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Not Very Green, Not Many Jobs

An Assessment of the Obama Administration's Green Jobs Agenda



Prepared by the Energy and Commerce Committee, Majority Staff

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Executive Summary

President Obama took office amid a weak economy and high unemployment. In spite of profound and urgent economic challenges, he remained committed to advancing an expansive environmental agenda. He promised to address global warming and other environmental concerns in a manner that would also create jobs and strengthen the American economy. Thus began the Administration's so-called green jobs agenda, modeled after similar efforts underway in several European nations. The President's green jobs experiment received substantial funding with the February 2009 passage of the American Reinvestment and Recovery Act (Recovery Act or "stimulus").

Evaluating the President's so-called green jobs effort is not a criticism of clean energy technologies, which play an important role in powering the future, but rather is an indictment of the Obama Administration's management, execution, and record of its numerous programs that were falsely sold to the American people for their job potential when the jobs were never going to materialize.

For 40 consecutive months and counting, the United States has endured a national unemployment rate higher than 8 percent, and speculation about the role of stimulus-funded programs continues unabated. Very few green jobs have been created. The green jobs agenda is an unfolding failure and the environmental merits of green jobs have also been called into question.

The key components of the Administration's green jobs agenda – increased spending, higher energy costs, and more environmental regulation – are precisely the wrong policies to spur job growth. The high cost of subsidizing green jobs siphons capital and jobs away from the rest of the economy. The emphasis on replacing less-expensive fossil fuels with more-expensive renewables raises energy costs, which further hampers job growth. And increased environmental regulation, rather than spurring compliance-related jobs, is damaging domestic manufacturing and energy production and threatening the Nation's global competitiveness.

Simply put, the failure of the President's green jobs programs is a failure of big government. The real answers – for both jobs and environmental progress – lie with less government and more economic freedom.

The European nations that once were ahead of the U.S. in adopting green jobs programs are now ahead of the U.S. in abandoning them. It is time for America to do the same.

With the global economy faltering, we should be vigorously embracing free market principles, not forsaking them.

Introduction: The Origins of the Obama Administration's Green Jobs Agenda

When President Obama took office in January 2009, the Nation was in the midst of a severe recession. Not surprisingly, the President faced an uphill battle finding support for his expansive environmental agenda. The public's focus on the environment as a policy priority continued to decline during difficult economic hard times.¹

As the Nation approaches November 2012, lingering high unemployment, and not the environment, continues to be the public's top concern. Against this backdrop, it is easy to see the political appeal to the President of claiming that the pursuit of his green goals will be a boon to the economy rather than a drag on it.

In the past, proponents of new environmental laws and regulations often used fear as the primary selling point, making predictions of dire public health or ecological harm from unchecked global warming, air and water pollution, or other concerns. Compliance costs were acknowledged but justified by the risks averted. This message did not always win over the American public, even during relatively good economic times, as is evidenced by the repeated rejection of global warming proposals in Congress in the years prior to the recent recession. This failure led to considerable soul searching within the environmental activist community as to how to better market its agenda.² Many concluded that a more positive message was needed, especially after the recession greatly reduced the public's willingness to pay for more environmental measures.

Indeed, since the economic downturn there has been a noticeable change in strategy on environmental issues. The "take your medicine" approach has largely been dispensed with and environmental measures are now asserted to provide economic as well as environmental benefits.

In addition, an effort is underway within the Democratic Party to address the growing rift between two core constituencies – environmental activists and labor unions leery of environmental measures that threaten blue collar jobs. Both groups were encouraged to form alliances focused on joint advocacy of Federal subsidies for union jobs deemed environmentally friendly, such as the manufacture and installation of wind turbines and pollution control equipment.³ The term "green collar jobs" was coined to stress the benefits to unionized blue collar workers of this new source of employment. The term was later shortened to "green jobs."

This shift in strategy came to fruition with the election of Barack Obama. Much more so than previous administrations, the Obama Administration has asserted that pursuing its environmental aims will improve the economy and put Americans back to work. This green jobs agenda received a substantial boost in funding with the passage of the American Recovery and Reinvestment Act of 2009.

¹ Dennis Jacobe, "Americans Still Prioritize Economic Growth Over Environment," Gallup, March 29, 2012, <http://www.gallup.com/poll/153515/Americans-Prioritize-Economic-Growth-Environment.aspx>

² See Michael Shellenberger and Ted Nordhaus, *The Death of Environmentalism*, 2004, http://thebreakthrough.org/PDF/Death_of_Environmentalism.pdf

³ See "Apollo Alliance Project," BlueGreen Alliance, 2012, <http://www.bluegreenalliance.org/apollo>

Little has gone well in the three years since passage of the Recovery Act, especially when compared to the Administration's lofty predictions that green jobs would help spark an economic turnaround. The Administration's promise of up to 5 million new green jobs⁴ is nowhere close to realization. Even the mainstream media, most of which initially supported the green jobs agenda, has become increasingly critical.⁵ Adding to the disappointing jobs numbers, the case of Solyndra, the now-bankrupt California solar company that received a \$535 million Federal loan guarantee after the Administration overruled its own experts who cautioned against the loan guarantee and restructuring for the company, adds an element of impropriety to the debate.⁶

Meanwhile, the European nations the President once hailed as green jobs trailblazers have already faced similar disappointments and continue to endure significant economic downturns. "The experience in Europe, which has preceded us in embracing these fallacies, is uniformly negative," noted American Enterprise Institute resident scholar Kenneth P. Green, during a June 19, 2012, Energy and Commerce Subcommittee on Oversight and Investigations hearing entitled "The Federal Green Jobs Agenda."⁷ Countries that once were ahead of the U.S. in adopting these programs are now ahead of the U.S. in downsizing or cancelling them.⁸ The green jobs revolution has been a failure and millions of Americans remain out of work, but the Administration shows few signs of letting up or considering alternative approaches.

Definitional Dilemmas – What Is a Green Job?

