

# Will 'Green Energy' Produce More Jobs? Three Experts Discuss; Advocates believe that the expansion of renewables will result in a jobs explosion. Not so fast, others say.

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## FULL TEXT

As Washington considers increasing incentives for businesses moving to a clean-energy future, one of the big questions is: Will the "greening" of the economy result in more employment or less?

Examples of "green jobs" include workers who build electric cars; construction contractors who install solar arrays and charging infrastructures; scientists who design carbon-capture solutions; and engineers who improve electricity grids and increase energy efficiency. Estimates vary widely on how many jobs the decarbonization of the economy could create. Those who support government action in this area see big net gains. But opponents say that a move away from fossil fuels could put nearly 600,000 U.S. jobs in oil, natural gas and coal at risk.

The Wall Street Journal hosted a videoconference about these issues with Marc Hafstead, a fellow and director of the Carbon Pricing Initiative at the nonprofit Resources for the Future, a nonpartisan think tank; Marilyn A. Brown, regents professor of sustainable systems at the School of Public Policy at the Georgia Institute of Technology; and Benjamin Zycher, a senior fellow at the American Enterprise Institute think tank. Edited excerpts follow.

WSJ: Will moving to a greener economy create millions of new jobs?

DR. HAFSTEAD: If we have policies that incentivize investment in renewable energies or change relative prices so that wind is going to be more favorable in the market than coal or gas, that's going to cause gains in those industries. But it's also going to take away jobs in other industries.

Pre-Covid, in 2019, we had an economy where 5.83 million people were finding new jobs every month—but we also had an economy where 5.67 million people were losing their jobs every month. And so, on average, you might be gaining 2 million jobs a year. If someone says a renewable-energy policy is going to destroy or create two million jobs over a 10-year period, that sounds like a lot. But when you compare it with the kind of the labor market that we already have, it just doesn't seem to me like it's quantitatively that large.

DR. ZYCHER: That argument is straightforward and narrowly correct, but it does not deal with the effects of energy being more expensive on employment economywide. Also, subsidies do not reduce costs, they merely hide and shift them. And policies that shift jobs—which in economic terms are a cost, by the way—are economic distortions, and thus waste resources. Such resource waste cannot increase employment and wages in aggregate. There is no way, subsidies or no subsidies. It does not even out.

DR. BROWN: That depends on if you assume whether or not we're in a full-employment economy. The U.S. has something like 4.6% unemployment, which is measured as people striving for work that can't find it or aren't fit for it. There is some friction. And if green jobs could be introduced into the economy in a way that draws them into the productive workforce without extracting them from another industry, I just don't see that as a cost.

DR. ZYCHER: Subsidizing the creation of alternative employment just so people are employed rather than unemployed is inappropriate in an economic sense. It's still a social cost because that labor, that resource, is being used in a particular pursuit when it otherwise might be used in some other pursuit.

DR. HAFSTEAD: I agree that all jobs are social costs. And reallocating jobs away from where the market would

have put that money otherwise is also a cost. But we're doing this because of the environmental externalities. There are two sides of the ledger here. There's a cost side, which you're pointing out, but then there's the benefits side resulting from these externalities, like the benefits of reduced air pollution. So, while I do think that reallocation is costly in the sense that it's something that wouldn't have been done otherwise, the reason that we're trying to reallocate jobs in the first place is to address these externalities.

Different job, equal pay

WSJ: Energy Futures Initiative, a think tank headed by former Energy Secretary Ernest Moniz, released a report earlier this year suggesting that some green jobs are lower-paid than some fossil-fuel jobs, though on average energy jobs pay 34% above the national median wage. Will new green jobs replace older energy jobs with just-as-high-paying salaries, or will there be a wage gap?

DR. HAFSTEAD: That is a difficult question to answer. Manufacturing and conventional energy jobs are often thought of as "good jobs": they pay more even after accounting for things like unionization and dangerous job conditions. New energy or "green" jobs could be "good jobs," but I don't think we have a lot of evidence yet.

DR. BROWN: The Bureau of Labor Statistics has studied whether worker compensation in solar industries is on a par with similar trades in other industries—and it is. If you look at what a construction manager gets in solar versus in the buildings industry, or what an average electrician in the solar industry is paid versus an average electrician elsewhere...the numbers are quite well aligned, because you're drawing from a large pool of potential employees with similar training.

