



The Beacon Hill Institute for
Public Policy Research

News Release

8 Ashburton Place
Boston, Massachusetts 02108-2770

phone: 617.573.8750
fax: 617.720.4272
email: bhi@beaconhill.org
web site: www.beaconhill.org

For Immediate Release:
June 25, 2009
10:00 a.m. EST

Contact:
Frank Conte, Communications
617-573-8050; 8750
fconte@beaconhill.org

Green Jobs a Cost, Not Benefit, to the National Economy

Academic Study Finds Critical Economic Flaws and Assumptions in Previous Reports

BOSTON, MA – Recent studies forecasting the potential economic benefits of government green job programs are critically flawed and erroneously promote these jobs as a benefit, according to a report released today by The Beacon Hill Institute (BHI) at Suffolk University.

The economic analysis reviewed the primary claims of three of the most influential green jobs studies and found serious economic flaws in each.

“Contrary to the claims made in these studies, we found that the green job initiatives reviewed in each actually causes greater harm than good to the American economy and will cause growth to slow,” reported Paul Bachman, Director of Research at the Beacon Hill Institute, one of the report’s authors.

The studies reviewed by BHI include:

- The United Nations Environment Programme, International Labor Organization, International Trade Union Confederation’s Green Jobs Initiative, “Green Jobs: Towards Sustainable Work in a Low-Carbon World.”
- The Center for American Progress, “Green Recovery: A Program to Create Good Jobs and Start Building a Low-Carbon Economy.”
- The U.S. Conference of Mayors, “U.S. Metro Economics: Current and Potential Green Jobs in the U.S. Economy” prepared by Global Insight.

The authors of the BHI critique identified a fundamental error in each of these studies, specifically "counting the creation of a green job as a benefit and rationale for its proposed program in and of itself.”

--more---

The BHI study also stresses that “Jobs — green or otherwise — are not benefits but are instead costs. If the green job is a net benefit it has to be because the value the job produces for consumers is greater than the cost of performing the job. This argument is never made in any of these three green jobs studies.”

The executive director of the Beacon Hill Institute and co-author, David G. Tuerck, went further, noting that “these studies are based on arbitrary assumptions and use faulty methodologies to create an unreliable forecast for the future of green jobs.

“It appears these numbers are based more on wishful thinking than the appropriate economic models, and that must be taken into consideration when the government is trying to turn the economy around based on political studies and the wrong numbers,” Tuerck said.

According to BHI, the results of the study also show estimates on how a state-based cap and trade policy will negatively impact both job growth and wages. One specific critique involves job creation in the state of Indiana, where previous reports did not take increased energy costs from a “cap and trade” system into consideration when looking at job creation. In that case, BHI developed a computable general equilibrium (CGE) model and found that contrary to previous studies, Indiana would lose more than 18,000 jobs in 2009, up to nearly 29,000 job losses in 2011, and that real disposable income would be cut by nearly \$1 billion in 2009 and close to \$1.5 billion in 2011.

The authors concluded by noting that further economic analysis is needed before governments move forward on green job initiatives. “All three green jobs studies we reviewed are riddled with economic errors, incorrect methods, and dubious assumptions. Economic policy should not be based on such faulty analysis. Serious economic studies of costs and benefits are desperately needed before the adoption of any green jobs proposal.”

For more information and the full study, please visit www.beaconhill.org.