

Eco-employment

Green jobs boom needs grand vision

Jon Entine argues that the US risks wasting the green jobs stimulus without better focus from the top

When politicians call for increased government investment to create “green collar” jobs, it conjures images of a bellowing Wizard of Oz overseeing the Emerald City – an awe-inspiring disembodied figure formed of steam. Then Dorothy’s Toto pulls back the green curtain, revealing a tiny man spinning dials in a frantic attempt to keep the fantasy alive.

Meet Barack Obama. Obama has promised that 5m jobs will result from \$80bn of investment in alternative energy. Yet so far, we have handouts, few concrete results, and speeches.

Those hoping for a green jolt to the economy must come to grips with three realities. First, green stimulus works slowly. Of the \$25bn allocated for energy efficiency in the package, \$394m went to New York. By October, the government estimated, it had produced 43 jobs. That doesn’t mean the money was wasted; it means green investments are not a quick fix but must be understood as a long-term commitment.

Second, sustainable jobs are costly. Alternative energy projects will lead to higher energy prices and put a \$9 trillion drag on the economy over the next three decades, according to a study from Spain’s Universidad Rey Juan Carlos. The Obama administration has pointed to Spain as a “reference for the establishment of government aid to renewable energy” to create jobs, but the experience there suggests caution. The Spanish programme spent €29bn in recent years creating green jobs at a cost per worker of €571,000. By diverting investments from other sectors, the study estimates that for every green job created upwards of 2.2 jobs were lost.

“While it is not possible to directly translate Spain’s experience with exactitude,” reads the report, the US could lose “6.6m to 11m jobs, as a direct consequence were it to actually create 3m to 5m ‘green jobs’ as promised (in addition to the jobs lost due to the opportunity cost of private capital employed in renewable energy).”

In other words, Spain’s expensive and extensive green policy generated far fewer jobs than expected. Only about one-tenth of those were the high-paying positions necessary to shake the economy out of the Great Jobs Depression.

Alternative energy investment

The story gets worse. There have been numerous recent announcements of projects in the alternative energy space seeded by government money. In 2008, Massachusetts backed a \$58m incentive package for Evergreen Solar, a solar-panel maker promising 350 new jobs. At the same time, GE was sweeping up subsidies for its solar-panel manufacturing facility in Delaware that employed 82 workers. Both have failed. GE announced that it is shutting down production – the demand for alternative energy technology is not there. Evergreen Solar temporarily added workers, but expectations (read: green hype) exceeded sales, and it is now shuttering capacity and shifting what’s left to China.

Despite the government’s dismal record for creating sustainable green jobs, there are arguments to support the boondoggle of 2009 – really. There is not enough green manufacturing capacity because the US has an appalling record in supporting these nascent industries. It takes years to develop an alternative



Can the green stimulus deliver?

The US has an appalling record in supporting nascent green industries

energy infrastructure, and the US is way behind Europe and even China.

This is not a reflexive argument for massive subsidies. Rather, the US needs to establish a regulatory green sector framework grounded in long-term commitments to build business infrastructures. In the short term, Washington will need to continue funding green projects, some of which will go to foreign companies much further along in exploiting emerging technologies. As US production acumen matures, private money will start flowing.

The wild card in all this is the president. Where is Obama’s green story to focus the nation? In a recent speech promoting a smart grid, he compared the US’s electrical system to American highways before Eisenhower launched the building boom of the 1950s. But energy reform is a bigger project than the interstate highway system, and faces more domestic opposition than did the space programme.

The key to Americans meeting the challenges has been their willingness to believe in a vision of change and growth to justify risk and sacrifice. We know that Obama can play the tiny man behind the green curtain spinning a story, but we don’t yet know whether he has the fortitude and the vision of a leader to carry forward a transformative Great Green Narrative. ■



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