



BY MAX SCHULZ

# A HAZY SHADE OF GREEN

## Debunking the Myths of the Green Jobs Movement

**Barack Obama assumed office in January** with an agenda that must be described as exceedingly ambitious. This is true even by the standards of incoming presidents, who all tend to show up for work on the first day with grand plans for accomplishment. Obama's election, according to the conventional wisdom, heralded a new and transformational era in our nation's politics. The proposals that formed the cornerstone of his campaign, and on which his new administration is building, reflect a determination to fundamentally change many of our core assumptions about society and the economy.

Two of the most critical and ambitious elements of President Obama's program focus on addressing questions of poverty (particularly in America's cities) and changing the way Americans produce and consume energy. On the urban front, Obama has promised to cut poverty in half in ten years, with a renewed emphasis on America's cities. At the same time, he has called for the transformation of our energy economy away from the fossil fuels that provide the lion's share of Americans' vast energy consumption. Obama has proposed that our economy become powered by clean, renewable sources that produce no greenhouse gas emissions. This would result in the birth of entirely new industries and the creation of millions of new green jobs.

These are not small proposals. In an interesting twist, the Obama administration is embarking on an attempt to marry the two seemingly disparate ideas. Our 44th president has indicated that he believes the move to a green economy can be a catalyst for urban revitalization.

These efforts elicit great enthusiasm from the president's supporters. Sadly, as I argue below, there is little real hope that they can succeed.

Though massive in scope, the renewed emphasis on urban poverty is the less remarkable of these two grand plans. In February, Obama signed an executive order establishing the new White House Office of Urban Affairs, designed to craft an approach to cities similar to that of the World Bank to developing nations. The idea is to advance a unified federal strategy for revitalizing metropolitan America. And, of course, the president has proposed vast new federal spending in America's cities, particularly increased funding for the Community Development Block Grant program.

We have been here before. The president is effectively calling for the resurrection and supersizing of the War on Poverty. Launched by President Johnson in the 1960s and carried on by successive Democratic and Republican administrations, that failed experiment saw Washington throw trillions of dollars at America's cities, all while those cities' inhabitants sank deeper and deeper into despair and dependency.

The War on Poverty greatly expanded the reach of the federal government into Americans' lives and entrenched a slew of costly state-run programs and bureaucracies that continue to drain taxpayer dollars. Instead of alleviating poverty, the War on Poverty caused welfare rolls to swell. Instead of lifting the poor from their poverty and providing a measure of economic independence, this effort helped create a permanent underclass in America's urban areas. It didn't empower residents as much as it enslaved them. In his groundbreaking 1984 examination of antipoverty programs, *Losing Ground*, Charles Murray noted that in 1968, at the early stages of the War on Poverty, 13 percent of Americans were poor. "Over the next 12 years, our expenditures on social welfare quadrupled. And in 1980, the percentage of poor Americans was—13 percent."

Or, as Ronald Reagan said in his 1988 State of the Union address, "The Federal government declared war on poverty, and poverty won." Reagan went on to explain that the huge amounts of money spent on welfare and other so-called antipoverty ini-

tatives had only made poverty more difficult to escape. Meanwhile, the only truly successful, specifically antipoverty measure adopted by Washington since the War on Poverty began was the 1996 welfare reform bill signed by Bill Clinton. That reform, which helped remove millions from the dole and into the workforce, soundly rejected the premises and promises of the modern approach to fighting poverty.

President Obama appears not to have learned the lessons of the last 40 years. According to Robert Rector of the Heritage Foundation, regarded by many welfare reform proponents as the architect of the legislation Clinton signed in 1996, the stimulus bill Obama signed into law in February contained provisions designed to gut that historic achievement. Rector argues that the key to the 1996 reform was the elimination of the perverse incentive that increased states' federal welfare funding if they increased caseloads. He testified to Congress in 2006 that Clinton's welfare reform was to a large degree responsible for the plummeting poverty rate for children of single mothers between 1995 and 2004, adding, "The explosive growth of out-of-wedlock childbearing has come to a near standstill." No longer, perhaps. Noting that the American Recovery and Reinvestment Act would effectively restore the old funding system, Rector wrote, "For the first time since 1996, the federal government would begin paying states bonuses to increase their welfare caseloads. Indeed, the new welfare system created by the stimulus bills is actually worse than the old [Aid to Families with Dependent Children] program because it rewards the states more heavily to increase their caseloads."

While the President is choosing to re-blaze an old path when it comes to dealing with urban poverty, he is vowing to chart an entirely new course with regard to energy. Specifically, he calls for the fundamental transformation of how we power our lives, moving to an energy economy that is fired not by fossil fuels but by green technologies. Renewables like wind and solar, along with biomass and ethanol, would take the place of coal, oil, natural gas, and even uranium.

