

The False Promise of Green Jobs

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COPENHAGEN – Political rhetoric has shifted away from the need to respond to the “generational challenge” of climate change. Investment in alternative energy technologies like solar and wind is no longer peddled on environmental grounds. Instead, we are being told of the purported economic payoffs, above all, the promise of so-called “green jobs.” Unfortunately, that does not measure up to economic reality.

The Copenhagen Consensus Center asked Gürcan Gülen, a senior energy economist at the Center for Energy Economics, Bureau of Economic Geology at the University of Texas at Austin, to assess the “state of the science” in defining, measuring, and predicting the creation of green jobs. Gülen concluded that job creation “cannot be defended as another benefit” of well-meaning green policies. In fact, the number of jobs that these policies create is likely to be offset – or worse – by the number of jobs that they destroy.

On the face of it, green-job creation seems straightforward. Deploying more wind turbines and solar panels creates a need for more builders, technicians, tradespeople, and specialist employees. *Voilà*: simply by investing in green policies, we have not only helped the climate, but also lowered unemployment. Indeed, this is the essence of many studies that politicians are eagerly citing. So what did those analyses get wrong?



In some cases, Gülen finds that proponents of green jobs have not distinguished between construction jobs (building the wind turbines), which are temporary, and longer-term operational jobs (keeping the wind turbines going), which are more permanent. Moreover, sometimes advocates have assumed, without justification, that the new jobs would pay more than careers in conventional energy.

In other cases, the definition of a “green” job is so fuzzy that it becomes virtually useless. If a sustainability adviser quits a concrete factory and goes to work instead for a renewable energy project, can we really conclude that the number of green jobs has actually increased?

More disturbing is Gülen’s finding that some claims of job creation have rested on assumptions of green-energy production that go far beyond reputable estimates. Of course, if you assume that vast swaths of the countryside will be covered in wind turbines and solar panels, you will inevitably predict that a large number of construction jobs will be required.

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But the biggest problem in these analyses is that they often fail to recognize the higher costs or job losses that these policies will cause. Alternative energy sources such as solar and wind create significantly more expensive fuel and electricity than traditional energy sources. Increasing the cost of electricity and fuel will hurt productivity, reduce overall employment, and cut the amount of disposable income that people have. Yet many studies used by advocates of green jobs have not addressed these costs at all – overlooking both the cost of investment and the price hikes to be faced by end users.

The companies calling for political intervention to create green jobs tend to be those that stand to gain from subsidies and tariffs. But, because these policies increase the cost of fuel and electricity, they imply layoffs elsewhere, across many different economic sectors.

Once these effects are taken into account, the purported increase in jobs is typically wiped out, and some economic models show *lower* overall employment. Despite a significant outlay, government efforts to create green jobs could end up resulting in net job losses.

Even if that is true, proponents might argue, investment in green jobs is nonetheless a good way to stimulate a sluggish economy. But Gülen shows that there are many other economic sectors, such as healthcare, that could actually create more jobs for the same amount of government investment.

In addition to job creation, some researchers have blithely claimed that all sorts of other economic benefits will accrue from investment in alternative energy, including increased productivity, higher disposable incomes, and lower operating costs for businesses. Here, too, Gülen concludes that the assertions are “not backed up by any evidence and are inconsistent with the realities of green technologies and energy markets.”

The fundamental problem is that green-energy technologies are still very inefficient and expensive compared to fossil fuels. Deploying less efficient, more expensive alternative-energy sources will hurt businesses and consumers, not help them.

In order for the whole planet to make a sustainable shift away from fossil fuels, we need to make low-carbon energy both cheaper and more efficient. That requires a substantial increase in research and development into next-generation green-energy alternatives. Today’s research budgets are tiny, and that desperately needs to change.

In the meantime, the public should be cautious of politicians’ claims that deploying today’s inefficient, expensive technology will result in windfall benefits at no cost.

Bjørn Lomborg is the author of *The Skeptical Environmentalist and Cool It*, director of the Copenhagen Consensus Center, and adjunct professor at Copenhagen Business School.

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