Defining green jobs turns out to be far from straightforward. The Bureau of Labor Statistics defines them as either "jobs in businesses that produce goods or provide services that benefit the environment or conserve natural resources," or "jobs in which workers' duties involve making their establishment's production processes more environmentally friendly or use fewer natural resources."⁹ These definitions of green jobs, like most others, raise as many questions as they answer, resulting in a policy that lacks coherence. David Kreutzer, Research Fellow in Energy

⁴ "Barack Obama's Plan to Create 5 Million New Green Jobs," Obama for America, http://obama.3cdn.net/eff0ff1daa8baf984_4yjqmv8j3.pdf

⁵ See Aaron Glantz, "Number of Green Jobs Fails to Live Up to Promises," *New York Times*, August 18, 2011, <http://www.nytimes.com/2011/08/19/us/19bcgreen.html?pagewanted=all>

⁶ House Committee on Energy and Commerce, "The Solyndra Story," September 14, 2011

<http://republicans.energycommerce.house.gov/Media/file/Hearings/Oversight/091411/SolyndraStoryFinalMemo.pdf>

and John M. Broder, "In Rush to Assist a Solar Company, U.S. Missed Signs," September 22, 2011,

http://www.nytimes.com/2011/09/23/us/politics/in-rush-to-assist-solyndra-united-states-missed-warning-signs.html?_r=1&adxnnl=1&adxnnlx=1316801790-AR8cqp+TzcI3g/FOGNA

⁷ Testimony of Kenneth P. Green, June 19, 2012,

<http://republicans.energycommerce.house.gov/Media/file/Hearings/Oversight/20120619/HHRG-112-IF02-WState-KGreen-20120619.pdf>

⁸ Kenneth P. Green, "The Myth of Green Jobs: The European Experience," American Enterprise Institute for Public Policy Research, February 2011, <http://www.aei.org/files/2011/02/15/EEO-2011-02-No-2-updated-g.pdf>

⁹ "Green Jobs," Bureau of Labor Statistics, <http://www.bls.gov/green/#definition>. BLS is in the process of refining its definition.

Economics and Climate at The Heritage Foundation, noted at the June 19, 2012, hearing that “the definition of a green job is so broad as to make any green-job total meaningless.”¹⁰

In particular, it is often a matter of dispute as to what actually benefits the environment. Even environmental activist organizations oppose some of the President’s green jobs agenda, including wind and solar installations.¹¹ Further, opinions as to what is considered green can change over time. This can be seen with corn ethanol and other biofuels, which have lost much of their cachet with environmentalists over the past few years.¹² There is considerable debate whether jobs associated with production of biofuels should be labeled as green.

The environmental merits of green jobs programs often vary with the circumstances. For example, the Administration considers public transportation jobs to be green because of the passenger vehicle emissions they help avoid. However, trains and buses can have higher emissions per person than autos, especially if ridership is low.¹³ Complicating matters further, many energy sources and technologies may be environmentally friendly in one respect but not in another. Wind energy and solar energy are considered green because they don’t create smokestack emissions, but they take up far more land to generate an equivalent amount of electricity than coal, nuclear, or natural gas plants.

Green jobs can become an excuse to pursue politically-correct causes despite their less-than-significant environmental merit.¹⁴ Wind energy, for example, falls well short of the optimal green image, given that electricity production from wind is intermittent and unreliable and requires back-up by conventional sources, including the coal-fired generation it is supposed to supplant. Wind turbine blades kill birds and bats, an ecological threat the Department of the Interior recently attempted to address by proposing a special 30-year exemption from penalties when wind turbines kill protected birds, including bald eagles.¹⁵ In addition, any substantial increase in wind energy production would require many new wind farms and transmission line routes in pristine areas.¹⁶

¹⁰ Testimony of David W. Kreutzer, June 19, 2012, <http://republicans.energycommerce.house.gov/Media/file/Hearings/Oversight/20120619/HHRG-112-IF02-WState-DKreutzer-20120619.pdf>

¹¹ The U.S. Chamber of Commerce maintains a database of renewable and conventional energy projects that are opposed by environmental organizations and others. See Steve Pociask and Joseph P. Fuhr Jr., “Project no Project,” U.S. Chamber of Commerce, March 10, 2011, http://www.uschamber.com/sites/default/files/reports/PNP_EconomicStudyweb.pdf

¹² See Gerard Wynn, “U.S. corn ethanol ‘was not good policy’: Gore,” Reuters, November 22, 2010, <http://www.reuters.com/article/2010/11/22/us-ethanol-gore-idUSTRE6AL3CN20101122>

¹³ Randal O’Toole, “Does Rail Transit Save Energy or Reduce Greenhouse Gas Emissions,” CATO Institute, April 14, 2008, <http://www.scribd.com/fullscreen/13673633>

¹⁴ See Todd Myers, *Eco-Fads, How the Rise of Trendy Environmentalism is Harming the Environment* (Seattle, Washington Policy Institute, 2011)

¹⁵ “Eagle Permits; Changes in the Regulations Governing Eagle Permitting,” Fish and Wildlife Service, April 13, 2012, <https://www.federalregister.gov/articles/2012/04/13/2012-8086/eagle-permits-changes-in-the-regulations-governing-eagle-permitting#p-17>

¹⁶ See Katharine Q. Seelye, “Big Wind Farms Off Cape Cod Gets Approval,” *New York Times*, April 28, 2010, <http://www.nytimes.com/2010/04/29/science/earth/29wind.html?pagewanted=all>

Jobs created in the pursuit of ineffective solutions to environmental concerns are not really green. For example, the Environmental Protection Agency (EPA) estimates that its global warming rules for motor vehicle emissions would reduce future temperatures by a negligible 0.006 to 0.015 degrees Celsius by 2100.¹⁷ Any jobs associated with meeting these rules would be pale green at best.

Despite the ambiguities of what should constitute a green job, the Administration has expressed clear preferences. The emphasis has been on employment related to renewable energy sources, energy efficiency, battery-powered or other alternatively fueled vehicles, and public transportation. Reducing greenhouse gas emissions from fossil fuels is a recurrent theme throughout.

But in practice, contradictions and inconsistencies in the green jobs concept pervade the Administration's approach. For example, given the emphasis on global warming, it is arguable that jobs related to nuclear energy, a nearly emissions-free source of electricity, should be considered green, but the Administration has all but halted new nuclear plants and related jobs. Jobs associated with wind turbines are a core component of the President's efforts, but employment associated with the two main components used in their construction – steel and cement – are clearly not treated as green. President Obama's EPA has launched an unprecedented wave of regulations that impact both the steel and cement industries and likely will reduce future domestic jobs producing these materials.¹⁸

Questions of special-interest favoritism have also been raised, and not only in the context of Solyndra and other green companies with ties to the Administration. For example, most of the Administration's green jobs programs are structured to benefit labor unions friendly to the President, though there is nothing inherent about unionized jobs that make them any better for the environment than non-unionized ones. These questions add to the growing doubts about the environmental merits of green jobs.

Green Jobs Added - While Other Jobs Lost

There are reasons to question the green part of the green jobs agenda. More importantly, there are also reasons to question the jobs part. In fact, the means that the Obama Administration has chosen to create green jobs are destroying other jobs in the process. On net, it may well be an anti-jobs policy.

¹⁷ "Light-Duty Vehicle Greenhouse Gas Emission Standards and Corporate Average Fuel Economy Standards; Final Rule," *Federal Register*, May 7, 2010, <http://edocket.access.gpo.gov/2010/pdf/2010-8159.pdf>, p. 25, 495

¹⁸ See Testimony of Aris Papadopoulos, April 15, 2011, http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/041511_2/Papadopoulos.pdf; Testimony of Steve Rowlan, February 9, 2011, http://www.steel.org/~media/Files/AISI/Public%20Policy/test_enr_RowlanEC_Comm.ashx.