Obama aims not merely to increase our share of green energy, but to literally "transform our energy economy." This is the height of presidential audacity, in that it suggests the wholesale reworking, or overthrowing, of the massive infrastructure and production and supply mechanisms that have developed more or less organically over the course of a century. More than that, these industries have helped make possible and sustain the most dynamic and productive economy the world has ever known. To prevent the horrors of global warming, and to insulate ourselves from Middle Eastern oil despots, we must replace them with something cleaner, greener, and homegrown.

One way to attempt this is by implementing a national renewable portfolio standard, as Obama proposes. That would require 25 percent of the nation's electricity to come from sources that do not generate greenhouse gas emissions, which would boost demand for windmills, solar farms, and other clean but expensive technologies (though clean nuclear power, which gives off no GHG emissions but is reviled by environmental groups, would likely be excluded). Another way to implement this would

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be by instituting some sort of carbon-regulation regime, such as the cap-and-trade scheme passed by the House of Representatives in June.

Among the problems with these proposals is that they would raise energy prices. In an exceptionally candid interview with the *San Francisco Chronicle* editorial board last year, then-Senator Obama talked about bankrupting the coal industry and said, “Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.” The plan would either raise the price of coal- and petroleum-based energy so that people use less, or it would force consumers to employ renewable energy technologies that cost vastly more than the ones we currently use. Either way, higher prices are inherent to cutting emissions.

It is politically untenable to highlight the high-cost features of the green economy. Instead, proponents try to sell the upside of economic growth and prosperity, particularly by featuring the promise of free markets. Consider the term “cap-and-trade.” It implies that market mechanisms, and not government’s heavy hand, will be brought to bear on the supposed problem. Don’t believe it. Cap-and-trade is the wolf in sheep’s clothing of economic regulation. It claims a mantle of market respectability to foist the worst elements of bureaucracy, government, and mandates on unsuspecting consumers. Want to limit carbon emissions? The only honest way would be to put a direct tax on them. Cap-and-trade is a tax hike tarted up to look like the market at work.

Then there’s the grand promise of new job creation in the green economy. “I’ll invest \$150 billion over the next decade in affordable, renewable sources of energy—wind power and solar power, and the next generation of biofuels,” Obama said as he accepted his party’s presidential nomination in 2008. He called this “an investment that will lead to new industries and five million new jobs that pay well and can’t ever be outsourced.” Later he would call this new energy economy an “engine of economic growth” to rival the computer and one, moreover, that we could build “easily.”

Spending taxpayer money to create jobs that otherwise wouldn’t exist is a funny way to go about encouraging economic growth. It’s worth crunching the numbers on the Obama promise to spend \$150 billion over the course of a decade to create five million new green jobs; that works out to \$30,000 per new job, which actually seems modest compared to what other advocates claim it will cost to “create” jobs. The Center for American Progress estimated last year that federal outlays of \$100 billion over a two-year period would create two million green jobs, or roughly one new position for every \$50,000 spent by taxpayers. The Apollo Alliance, an organization tied to recently resigned

White House green jobs coordinator and fellow *Pathways* contributor Van Jones, estimated it would take \$500 billion (roughly 20 times the annual budget of the entire U.S. Department of Energy) to create five million jobs. That works out to \$100,000 of taxpayer money per job.

If new green employment makes sense for the economy, as advocates suggest, then why should there be a high public price tag on creating these jobs? And how much can anyone really trust these numbers? An Apollo Alliance official all but admitted to the *Wall Street Journal* that its figures were plucked out of the air. Asked to explain the vast discrepancy between Obama’s expensive jobs figure with the Apollo Alliance’s three-times-more expensive figure, the official replied, “Honestly, it’s just to inspire people.”

Feeling inspired? Then consider the downside to the green jobs promise. Spain instituted an ambitious green jobs program a decade ago, and for some time, it was cited by President Obama as an example for the United States to follow. Earlier this year, however, researchers at King Juan Carlos University released a study that examined Spain’s decade-long experience with green job creation, and the results were not pretty. They found that for every green job manufactured through government mechanisms, more than two jobs were destroyed due to the higher costs imposed on the economy. Worse, they found that only one in ten of those green jobs will be permanent. The authors deemed Spain’s policies “terribly economically counterproductive.” Simply put, they wrote, “the Spanish/EU-style ‘green jobs’ agenda now being promoted in the U.S. in fact destroys jobs.”

The president doesn’t mention Spain any longer.

Optimistic economic projections of a transition to a post-carbon future fall short because they focus on the benefits but never factor in the costs. And there will certainly be costs imposed throughout the economy if we try to force a wholesale switch to renewable energy technologies and fuels. Renewables are considerably more expensive than the oil, natural gas, coal, and uranium we rely upon today to meet about 95 percent of our energy needs.

