

Furthermore, there are newly-developed, specialized occupations that are directly geared toward environmental protection, for example, in the field of environmental services such as contracting.

There is enormous growth potential precisely in the area of ecological services, and it is the big winner as regards employment policy.

The number of people working in the field of environmental protection is growing steadily.

The aforementioned figure of one million workers in the field of environmental protection represents 2.7 percent of Germany's gainfully employed population. Similar trends have also been observed in other countries.

The OECD [Organization for Economic Cooperation and Development] determined, for example, that in 1992 approximately four million people in the United States worked either directly or indirectly in the field of environmental protection. That amounts to about 3 percent of the working population.

It is estimated that in 2005 5.3 million people will be employed in this field [in the United States].

This means that the United States expects an increase of 1.4 million workers in the environmental field.

Prognoses about the most important future technologies also put ecological construction, energy efficiency, and ecological product development at the head of the field.

Of course, such prognoses are associated with some uncertainty.

Two very critical driving forces determine the speed of developing labor-force needs:

- the development of national environmental legislation and
- the environmental consciousness of the companies

It is clear that it is important to consider all existing conditions, in order to achieve the necessary results in the field of environmental protection and on the labor market.

We are presently faced with the task of finding the optimal connection between ambitious demands for environmental protection and creative implementation strategies and instruments. This task can only be accomplished through cooperation.

That is the ideal way to improve environmental conditions, create jobs, and secure Germany's status as location for business and industry.

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6. Proposals for the Energy Sector

Ecological tax reform should be the first part of a comprehensive change in energy policy; in my opinion, this would be an important contribution to ecological modernization and would have a positive impact on employment.

The increase in energy prices makes it possible to lower non-wage labor costs. Energy is getting more expensive, but labor is getting cheaper.

As to the effect on the labor market, the Rhine-Westphalia Institute for Economic Research in Essen assumes that the first stage of the eco-tax alone will create around 100,000 jobs.

Additionally, an ongoing German Environmental Ministry research project to examine the impact of climate protection on employment suggests that climate protection will preserve more jobs, overall, and also create new employment opportunities.

Therefore, labor market policy harmonizes with climate protection and alternative energy sources.

One concrete example of an initiative in support of the environment and job creation – one that I see as a desirable outcome of the dialogue on the subject – is the current “Solar Campaign 2000” carried out under the auspices of both Chancellor Schröder and myself.

Trade and environmental associations are among the sponsors of this campaign. The project is also supported by the environmental ministries of the federal states and by other associations and corporations.

The main sponsor is the German Federal Foundation for the Environment [*Deutsche Bundesstiftung Umwelt* or DBU].

The goals of the campaign are:

- To install an additional two million square meters of solar collectors by 2003 (this corresponds to roughly 400,000 new solar energy systems)

- To reduce CO₂ emissions by approximately 0.3 million tons per year
- To create about 100,000 jobs by 2010

Reducing energy consumption in existing residential buildings is another possible joint initiative in the area of energy.

Realizing ecological goals, especially in this area, means a great deal of work for skilled tradesmen and a large number of orders for suppliers.

Making existing buildings more energy efficient is also a very labor-intensive process.

Therefore, a program like this will also create jobs directly and help fill public coffers through social insurance contributions, value added tax, and income and corporate taxes.

The connection between ecology and the creation or preservation of jobs has been effectively demonstrated by credit programs financed and/or initiated by the federal government through the Reconstruction Credit Institute [*Kreditanstalt für Wiederaufbau* or KfW] for the purpose of promoting investments in housing. These include:

- the KfW housing modernization program in the new federal states
- the KfW program to reduce CO₂ emissions in the old federal states

But when the program in the new federal states expires at the end of the year, these states alone will need an additional 170 billion DM in investments.

Thus, it would make sense to both continue this program and expand it nationwide.

Based on current costs, the redevelopment of 500,000 buildings with loan credits amounting to roughly 15 billion DM would preserve and/or create almost 900,000 jobs.

We have had very concrete preliminary talks with the KfW and the economics minister about this. Up to this point, however – and I will say this very openly – they have not led to any satisfactory results.

Nevertheless, the Federal Ministry of the Environment, and I personally, will continue to pursue this basic approach.

It should be very clear to all participants that identifying good ideas in the environmental dialogue is one thing, but implementing them is another. It is, of course, the more difficult part.

Proposals that are easy to implement – ones that all participants and involved parties are enthusiastic about – can hardly be expected.

But the dialogue itself offers us a chance to work together to form an effective lobby for good proposals.

The outcome of the environmental dialogue must, at the very least, go beyond the mere identification of areas of action. I would like, once again, to emphasize the need for joint proposals, joint implementation strategies, and joint action.

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Source: Jürgen Trittin, “Ökologische Modernisierung schafft Arbeitsplätze” [“Ecological Modernization Creates Jobs”], www.bmu.de/1024/js/reden/rede_trittin991021/main.htm/

Translation: Allison Brown