The High Taxpayer Cost of Green Jobs

When jobs are created at the initiative of the private sector, they come at virtually no cost to the taxpayer. However, jobs created through Federal subsidies – grants, loans and loan guarantees, targeted tax breaks, and other taxpayer-financed benefits – are another matter. The Administration’s green jobs agenda is focused almost exclusively on the latter.

The billions in taxpayer dollars that have been redirected to support Federally-subsidized programs and generate green jobs means that money – and jobs – are being siphoned away from the rest of the economy.¹⁹ While the green jobs created may be more visible and identifiable – the President has personally visited dozens of green employers and has discussed green jobs programs in every State of the Union address – the other side of the ledger should also be taken into consideration. “Any comprehensive analysis must ask the question of where these resources come from, and when that question is asked the task becomes one of determining whether the activity from which the resources are drawn is producing greater or less value than that to which the resources are assigned,” said W. David Montgomery, Senior Vice President of NERA Economic Consulting, at the June 19 hearing.²⁰

In fact, it may be more than coincidence that the nations aggressively pursuing government-funded green jobs programs tend to have high overall unemployment rates that do not come down as green jobs are created. Rather than help the overall economy, subsidized green jobs programs appear to come at the expense of it. The U.S. experience is following that of many European nations in this regard.

The President’s flagship effort to revitalize the American economy was the American Recovery and Reinvestment Act of 2009, commonly known as the stimulus package. It allocated \$90 billion to various green jobs programs, including loan guarantees and outright grants. In the three years since passage, the number of jobs created has been very low, especially compared to the outlays.²¹

Beacon Power and Ener1 have joined Solyndra on the list of companies receiving stimulus money that have since declared bankruptcy.²² Many other recipients remain solvent but have either cut back on hiring plans or announced layoffs.²³

¹⁹ See Brian Riedl, “Why Government Spending Does Not Stimulate Economic Growth: Answering the Critics,” Heritage Foundation, January 5, 2010, <http://www.heritage.org/research/reports/2010/01/why-government-spending-does-not-stimulate-economic-growth-answering-the-critics>.

²⁰ Testimony of W. David Montgomery, June 19, 2012, <http://republicans.energycommerce.house.gov/Media/file/Hearings/Oversight/20120619/HHRG-112-IF02-WState-DMontgomery-20120619.pdf>.

²¹ Carol D. Leonnig and Steve Mufson, “Obama green-tech program that backed Solyndra struggles to create jobs,” *Washington Post*, September 14, 2011, http://www.washingtonpost.com/politics/obama-green-tech-program-that-backed-solyndra-struggles-to-create-jobs/2011/09/07/gIQA9Zs3SK_story.html; Ianthee Jeanne Dugan and Justin Scheck, “Cost of \$10 Billion Stimulus Easier to Tally Than New Jobs,” February 24, 2012, <http://online.wsj.com/article/SB10001424052970203710704577050412494713178.html>.

²² “Latest DOE Stimulus Bust, ‘Enron One,’ Confirms President’s SOTU Warning that ‘Some Companies Fail,’ House Committee on Energy and Commerce, January 26, 2012; Phil Milford and Dawn McCarty, “Ener1, Battery Maker, seeks Chapter 11 Bankruptcy Protection,” *Bloomberg BusinessWeek*, February 8, 2012,

Some expensive projects never held much job potential in the first place. For example, the Shepherd's Flat wind farm proposed for Oregon has been a recipient of both loan guarantees and outright grants – over \$1.2 billion in total subsidies (mostly Federal but also State), according to an internal Obama Administration memo critical of the project and others like it.²⁴ Even if successful, the project is estimated to create only 35 permanent jobs at a cost per job of \$34 million.²⁵

The stimulus also included a \$500 million Department of Labor-run program to train workers for green jobs such as installing solar panels or insulation in homes and buildings. With one third of the job-training funds expended, the program created only 8,035 jobs, a mere 10 percent of the program's target, according to a report from the Department of Labor Inspector General.²⁶ The report noted that "grantees expressed concerns that green jobs had not materialized and that job placements into unsubsidized employment had been much less than expected."²⁷ The report concludes that the Labor Department should consider refraining from further outlays on the program.

Beyond the disappointing numbers of green jobs created via Federal expenditures, there are also questions about how long these jobs will last. Some green jobs are temporary by nature, such as those associated with the construction phase of a new wind farm or solar panel assembly plant. But even the permanent green jobs often fail to last very long. For example, the Department of Labor Inspector General report indicated that only 1,336 of the 8,035 trainees that found jobs held them for more than 6 months, a mere 2 percent of the program's target.²⁸ With \$162 million dollars spent, that works out to more than \$100,000 per permanent job. The Solyndra bankruptcy and subsequent layoff of nearly 1,900 workers, as well as mounting troubles and

<http://energycommerce.house.gov/News/PRArticle.aspx?NewsID=9232>; <http://www.businessweek.com/news/2012-02-08/ener1-battery-maker-seeks-chapter-11-bankruptcy-protection.html>.

²³ See "REALITY CHECK: Obama's Strategic Energy Investments Like Solyndra Have Resulted in Bankruptcies & Layoffs," House Committee on Energy and Commerce, June 1, 2010,

<http://republicans.energycommerce.house.gov/news/PRArticle.aspx?NewsID=9565>; Todd Woody, "Abound Solar, Recipient Of \$400 Million Federal Loan Guarantee, Halts Production," *Forbes*, March 1, 2012,

<http://www.forbes.com/sites/toddwoody/2012/03/01/about-solar-recipient-of-400-million-federal-loan-guarantee-halts-production/>; Jonathan Alcorn, "Fisker, electric carmaker backed by \$529 million U.S. loan, balks at Solyndra comparison," *Washington Post*, October 21, 2011, http://www.washingtonpost.com/politics/fisker-electric-carmaker-backed-by-529-million-us-loan-balks-at-solyndra-comparison/2011/10/20/gIQA6kHt4L_story.html;

Eric Platt, "First Solar Announces Massive Layoffs," *Business Insider*, April 17, 2012,

http://articles.businessinsider.com/2012-04-17/markets/31353187_1_solar-industry-solar-market-photovoltaic-market.

²⁴ Carol Browner, Ron Klain, and Larry Summers, Memorandum for the President, October 25, 2010,

http://media.oregonlive.com/politics_impact/other/Summers_renewable_energy_memo%5B1%5D.pdf, Appendix

²⁵ Ted Sickinger, "Shepherds Flat wind farm: What's the cost to taxpayers?," *The Oregonian*, March 12, 2011, http://www.oregonlive.com/politics/index.ssf/2011/03/post_19.html.

²⁶ U.S. Department of Labor, Office of Inspector General, Office of Audit, "Recovery Act: Slow Pace Placing Workers Into Jobs Jeopardizes Employment Goals of The Green Jobs Program," September 30, 2011,

http://www.eenews.net/assets/2011/10/04/document_gw_03.pdf.