What sorts of costs? For starters, there are the many gainfully employed and productive Americans who work in the traditional energy industry. According to the American Petroleum Institute, the oil and gas industry employs 1.6 million Americans. Coal mining directly and indirectly supports hundreds of thousands of jobs, according to the National Mining Association and the U.S. Bureau of Labor Statistics. Presumably they would be in the unemployment line if we no longer used coal or petroleum.

There are other costs as well, for the simple reason that the replacement technologies and fuels the president plugs are

much more expensive (and less reliable) than oil, gas, coal, and nuclear power. Wind, solar, biomass, and other so-called green sources of energy operate on the fringes of our energy economy precisely because they are more expensive and less reliable. And this comes despite decades of generous subsidies from federal and state governments.

The U.S. Energy Information Administration calculated last year that taxpayers subsidize solar and wind energy at more than \$23 per megawatt hour (MWh) of electricity produced. Yet they are still too costly to be competitive; combined, they produce about 1 percent of the nation's power. Compare the green subsidies to the energy sources reviled by environmentalists, such as natural gas (25 cents per MWh in subsidies), coal (44 cents), hydroelectricity (67 cents), and nuclear power (\$1.59).

Even with massive new infusions of government cash, there's only so far that renewables can come down the cost curve. The energy sources they seek to harness are diffuse and diluted, requiring huge amounts of space to offer what coal or gasoline (or especially uranium) offer in relatively small packages. Forcing Americans to get their energy from more expensive sources will—no surprise—drive up costs across the board. And higher energy costs usually mean job losses, particularly in energy-intensive industries like heavy manufacturing. Sky-high energy costs in states like California and New York help explain why energy-intensive manufacturing industries have fled to other states. Raising them throughout the entire American economy will drive jobs and industries overseas and will make American consumers poorer.

The green jobs promise amounts to killing jobs in efficient industries to create jobs in inefficient ones—hardly a recipe for economic success. William Pizer, a researcher with Resources for the Future and a lead author of the most recent report from the United Nations' Intergovernmental Panel on Climate Change, reinforced the point at a symposium in 2008: "As an economist, I am skeptical that [dealing with climate change] is going to make money. You'll have new industries, but they'll be doing what old industries did but [at] a higher net cost...You'll be depleting other industries." Consumers will be hurt too, Pizer notes. Digging deeper each month to pay for expensive renewable energy, they will have less to save or spend in other areas of the economy.

Nevertheless, the green jobs push is described as the antidote to urban poverty. Interestingly, some of the biggest boosters of the new green movement are not traditionally regarded as environmentalists but come from community activist organizations that agitate for economic justice while airing ethnic, racial, and

other grievances. Groups like CODEPINK, ColorOfChange.org, MoveOn.org, and ACORN, along with labor organizations, are the faces of the green jobs movement. This is the milieu from which Van Jones emerged before (fleeting) becoming President Obama's go-to guy on green jobs. Many cities are counting on the national push to go green to help alleviate chronic urban poverty. And these same activist community organizers in these locales are standing in line to grab some of the millions in federal spending that is designated for green jobs training programs.

Will any of it work? Doubtful. The idea of greening the inner city to improve the lives of its poorest residents doesn't stand up under close inspection. It relies on the fallacy that the government must undertake a rescue mission in the inner city because society has failed to provide opportunities for urban blacks. Yet over the last several decades, as the economy has steadily expanded, millions of construction jobs were created in urban centers all across America. For the most part, Mexican and Central American immigrants have filled these positions, not urban blacks, who have largely absented themselves from this employment boom.

If Jones and his compatriots in the green jobs movement truly wanted to help poor minorities, they might start by taking a long, hard look at the history of government-run job-training programs. In terms of money wasted, skills not imparted, and opportunities lost, the history of such programs is abysmal. According to journalist Jim Bovard, one of the foremost experts on government job-training efforts, "[m]any, if not most, of the participants in federal jobs and job-training programs would be better off today if the programs had never existed."

There's not much reason to think that green jobs training efforts will prove any differently. But then, there's no reason to think that President Obama's bold desire to completely overhaul our energy economy will meet with any real success either. There may be legitimate arguments for taking dramatic steps to fight climate change. Boosting the economy isn't one of them. What's really at stake here is honesty and transparency in what our government initiatives will do; green initiatives should stand or fall on their own merits as an antidote to climate change, not be hawked as a snake oil that addresses all our nation's problems, even poverty. One thing, however, is certain: it is going to cost taxpayers and consumers a lot of money to learn some very hard lessons.

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