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GEDDES AND BURNETT: Eco at the end of recession?

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In October, the unemployment rate in the United States reached 10.2 percent. Most economists consider about 5 percent to be full employment. Not surprisingly, job growth is a hot political issue.

In an effort to reverse this trend, President Obama has directed funds from various federal agencies and the \$787 billion economic stimulus bill be used to create 5 million "green" jobs. Indeed, the president has proposed spending \$150 billion over the next decade on programs that provide subsidies for wind and solar power, increased energy efficiency standards for appliances and buildings, retrofitting homes, and upgrading the electrical grid.

But the president's proposal does not consider the substantial costs of government spending on green jobs. Indeed, subsidizing green jobs could cause more job losses than gains.

The Obama administration's green jobs program simply shifts wealth from businesses, taxpayers and consumers to politically favored uses. Congressional Budget Office Director Douglas W. Elmendorf noted, "The net effect [of a green jobs policy] ... would likely be some decline

in employment during the transition. ... The fact that jobs turn up somewhere else for some people does not mean there aren't substantial costs borne by people, communities, firms and affected industries."

The Obama administration has cited studies from the U.S. Conference of Mayors, the American Solar Energy Society, the Center for American Progress and the United Nations Environment Program to support its claims that green investments will provide millions of new jobs. These analyses share a number of flaws:

(1) They confuse efficient and inefficient production. Productivity is the output per unit of input. Producing the same amount of a good with fewer inputs makes it more affordable, freeing labor, natural resources, equipment and capital for other uses. This improves a country's economic welfare.

Mr. Obama's green jobs program turns this on its head, favoring technologies that employ large numbers of people over technologies that use labor efficiently. For example, according to the United Nations Environment Program, solar energy requires 9 times as much labor per megawatt of energy generated as natural gas, and 9 times

as many workers per megawatt of energy as coal. No wonder, solar energy costs 3 to 5 times as much per megawatt as electricity from natural gas or coal.

(2) Many of the jobs "created" by government subsidies will not be filled by the unemployed but by workers shifting from one job to another. For instance, proposed global warming legislation threatens to shutter a number of fossil-fuel power plants while boosting employment at wind and solar facilities.

Moving engineers from traditional power plants to renewable energy facilities should not count as new jobs creation. Finally, these studies only examine jobs created by the government programs, ignoring the jobs destroyed by higher energy prices and the taxes to pay for the increased spending.

Experience in Europe, which has taken the lead in green job creation, confirms that this is an economic shell game. For example, according to a study of Spain's renewable energy initiatives, the Spanish government created about 50,000 green jobs, but as a result about 110,000 other jobs were lost.

Worse, only 1 in 10 new jobs were permanent, and the average green job created since added \$774,000 in costs to consumers' bills. The high cost of green energy has driven energy-intensive Spanish industries to countries with lower energy costs.

The report concluded, "These costs do not appear to be unique to Spain's approach but instead are largely inherent in schemes to promote renewable energy sources." That means that even if Mr. Obama's initiatives manage to produce 5 million green jobs, about 11 million jobs could be lost in other sectors.

The evidence is the government's green jobs push is likely to increase the length of the already growing unemployment line. That's a bad idea now and at any other time.

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