²⁷ Id. at 12.

²⁸ Id. at 12.

layoffs at other loan-guarantee and grant recipients, adds further evidence to the uncertainty of paychecks that come from government-funded green jobs.²⁹

It appears that most Federally-supported green jobs do not make enough economic sense to stand on their own. The European experience has been that such jobs only persist as long as the subsidies do, leading to major layoffs as soon as the programs supporting them expire or run out of funds.³⁰

The instability of green jobs, and the inability of many to survive without continuous infusions of taxpayer dollars, also casts doubt on the Administration's claim that it is ushering in the economy of tomorrow. In the President's words, these programs are "the right thing to do for our future – because the nation that leads the clean energy economy will be the nation that leads the global economy."³¹ Similarly, a report from Vice President Biden's office described the stimulus package jobs training programs as "critical first steps in making America a fertile place for sustained green growth and job creation for years to come."³²

Based on these declarations, one would expect to see examples of such green endeavors blossoming to the point where they can survive without government help. But the reality is that very little of the President's agenda shows signs of graduating beyond the dependence stage. Rather than identifying and supporting emerging energy sources and technologies that will capture the future and lead to job growth, the Federal government is amassing a track record wasting tax dollars on boondoggles. "The landscape is positively littered with the debris of the President's 'green technology' investment programs, with billions of dollars of taxpayer money thrown into businesses that were of dubious potential from the start," noted Dr. Green.³³

In this regard, the green jobs agenda closely resembles previous failed attempts to centrally plan the energy sector, such as Washington's response to the "energy crisis" of the 1970s.³⁴ Indeed, many of the Obama Administration's favorite technologies, like solar power and electric cars, were also favorites then. They have been "just around the corner" for nearly 40 years, and are perpetually in need of heavy subsidies to stay afloat and maintain the jobs associated with them.

The Federal funding for green jobs doesn't come out of thin air – it is tax dollars borrowed out of the rest of the economy. If the stimulus package and other green jobs programs had not been enacted, these resources would have remained in the private sector where they would have been

²⁹ See Darius Dixon, "DOE monitoring another stimulus recipient," *Politico*, October 31, 2011, <http://www.politico.com/news/stories/1011/67287.html>; Eric Lipton and Clifford Krauss, *New York Times*, October 2, 2011, http://www.nytimes.com/2011/10/03/business/a-us-backed-geothermal-plant-in-nevada-struggles.html?_r=1; Ben German, "Second Energy Department-backed company goes bankrupt," *The Hill*, October 31, 2011, <http://thehill.com/blogs/e2-wire/e2-wire/190641-second-energy-dept-backed-company-goes-bankrupt>.

³⁰ Testimony of Gabriel Calzada Álvarez, September 24, 2009, <http://globalwarming.house.gov/files/HRG/092409Solar/calzada.pdf>.

³¹ Barack Obama, State of the Union Address, January 27, 2010, <http://www.whitehouse.gov/the-press-office/remarks-president-state-union-address>.

³² Middle Class Taskforce Task Force, Office of the Vice President, "Green Jobs: A Pathway to a Strong Middle Class," http://www.whitehouse.gov/assets/documents/mctf_one_staff_report_final.pdf.

³³ Green.

³⁴ See Thomas H. Lee, Ben C. Ball, and Richard D. Tabors, *Energy Aftermath* (Boston: Harvard Business School Press, 1990).

allocated via the forces of the free market rather than the political process. Since the latter is considerably less efficient than the former, it is likely that green jobs spending by the Obama Administration is acting as a net drag on economic growth and job creation.

Green Energy Is Costly Energy

Expanding domestic energy supplies is an important goal, especially given the Nation's growing demand for energy as well as concerns about oil imports from nations hostile to American interests. However, the Administration has actively discouraged new production of domestic coal, oil, and natural gas, the fossil fuels that provide nearly 80 percent of America's energy. Access to vast additional supplies on Federally-controlled lands and offshore areas is currently restricted, despite the potential for lower energy prices and many new energy industry jobs.³⁵ As it is, the recent growth in oil and natural gas production on State and private lands – where it cannot be as easily stopped by the Federal government – has led to substantial job creation in States like North Dakota and Pennsylvania, and offers hints at the job potential if a truly pro-energy policy was applied to Federally-controlled areas.³⁶

Instead, the Administration's focus has been almost exclusively on moving toward a so-called clean energy economy, chiefly renewable sources like wind, solar, and biofuels. The associated jobs are labeled as green and hailed as a boon to the economy as well as a means to address global warming and reduce dependence on foreign oil.

The problem is that the Administration's preferred energy sources are, without exception, more expensive than the conventional ones they are slated to replace. And any policy that raises energy costs is a policy that destroys jobs.

The President has repeatedly made clear his desire to supplant less expensive fossil fuels with more expensive green energy. Initially, he supported cap-and-trade legislation as the mechanism to force the transition away from carbon-emitting fossil fuels, especially coal. In 2008, then-Senator Obama told the *San Francisco Chronicle* that "under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket," and singled out coal use as something his plan would "bankrupt."³⁷ In his first major speech as President, he stated that "we need to ultimately make clean, renewable energy the profitable kind of energy," and requested that Congress "send me legislation that places a market-based cap on carbon pollution and drives the production of

³⁵ IHS Global Insight and IHS CERA, "Restarting 'the Engine,'" July 21, 2011, http://www.gulfeconomicssurvival.org/phx-content/assets/files/IHS_Report_Restarting_the_Engine_21July11_FINAL.pdf; Woods Mackenzie, "U.S. Supply Forecast and Potential Jobs and Economic Impacts," September 7, 2011, http://thehill.com/images/stories/news/2011/09_september/us-supply-forecast.pdf; Joseph R. Mason, "The Economic Contribution of Increased Offshore Oil Exploration and Production to Regional and National Economies," *American Energy Alliance*, February, 2009, http://www.americanenergyalliance.org/images/aea_offshore_updated_final.pdf.

³⁶ See Ben Casselman, "Oil Industry Booms – in North Dakota," *Wall Street Journal*, February 26, 2010, <http://online.wsj.com/article/SB10001424052748703795004575087623756596514.html>.

³⁷ Dan Spencer, "Obama will bankrupt the coal industry," *Examiner.com*, November 3, 2008, <http://www.examiner.com/right-side-politics-in-national/obama-will-bankrupt-the-coal-industry>.

more renewable energy in America.” In other words, cap-and-trade would raise the price of fossil fuels high enough so that renewables would become cost competitive.

