



Statement before the Committee on Energy and Commerce
Subcommittee on Oversight and Investigations

The Federal Green Jobs Agenda

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The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.

Chairman Upton, Ranking Member Waxman, Members of the Subcommittee:

Thank you for inviting me to testify today. My testimony represents my personal views only, and should not be construed as the official position of any other persons or organizations I may affiliate with. I have appended a study on the subject of Green Jobs that I authored in 2011. Much of my commentary derives from that study, and the research that went into it.

Three fallacies underpin the green job agenda: The first fallacy is that there is a compelling reason for the government to re-order the private-sector economy to make things more “green,” more quickly; the second fallacy is that the government can intervene in the economy to create new jobs on net; and the third fallacy is that bureaucrats make good venture capitalists.

I will take them in order.

In the United States, and in virtually every other developed country, we have seen the very same trends play out while people engaged in ordinary non-green jobs, using non-green technologies to pursue their development: at first they degrade their environment, but as they meet their basic needs, they clean up their environment.

Environmental improvement in the United States has been spectacular in virtually all parameters. Our air and water pollution levels are bare fractions of what they were; the burden of persistent chemicals in the environment is down; deforestation was reversed; wildlife is protected; and the US leads the world in reducing the emissions of greenhouse gases without, I might add, being part of either an international coalition or even having national greenhouse gas control legislation.

To be sure, some of these improvements were driven by regulations, particularly local regulations, but what made them possible was the underlying reality that free-market economies naturally seek to use less energy and resources per unit of production, and democratic market-economies follow a predictable cycle of environmental repair. Our existing regulatory regime and our efficient market-economy will see us into a green future: no government re-ordering of the energy economy is necessary.

Indeed, there is evidence that we are far past the point of diminishing returns on many environmental regulations, and we should be seeking ways to reform them so that they impose less burdens on our economy rather than looking to pile on still more.

The second fallacy is that government intervention in markets can improve them, to the point where they create more jobs. To create a job at point A, the government must take resources

out of the productive economy at point B. The government must take a cut of the money that it transfers to finance its operations, and government tends to create jobs at elevated union-sector wages rather than competitive private sector wages. The result is, invariably, less jobs on net.

The third fallacy is that bureaucrats can direct taxpayer capital to uses rejected by private venture capitalists, and through special knowledge, pick technologies that will win in the market and find consumer demand.

Government certainly has a legitimate role in funding basic research and development - military R&D has a particularly good record at producing technologies that have commercial potential down the line.

But evidence suggests government is a very poor venture capitalist when it comes to investing in applied R&D, and even worse in trying to help self-proclaimed “technologies of tomorrow,” cross over the so-called “Valley of Death.” 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.

According to one list published in May of this year, failed efforts included: Solyndra, Beacon Power, Ener1, Range Fuels, Solar Trust of America, Spectrawatt, Evergreen Solar, Eastern Energy, Unisolar, Bright Automotive, Olson’s Crop Service, Energy Conversion Devices, Sovello, Siag, Solon, Q-Cells, and Mountain Plaza.

Companies teetering on the brink include: Abound Solar, A123 Systems, Brightsource Energy, Fisker Automotive, First Solar, Nevada Geothermal, SunPower, Nordex, The Bard Group, Amonix, NRG Energy, Alterra Power, Enel Green Power, and Sunpower Corp.

Now, I was asked to discuss how the green jobs agenda has played out in other countries that have tried it.

I'll start with Spain.

In March of 2009, researchers at the Universidad Rey Juan Carlos calculated that from 2000 to 2009, Spain spent about \$815,000 dollars to create each "green job," rising to \$1.5 million per wind industry job.

The study showed that far from creating jobs, 2.2 jobs were destroyed (or not-created) for every "green job" created.

Now to Italy, where a study performed by the Bruno Leoni Institute, found that because green jobs were so expensive to create, for every job created in the green sector, 5 to 7 jobs would have been created in the general economy. And at least 60% of the green jobs were temporary.

In the United Kingdom, a report by consultancy Verso Economics found that for every job created in the UK in renewable energy, 3.7 jobs were foregone in the general economy.

In conclusion, the ideas that we need the government to engineer a massive re-organization of the private sector economy in the name of "green-ness;" the idea that the government can create jobs on net in the economy; and the idea that bureaucrats make good venture capitalists are fallacious, and pursuing them is likely to do more harm than good.

The experience of Europe, which has preceded us in embracing these fallacies, is uniformly negative, causing increased prices for power, industry flight, and increasingly high levels of energy poverty. The green agenda has been shown to be unsustainable, and rife with corruption and cronyism.

I thank you again for this opportunity to testify, and look forward to your questions.