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The Truth behind Green Jobs

Written by Sterling Burnett and James Franko

In his State of the Union speech President Obama claimed that, “Jobs must be our number one focus in 2010.” No surprise, since for months the Bureau of Labor Statistics has shown the unemployment rate to be hovering dangerously close to 10 percent. Revised BLS numbers to show additional jobs losses in December and January with 363 out of 372 metropolitan areas in the U.S. reporting that they lost jobs in January.

Thus, it is with some dismay that we find the administration, as recently as Earth Day, continuing to push “green jobs,” as the solution to the country’s unemployment woes. This is a problem because research shows that every green job created through government mandates or subsidies, actually cost more jobs than it creates.

This should not come as a surprise. After all, if green jobs were cost effective, industries and companies would have adopted them absent government prodding. They haven’t because green technologies are usually more expensive than existing technologies, or they are untested, experimental, or unreliable, and thus they are by and large rejected by consumers in the marketplace.

For instance, Spain was lauded by President Obama as a model for a new economy driven by green jobs. Yet Spain’s example isn’t one to be emulated if one is trying to

boost employment. A 2009 study from Madrid’s King Juan Carlos University found that for every green job the government “creates,” 2.2 jobs are lost in competing industries or as factories lay off workers to cover the higher energy costs of the green technology. In addition, only 10 percent of those green jobs were permanent with the average green job adding nearly \$750,000 in costs to consumers’ bills.

Germany and Denmark have had similar green job experiences. Both countries are far ahead of the U.S. in forcing consumers to choose expensive green energy. In Germany, green job mandates increase the average consumers electricity prices by 2.2 cents per kilowatt hour to for an average subsidy per green job created in the solar power industry of more than \$240,000. In Denmark, About 28,400 people were employed in the Danish wind industry, but only about 1 in 10 were new jobs — the remaining 90 percent were simply positions shifted from one industry to another. Worse, Danish gross domestic product was about \$270 million less than it would have been if the wind industry work force were employed in other sectors.

In the U.S. the story is the same. In a Washington Post column, Sunil Sharan, director of the Smart Grid Initiative, pointed argued that green job initiatives will actually increase unemployment. Sharan estimated

that President Obama's goal of increasing America's energy efficiency by installing 20 million smart meters in the next five years would create about 1,600 jobs.

Unfortunately, Sharan estimated that 28,000 jobs would be lost just among meter readers. Untold more workers will also lose their employment as they will no longer be needed to input the readings back at the office – it's all done automatically. As Sharan put it, "Automation by definition obviates the need for people."

There are good reasons for installing smart meters and updating the power grid. Accordingly, the private sector, even without federal intervention, was already moving to improve the power system through the use of these technologies. But one shouldn't be fooled, green technologies are not a force for short-term job creation.

Environmental lobbyists have sold the Obama administration a green bill of goods. The recently signed HIRE Act provides billions in subsidies for Clean Renewable Energy Bonds and Qualified Energy Conservation Bonds. As a beginning, \$150 billion has been pledged to move America towards a green economy over the next decade.

This kind of investment will undoubtedly create some jobs, but overall the director of the non-partisan Congressional Budget Office notes that, "the net effect [of a green jobs policy] would likely be some decline in employment."

Our political leaders are right to focus on jobs like a laser beam. But government bureaucrats aren't usually thought of as innovators, and have a poor history of picking worthwhile technologies. The green job boondoggle is no exception to this truth. By contrast, innovations in the private sector will undoubtedly be critical in the energy sector as global energy demand is forecast to increase by 44 percent by 2030. Technological improvements proven through competition, not through the political patronage process, will ensure that the energy will be cleaner as efficiency increases.

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