The President also endorsed renewable electricity standards, which would effectively mandate that an increased share of the nation’s electricity supply be generated from wind, solar, and other renewables. In his 2011 State of the Union Address, the President urged Congress to mandate that “[b]y 2035, 80 percent of American electricity will come from clean energy sources,” and describes this goal as “an investment that will strengthen our security, protect our planet, and create countless new jobs for our people.”³⁸

With the demise of cap-and-trade legislation and lack of interest in Federal renewable electricity standards, the Administration has pursued the same goals by bureaucratic means. In addition to blocking expanded domestic production of fossil fuels, the Obama EPA has sought to make their use more expensive by piling on a wave of new regulatory mandates. This is particularly true of coal use. The President of the Ohio Coal Association testified that “what is coming out of the Obama USEPA is a host of new regulatory proposals, including the Clean Air Transport Rule and Utility MACT, which comprise the ‘train wreck’ designed to re-engineer our economy by forcing fuel switching away from low cost, affordable coal.”³⁹

In contrast to government efforts to discourage fossil fuels, the Administration has ramped up subsidies for renewables. Renewables currently receive Federal support well out of proportion to their contribution to the energy mix. According to the U.S. Energy Information Administration (EIA), in 2010 “renewable fuels accounted for 10.3 percent of total generation, while they received 55.3 percent of federal subsidies and support.”⁴⁰ Between 2007 and 2010, these subsidies increased from \$5.1 billion to \$14.7 billion, with most of the increase coming through the stimulus. Wind and solar enjoyed the largest percentage increases, with wind subsidies increasing more than ten times, and solar six times. On a per unit of energy basis, solar is being subsidized over 1,200 times more than fossil fuels, and wind by 80 times more.⁴¹

EIA finds that these favored energy sources are more expensive than conventional ones.⁴² The agency does not expect the price gaps to disappear any time soon. In its 2011 International Energy Outlook, which contains projections out to 2035, EIA states that “most renewable

³⁸ Barack Obama, State of the Union Address, January 25, 2011, <http://www.whitehouse.gov/the-press-office/2011/01/25/remarks-president-state-union-address> (The President stated that new nuclear power, clean coal, and natural gas could also count towards this goal, but it is unclear how much would actually qualify).

³⁹ Testimony of Mike Carey, March 1, 2011, <http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/030111/Carey.pdf>.

⁴⁰ U.S. Energy Information Administration, “Direct Federal Financial Interventions and Subsidies in Energy in Fiscal Year 2010,” July, 2011, <http://www.eia.gov/analysis/requests/subsidy/pdf/subsidy.pdf>.

⁴¹ Institute for Energy Research, “EIA Releases New Subsidy Report: Subsidies for Renewables Increase 186 Percent,” August 3, 2011, <http://www.instituteforenergyresearch.org/2011/08/03/eia-releases-new-subsidy-report-subsidies-for-renewables-increase-186-percent/>.

⁴² Energy Information Administration, “Levelized Cost of New Generation Resources in the Annual Energy Outlook 2011,” November 2010, http://www.eia.gov/oiarf/aeo/electricity_generation.html (EIA’s cost of coal, \$94.8 per megawatt hour, includes a carbon dioxide emissions fee of \$15 per ton, or \$22.30 per megawatt hour. Without this fee, the cost of coal would be \$72.5 per megawatt hour).

technologies other than hydroelectricity are not able to compete economically with fossil fuels during the projection period except in a few regions or in niche markets.”⁴³

The jobs created by renewable energy are perhaps the most heavily touted aspect of the Administration’s green jobs agenda, but they supplant jobs elsewhere. For one, many of the new jobs associated with renewables would come at the expense of conventional fossil fuels and related jobs that are displaced. The Congressional Budget Office (CBO) believes that “job losses in industries that shrink would lower employment more than job gains in other industries would increase employment, thereby raising the overall unemployment rate.”⁴⁴ Specifically, CBO projects that policies to reduce greenhouse gas emissions would lead to job increases in renewables that are more than offset by declines in jobs associated with coal mining, oil and gas extraction, and natural gas utilities.

Beyond the impacts of green energy on conventional energy jobs, the resultant higher energy costs have adverse job implications throughout the economy, and would be particularly harmful to energy-intensive manufacturing that competes in a global marketplace. For example, a representative of Nucor Steel testified that “[b]ecause of the continual halting of permits for new, traditional sources of energy generation and constant promotion of expensive so-called ‘green’ energy, we as a nation are essentially pricing ourselves out of the industrial market. Mechanisms such as the greenhouse gas rules, regional cap-and-trade programs, renewable energy standards and other permit battles are creating an environment where affordable energy, the lifeblood of industry, is becoming a rare commodity.”⁴⁵

China is often held out as an example of a country leaping ahead of the U.S. and capturing the future by making a major commitment to green energy. In a 2010 speech to the Nation after the Deepwater Horizon oil spill, the President described the spill as a wake-up call “that underscores the urgent need for this nation to develop clean, renewable sources of energy,” and warned that “it’s time to accelerate the competition with countries like China who have already realized the future lies in renewable energy.”⁴⁶ In his 2011 State of the Union address, the President drew the analogy to the space race, in which America had initially fallen behind the Soviet Union, but caught up through NASA’s Apollo program and was first to the moon. The President then described renewable energy research and development as “the Apollo projects of our time.”

However, the green China the President describes is largely a China of the imagination. The real China understands the need for affordable energy and runs primarily on coal – it is the world’s largest user of coal and its rate of increase has been several times higher than that of the U.S. While the Obama Administration has brought approvals for new U.S. coal-fired power plants to a near standstill, China’s coal use has more than doubled in the past decade and the nation

⁴³ Energy Information Administration, *International Energy Outlook 2011*, September, 2011, [http://www.eia.gov/forecasts/ieo/pdf/0484\(2011\).pdf](http://www.eia.gov/forecasts/ieo/pdf/0484(2011).pdf).

⁴⁴ Congressional Budget Office, “How Policies to Reduce Greenhouse Gas Emissions Could Affect Employment,” May 5, 2010, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/105xx/doc10564/05-05-capandtrade_brief.pdf.

⁴⁵ Testimony of Steve Rowlan, February 9, 2011, http://www.steel.org/~media/Files/AISI/Public%20Policy/test_enr_RowlanEC_Comm.ashx.

⁴⁶ Barack Obama, Remarks on the Gulf Oil Spill, May 27, 2010, <http://www.whitehouse.gov/the-press-office/remarks-president-gulf-oil-spill>.

continues to build coal-fired power plants at a rate of approximately one per week.⁴⁷ EIA estimates that in 2008 China derived 71 percent of its energy from coal, and only 0.2 percent from non-hydroelectric renewables like wind and solar.⁴⁸ While China is heavily subsidizing renewables and their use is growing in percentage terms, EIA estimates that by 2035 the nation will still be getting 62 percent of its energy from coal, with most of the rest coming from other fossil fuels, nuclear, and hydroelectric rather than wind and solar.⁴⁹ Renewables are a relatively minor contributor to China's energy mix, and are likely to remain so for decades to come.