DR. ZYCHER: Without the subsidies, those sectors and that employment would not exist. And if subsidies do fully offset the higher costs, then we have to ask, who will bear the burden of the current and/or future taxes needed to fund the subsidies, and how will those taxes affect employment and wages?

DR. BROWN: Yes, I'm sure that without subsidies, the salaries would not be as well aligned. But with the current levels of subsidy, which reflect the lower level of pollution that they are also providing, they still are comparable.

DR. ZYCHER: The argument in favor of policies distorting the energy market for "reduced pollution" is, frankly, exceedingly weak. It ignores the serious adverse environmental effects of unconventional energy, and it ignores the reality that the pollution attendant upon conventional energy production already is addressed by the various sections of the Clean Air Act.

DR. HAFSTEAD: I don't think that there's a one-for-one skill matchup. On the proponent side, there's this assumption that we can just take people from one job and put them into another job. On the opponent side, there's this idea that everyone who has a fossil-fuel job is going to immediately become unemployed and never work again. But the truth is going to be somewhere in the middle.

Part of the outcome will depend on the age distribution of the workers: Younger people are able to transition faster and are more likely to be geographically mobile. Older workers, whether due to family or mortgages or whatnot, will be much less likely to be able to change industries, especially if that involves a move across many states.

When I think of this employment shift, I also think about the potential for skill mismatch and how we can try to alleviate that. The traditional way to alleviate policy-induced skill mismatch is to provide workers with various training programs, but there isn't a lot of evidence those programs were very successful. My research has shown that pre-announcing policies or phasing in policies over time could effectively reduce short-run employment frictions.

Training day

WSJ: How can U.S. workers position themselves for jobs in this new economy?

DR. HAFSTEAD: The firms need to pay for training to get a qualified workforce. If they can offer good terms, people are going to go to work there. Whether that's a good or bad thing, I'm not trying to say either way; it's just that, in a competitive labor force, if you want workers, a lot of it is going to fall on these companies to provide that training.

DR. ZYCHER: I think that argument is problematic. Jobs have to compete for workers, but workers also have to compete for jobs.

DR. BROWN: We're going to be electrifying much of the economy, and so we need lots of electrical engineers. That

doesn't have to require a four-year program at Georgia Tech; it could be courses at a community college or an apprenticeship. We do need the higher-tier skills, because they're going to innovate for the future, which will make further improvements. Up there would be data managers to optimize systems.

#### Market forces

WSJ: Would the job market be better with a large commitment of government subsidies to energy improvement?

DR. BROWN: I like to look at the bill of goods that are associated with a product. So for instance, you have a bill of goods for building and operating a new power plant, which allocates expenses to various categories such as boilers, generators and fuel as well as insurance, financing, etc. Add up the indirect jobs, which come from the fact that those components require steel, copper and more. Add up the induced jobs, which come from the fact that wages are being paid and then are spent on general-consumption items like cars, houses, vacations and food. All of that generates jobs. More jobs are generated by efficient energy than extractive energy because efficiency upgrades are more labor-intensive and less materials- and fuel-intensive than coal and gas plants.

#### More in Alternative Energy

DR. ZYCHER: Well, if Marilyn is right, then that's an argument against intervention because jobs are a cost, not a benefit. You're using more scarce resources to produce the same goods, which is why they have to be subsidized. There's a reason that these energy technologies are not competitive, and I think we should not lose sight of those fundamental realities. I would get rid of all the subsidies, most of which are bestowed upon unconventional energy to guarantee market shares, then let all of these technologies compete and see who wins in a competitive marketplace.

DR. HAFSTEAD: As an economist, I'd personally like to see a price on carbon-dioxide emissions to address the climate externality and then let the best energy approach win. But politically, subsidies appear to be the policy of choice. They will certainly shift jobs toward the clean-energy sectors, but I think we need to judge them more on their cost-effectiveness and impact on CO2 emissions than on the number of new "green" jobs.

DR. BROWN: If you do seek a structural change in the economy through regulation, it may or may not be an efficient perturbation; however, business responds and innovates, and universities also change their direction of research and training. And you see society following signals received from policy makers, which leads to a whole lot of advancement, which is what we need. We need smarter workers. We need more training. We need more technology solutions. The old way is just not good enough to bring us into the next century or even into the next decade. We need to figure out how to get that done.

Ms. Mitchell is a writer in Chicago. She can be reached at [reports@wsj.com](mailto:reports@wsj.com).

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Credit: By Heidi Mitchell

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