China's jobs story tracks its energy story. Far more jobs, and job growth, is associated with the nation's use of fossil fuels than renewables. This is particularly true of China's growing use of affordable coal as the main energy source for its expanding manufacturing sector. Not only are renewables an inconsequential part of China's energy inputs, they are also a minor part of its industrial output. China's much-hyped growth in wind turbine and solar panel manufacturing, including exports, is actually a small employer relative to non-green products.

To the extent America needs to "catch up" with China, it needs to catch up in the affordable energy race, not the green energy race.

Does Red Tape Create Green Jobs?

The Administration also counts among its green jobs those necessitated by environmental regulations, such as the manufacture and installation of emissions controls for power plants and factories. In the context of EPA's new global warming regulations, agency Administrator Lisa Jackson told Congress that "any time an industry invests in pollution control, they are hiring workers, everything from engineers to technicians to people who design and implement and put on scrubbers so that when you burn coal in a power plant, the emissions are clean."⁵⁰ In other words, we can regulate our way to lower unemployment.

If true, the Obama EPA's aggressive rollout of major new regulations since 2009 should be having a substantial positive effect on employment. The agency certainly believes so. For example, EPA's analysis of the new Utility MACT rule for coal-fired power plants claims it "will provide employment for thousands, potentially including 46,000 short-term construction jobs and 8,000 long-term utility jobs."⁵¹ EPA has even asserted that such regulations can help jumpstart the weak economy. With regard to its new waste incinerator regulations, the agency

⁴⁷ Testimony of Mary Hutzler, April 4, 2011

<http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/040411/Hutzler.pdf>.

⁴⁸ U.S. Energy Information Administration, "China," November, 2010,

<http://www.eia.gov/EMEU/cabs/China/pdf.pdf>.

⁴⁹ Id.

⁵⁰ Committee on Energy and Commerce, Hearing on "H.R. _____, The Energy Tax Prevention Act of 2011," February 9, 2011, <http://www.gpo.gov/fdsys/pkg/CHRG-112hrg65734/html/CHRG-112hrg65734.htm>.

⁵¹ U.S. Environmental Protection Agency, "EPA Issues First National Standards for Mercury Pollution from Power Plants/ Historic 'mercury and air toxics standards' meet 20-year old requirement to cut dangerous smokestack emissions," December 21, 2011,

<http://yosemite.epa.gov/opa/admpress.nsf/0/BD8B3F37EDF5716D8525796D005DD086>.

stated that “in periods of high unemployment, an increase in labor demand due to regulation may have a stimulative effect that results in a net increase in overall employment.”⁵²

But if ever there was a category of jobs created at the expense of others, it is jobs associated with regulatory compliance. Regulations do not create wealth, they consume it. As with higher energy prices, increased regulatory burdens add to the costs of production – greater expense to produce an equivalent amount of goods and services. Dr. Montgomery noted that “the net result of diverting resources to produce the same thing in more costly ways is that the economy will be producing less goods and services and real personal income will fall.”⁵³ Compliance costs and related jobs do go up, but at the sacrifice of investment and jobs elsewhere.

At the very least, new regulatory costs at a power plant or factory can divert capital and labor away from planned expansions that have to be cancelled. At worst, they can lead to plant shutdowns, leaving everyone at a facility out of work. For example, the new regulations impacting coal-fired power plants may add jobs at the facilities forced to undergo major retrofits in order to stay in operation. But at the same time, dozens of other facilities may have to shut down as a consequence of these rules, putting far more jobs in jeopardy.⁵⁴

For trade-sensitive manufacturing, excessive regulation contributes to the outsourcing of jobs to nations with the comparative advantage of lower compliance costs. Indeed, if environmental regulations were job creators, one wonders why there is no international race to copy or even exceed the Obama EPA’s current regulatory zeal. Instead, the EPA stands out in imposing a host of requirements on domestic manufacturers that are considerably more stringent than regulations applicable in most other nations. To the extent jobs are created by EPA regulations, many are being created in other countries. For example, a representative of refiner Lion Oil Company testified that “if EPA imposes greenhouse gas limits on U.S. manufacturers, it will shut down manufacturing facilities here and send them to India, China, and other nations,” that will “emit pollutants that are strictly regulated in our country but lightly regulated abroad.”⁵⁵

Ironically, the hostile regulatory climate has discouraged domestic manufacturing of the very products that were supposed to create green jobs in America. This includes wind turbines, where lower regulatory burdens and energy costs are part of the reason – along with lower labor costs –

⁵² U.S. Environmental Protection Agency, *Regulatory Impact Analysis: Standards of Performance for New Stationary Sources and Emission Guidelines for Existing Sources: Commercial and Industrial Solid Waste Incineration Units*, February, 2011, http://www.epa.gov/ttnecas1/regdata/RIAs/CISWIRIAfinal110221_psg2.pdf.

⁵³ Montgomery.

⁵⁴ Institute for Energy Research, “EPA’s Latest Assault on Coal,” October, 2011, <http://www.instituteforenergyresearch.org/wp-content/uploads/2011/10/EPAs-28-GW-Assault-on-Coal.pdf>; NERA, “Potential Impacts of EPA Air, Coal Combustion Residuals, and Cooling Water Regulations,” September, 2011, http://www.globalwarming.org/wp-content/uploads/2011/09/NERA_Four_Rule_Report_Sept_21.pdf; Testimony of Harrison Tsosie, February 8, 2012, <http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/20120208/HHRG-112-IF03-WState-HTsosie-20120208.pdf>.

⁵⁵ Testimony of Steve Cousins, February 9, 2011, <http://www.ieca-us.com/wp-content/uploads/LionOil020911.pdf>.

they are cheaper to make in China. It has been reported that funds from the stimulus created more wind turbine assembly jobs in China than in the U.S.⁵⁶

Beyond costs, the morass of new and pending regulations heightens uncertainty and creates a chilling effect on investment and therefore job creation. One study estimates that EPA's global warming regulations would reduce investment by \$25 to \$75 billion, and reduce employment by 476,000 to 1,400,000 by 2014.⁵⁷ It should be noted that the effects of this wave of regulations is not merely additive, as each rule complicates compliance with others. A representative of the Industrial Energy Consumers of America testified that "the fact that many of these programs are interrelated, but have very different solutions, timetables and goals have resulted in so much regulatory uncertainty that investment in growth projects are virtually at a standstill."⁵⁸

Even when farms and small businesses are not directly targeted by environmental regulations, they pay the price as well. A farmer representing the American Farm Bureau Federation testified that "the costs incurred by utilities, refiners and manufacturers to comply with greenhouse gas regulations will be passed along to their customers, including farmers and ranchers, resulting in higher costs of production."⁵⁹ Small businesses, America's primary engine of job growth, also fear the direct and indirect impacts of regulations that raise the cost of doing business.⁶⁰

The lingering economic malaise has forced the Obama Administration to back away from some proposed regulations – a tacit admission that they are job destroyers rather than job creators. For example, the President chose to withdraw its upcoming National Ambient Air Quality Standard for ozone.⁶¹ EPA has also promised to scale back the recently-promulgated Cross-State Air Pollution Rule, delayed proposing its Tier 3 gasoline rule and New Source Performance Standards for refinery greenhouse gas emissions, and has offered assurances that its pending particulate matter rules will not target farm dust. In these cases, the far-fetched claim that environmental regulations create jobs has given way to economic and political realities.

Perhaps the only definitive job growth associated with the green jobs agenda is a growth in government bureaucracy. Given the spike in new regulations since 2009 that are now being

⁵⁶ Russ Choma, "Renewable energy money still going aboard, despite criticism from Congress," Investigative Reporting Workshop, February 8, 2010, <http://investigativereportingworkshop.org/investigations/wind-energy-funds-going-overseas/story/renewable-energy-money-still-going-abroad/>.

⁵⁷ Testimony of Margo Thorning, February 9, 2011, http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/020911_Energy_Tax_Prevention_Act/House%20Energy%20Commerce%20Testimony%20292011%20FINAL.pdf.

⁵⁸ Testimony of Paul Cicio, March 1, 2011, <http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/030111/Cicio.pdf>.

⁵⁹ Testimony of Philip Nelson, February 9, 2011, [http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/020911_Energy_Tax_Prevention_Act/Nelson%20Testimony%20\(2\).pdf](http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/020911_Energy_Tax_Prevention_Act/Nelson%20Testimony%20(2).pdf).

⁶⁰ Testimony of Harry C. Alford, February 9, 2011, http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/020911_Energy_Tax_Prevention_Act/Alford%20Testimony.pdf.

⁶¹ Barack Obama, Statement on the Ozone National Ambient Air Quality Standards, September 2, 2011, <http://www.whitehouse.gov/the-press-office/2011/09/02/statement-president-ozone-national-ambient-air-quality-standards>.

implemented (and with many more in the pipeline) the number of positions for bureaucrats at EPA and other regulatory agencies has increased in recent years.⁶²

Green Jobs – The Disappointing Reality

If rising levels of government spending, high energy costs, and increased regulatory burdens were job creators, the Obama Administration ought to be ushering in a period of record-low unemployment. In reality, the Obama green jobs experiment is an unfolding failure. It clearly hasn't created many jobs, and when its direct and indirect impacts are taken into account, it may well be costing them.

The Administration and green jobs proponents insist that these programs just need more time and more money – the President is still arguing for extensions of several green jobs programs. However, the experience from nations that have long pursued these policies is not promising. A study of renewable energy programs in Spain estimates that each green job created comes at a cost of 2.2 elsewhere in the economy.⁶³ A similar analysis of green jobs programs in the United Kingdom estimates 3.7 job losses for each green job created.⁶⁴ One conducted in Italy finds a ratio of 4.8 jobs sacrificed for each created.⁶⁵

In none of the nations pursuing green jobs can a credible case be made that they have sparked an economic turnaround. Quite the contrary, it appears that governmental pursuit of green jobs succeeds only in creating islands of make-work in a sea of unemployment.

Interestingly, many of these nations have learned from their experiences and are cutting back on green jobs spending in the face of weak economic growth and rising debt.⁶⁶ They no longer see these policies as economic stimulus plans and jobs creators, but rather as expenditures they can no longer afford in tough economic times.

While other countries are rife with examples of green jobs failures that should have served as a cautionary tale, we need look no further than here at home for warnings that should have been

⁶² John Merline, "Regulation Business, Jobs Booming Under Obama," *Investor's Business Daily*, August 15, 2011, <http://www.investors.com/NewsAndAnalysis/ArticlePrint.aspx?id=581555&p=1>.

⁶³ Gabriel Calzada Álvarez et. al, "Study of the effects on employment of public aid to renewable energy sources," March, 2009, <http://www.juandemariana.org/pdf/090327-employment-public-aid-renewable.pdf>

⁶⁴ Richard Marsh and Tom Miers, "Worth the Candle?," Verso Economics, March, 2011, <http://www.versoeconomics.com/verso-0311B.pdf>.

⁶⁵ Luciano Lavecchia and Carlo Stagnaro, "Are Green Jobs Real Jobs?: The Case of Italy," May, 2010, Istituto Bruno Leoni, May, 2010, http://brunoleonimedia.servingfreedom.net/WP/WP-Green_Jobs-May2010.pdf.

⁶⁶ See, Danny Forston, "Bang Go Europe's Green Subsidies," *Sunday Times*, January 29, 2012, <http://thegwpf.org/international-news/4855-bang-go-europes-green-subsidies.html>; Alex Morales and Ben Sills, "Spain Ejects Clean-Power Industry With Europe Precedent: Energy," *Bloomberg*, May 30, 2012, <http://www.bloomberg.com/news/2012-05-29/spain-ejects-clean-power-industry-with-europe-precedent-energy.html>; Robert Lea, "Green Tax Revolt: Government May Be Forced To Kill Wind Boondoggle," *The Times*, October 19, 2011, <http://thegwpf.org/uk-news/4149-green-tax-revolt-government-mat-be-forced-to-killing-wind-subsidies.html>; Alessandra Migliaccio, "Italy Planning To Phase Out Nation's Renewable Energy Incentives Gradually," *Bloomberg*, March 1, 2011, <http://www.bloomberg.com/news/2011-03-01/italy-planning-to-phase-out-nation-s-renewable-energy-incentives-gradually.html>.

heeded. California was once hailed by the President and others as an economic model for the nation as a whole. Indeed, California has “led the nation” with its own cap-and-trade bill, renewable energy mandates and subsidies, energy efficiency programs, and environmental regulations that often exceed national standards.⁶⁷ But rather than spark a statewide green jobs renaissance, California has a higher unemployment rate than the nation as a whole, a fleeing middle class and industrial sector, and little prospects for a fast turnaround.⁶⁸

Unlike most European nations that are cutting back on green programs, California is doubling down. Most recently, the State finalized its statewide cap-and-trade program and increased its renewable energy mandate. Unfortunately, the Administration is taking its cues from California rather than Europe, and hopes to continue with its expensive green jobs agenda.

A Path Forward: Creating a Jobs Policy That Benefits Both the Economy and the Environment

The Administration’s green jobs programs are taking the nation in precisely the wrong direction for job creation. Rather than advocating increases in spending, energy prices, and regulatory burdens, a sound jobs policy should take steps to limit all three.

Reducing spending, including spending for artificially subsidized green jobs, will leave additional capital in the private sector where it will be more sensibly allocated to produce more jobs and a stronger economy. A free-market energy policy, one that avoids classifying or subsidizing energy sources, would increase domestic supplies of affordable energy. Not only would such an all-of-the-above strategy increase the number of energy industry jobs, but the resultant lower energy prices would have positive impacts throughout the economy. And a streamlined regulatory burden would unshackle America’s job creators and better allow them to compete in the global marketplace.

Ironically, the Obama green jobs agenda is not only bad for job creation, but in many respects it is proving to be bad for the environment as well. In particular, several new Obama EPA regulations are actually jeopardizing green jobs. For example, during a hearing on EPA’s new boiler rules, a representative of Covanta Energy testified about the potential for these rules to be environmentally counterproductive by discouraging the use of waste materials or biomass to fuel boilers. Currently, Covanta makes use of construction and demolition (C&D) debris and tree stumps from old orchards, but the EPA’s regulatory changes would make this practice cost-prohibitive. Instead of supplementing fossil fuels as an energy source for boilers, C&D will “go to landfills where it will generate methane gas,” and tree stumps “will be left for farmers to burn in their open fields.”⁶⁹ By modifying these boiler provisions, the House-passed legislation,

⁶⁷ Thomas Tanton, “California’s Energy Policy: A Cautionary Tale for the Nation,” Competitive Enterprise Institute, April, 2008, <http://cei.org/sites/default/files/Thomas%20Tanton%20-%20California's%20Energy%20Policy.pdf>

⁶⁸ See Joel Kotkin, “California’s Green Jihad,” *Forbes*, June 7, 2011, <http://www.forbes.com/sites/joelkotkin/2011/06/07/californias-green-jihad/>.

⁶⁹ Testimony of Paul Gilman, September 8, 2011, <http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/090811/Gilman.pdf>.

“EPA Regulatory Relief Act of 2011,” (H.R. 2250) would help create jobs, including waste-to-energy ones that should logically be considered green.

Similarly, the EPA’s proposed rules for coal combustion residuals would destroy jobs, including environmentally beneficial ones. These materials, chiefly fly ash left over from coal combustion, are recycled into cement, wallboard, and host of other products. EPA is considering reclassifying coal combustion residuals as hazardous waste, which would put an end to these uses and instead necessitate their disposal in landfills. The Executive Director of the American Coal Ash Association testified that “the benefits of using coal ash rather than disposing it are measured in the millions of tons annually – millions of tons of decreased landfill utilization, decreased natural resources production and decreased greenhouse gas emissions from manufacturing the materials coal ash replaces.”⁷⁰ The “Coal Residuals Reuse and Management Act” (H.R. 2273) which passed the House in October 2011, would prevent the re-categorization of coal combustion residuals as hazardous waste and ensure its safe management is overseen by state regulators with the necessary expertise, thus preserving the jobs associated with those who recycle these materials.

Even jobs not considered green per se are often more environmentally benign in the U.S. than elsewhere. With few exceptions, America has the world’s most efficient and cleanest manufacturers, emitting fewer greenhouse gases and pollutants per unit output than factories located abroad. Thus, stringent regulations that render domestic manufacturing uncompetitive relative to nations like China not only cost American jobs but lead to higher global emissions. For example, the representative of Nucor Steel testified that “the U.S. Steel industry has the lowest CO₂ emissions per ton in the world,” and that “these very regulations and practices that are intended to improve the environment actually result in increased global emissions as industry leaves our country in favor of a less stringent regulatory climate instead of continuing to operate in the United States.”⁷¹ The Committee continues to promote the House-passed “Energy Tax Prevention Act,” (H.R. 910) to take away EPA’s authority to set unilateral greenhouse gas regulations, and thus help preclude this outsourcing of jobs and emissions.

While fossil fuel production may be disfavored by the Administration and green jobs proponents, it is considerably less environmentally damaging when done in North America than in most other oil-producing regions. H.R. 2021, the “Jobs and Energy Permitting Act of 2011,” facilitates the permitting of offshore oil production in Alaska and other American waters. Such domestic drilling would be subject to safeguards beyond those imposed on most oil imports, thus offering both environmental as well as jobs benefits. Similarly, the “North American Energy Access Act” (H.R. 3548) would bring about the long-overdue approval of the Keystone XL pipeline expansion project to bring more Canadian oil to American refiners. Although the Administration has refused to approve Keystone XL, its own Environmental Impact Statement found it preferable to not doing so, as the pipeline would provide the environmentally safest option for transporting oil.⁷² It should also be noted that the Keystone XL project would create an

⁷⁰ Testimony of Thomas H. Adams, April 14, 2011, http://republicans.energycommerce.house.gov/Media/file/Hearings/Environment/041411_2/Adams.pdf.

⁷¹ Rowlan.

⁷² U.S. Department of State, Keystone XL Environmental Impact Statement, August 26, 2011, <http://keystonepipeline-xl.state.gov/documents/organization/182071.pdf>.

estimated 20,000 construction and manufacturing jobs,⁷³ making it a far more successful job creator than any of the President's green jobs projects – and one that would be paid for through the private sector and not by taxpayers.

Conclusion

In a larger sense, *any* job created through the free market is a green job, and *any* job created by excessive government spending and regulation is not. It is well established that the world's freest economies have the best environmental records, and the least free economies have the worst ones.⁷⁴ Free economies are most successful in generating wealth, and wealth correlates highly with levels of environmental protection.⁷⁵

Further, the freest economies are the ones leading the way in developing new technologies, including the means of producing goods and services more efficiently and minimizing energy and other resource inputs.⁷⁶ This includes greenhouse gases – the most economically free and prosperous nations have the lowest emissions per unit output.⁷⁷ In fact, many of the environmentally-beneficial breakthroughs the President hopes to achieve through government micromanagement are more likely to happen without it. American ingenuity – unfettered by excessive Federal interference – has a long history of success in solving problems and achieving progress.

A policy fostering free markets and limited government is best for the economy and jobs as well as for the environment. That is why the Administration's green jobs agenda is not working. The future does not belong to economic central planning, it belongs to economic freedom.

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⁷³ Testimony of Stephen F. Kelly, May 23, 2011,

<http://republicans.energycommerce.house.gov/Media/file/Hearings/Energy/052311/Kelly.pdf>.

⁷⁴ Ben Lieberman, "A Free Economy Is a Clean Economy: How Free Markets Improve the Environment," *2011 Index of Economic Freedom*, Heritage Foundation,

http://www.heritage.org/index/PDF/2011/Index2011_Chapter4.pdf.

⁷⁵ Yale Center for Environmental Law and Policy, Yale University and Center for International Earth Science Information Network, Columbia University, "2010 Environmental Performance Index,"

http://www.ciesin.columbia.edu/repository/epi/data/2010EPI_summary.pdf.

⁷⁶ See, Indur M. Goklany, *The Improving State of the World: Why We're Living Longer, Healthier, More Comfortable Lives on a Cleaner Planet*, (Washington: Cato Institute, 2007), pp. 103-116.

⁷⁷ Jody W. Lipford, and Bruce Yandle, "Environmental Kuznets Curves, Carbon Emissions, and Public Choice," *Environment and Development Economics*, 2010, pp. 417-438.