



JOINT ECONOMIC COMMITTEE

Senator Sam Brownback, Ranking Republican

February 2, 2009

STIMULUS AND GREEN JOBS: SOME DISCONCERTING SUGGESTIONS

Christina Romer (Chair of the Council of Economic Advisors) and Jared Bernstein (Office of the Vice President), recently provided an analysis of possible job effects of a “prototypical recovery package,” titled “The Job Impact of the American Recovery and Reinvestment Plan.” (available at [Romer/Bernstein](#)). As part of their analysis, Romer and Bernstein consider “kinds of jobs” that may be possible from a large stimulus plan on the order of magnitude of \$775 billion, structured in a fashion like those under recent consideration in the House and the Senate.

What “kinds of jobs” can we expect from stimulus? Romer and Bernstein considered “kinds of jobs” that might be expected from a prototypical stimulus, including union representation in jobs created, a breakdown of possible jobs by industry, possible effects on the demographic distribution of jobs (e.g., jobs for women vs. jobs for men), and possible levels of wages of jobs that may be created from “investments in green energy.”

Regarding those latter types of jobs—those that could be created from investments in green energy—Romer and Bernstein write that:

“...recent research by Robert Pollin and Jeannette Wicks-Lim (available at http://www.peri.umass.edu/green_jobs) suggests that investments in green energy will create jobs that generally pay well above the typical wage.”

Where do Romer and Bernstein find suggestions about possible wages in jobs created from investments in green energy? The Pollin and Wicks-Lim analysis, found in their paper titled “Job Opportunities for the Green Economy: A State-by-State Picture of Occupations that Gain From Green Investments,” purports to “provide a snapshot of what kinds of jobs are needed to build a green economy in the United States.” The authors proceed as follows:

- Focus on a non-exclusive list of six “green strategies” (building retrofitting, mass transit, energy-efficient automobiles, wind power, solar power, and cellulosic biomass) to loosely identify jobs that could be labeled as “green,” if tasks performed in the conduct of those jobs involve, at least partly, efforts toward fulfilling one or more of the six green strategies.
 - For example, according to the authors, “Train operators who currently deliver furniture may one day deliver wind turbine component parts, meaning that their work will be contributing to a green economy that solves global warming and builds healthier communities.”
- Using data on employment conditions in 12 separate states, the authors report numbers of people employed in each of the occupations they identify to be possible parts of their six

green strategies, the average wages in each state for each of those job types, and the national employment picture for each job category examined.

- For example, a sheet metal worker "...could be building high-performance wind turbines over the next decade." So, the authors look at data on sheet metal workers. There are about 168,000 such workers now employed throughout the country, according to the authors (roughly 10,000 in Florida, 6,120 in New York, 5,000 in Ohio, 3,600 in Tennessee, 3,000 in Oregon etc.). Depending on where they work, they are now earning an average of between \$15.50 (Tennessee) and \$27.00 (New York) per hour.
- The "suggestion" that investments in green energy will create jobs that generally pay well above the typical wage (the national median wage, according to Romer and Bernstein, was \$15 in 2007) is definitely there.

What is a "green job," anyway? According to the Pollin and Wicks-Lim paper: "The term 'green jobs' has spread rapidly over the past year. We seek to make the term concrete by highlighting many—but by no means all—of the occupations that will play a central role in building the green economy."

Their concrete definition is as follows: "Put simply, a green job is one that is contributing to fighting global warming and building a green economy." Adding to this green job "definition," Pollin and Wicks-Lim add that: "At the same time, it is important to link the idea of green jobs with *decent* employment opportunities: jobs that pay at least a living wage, and offer career ladders, training opportunities and some measure of security."

Seeking greater clarity on what may be taken to be a green job, note that at a press briefing on Monday, January 26th, White House Press Secretary Robert Gibbs was asked "What is a green job, anyway?" According to the press briefing highlights (see http://www.whitehouse.gov/blog_post/PressBriefingHighlights/), Mr. Gibbs responded:

"Each year, at least at the end of last year, you had tax credits for wind energy jobs -- there's a one-year tax credit, right. And so the -- every year in August or September, there's a huge scurry to make sure that next year's tax credit is available. Well, if you're going to build a windmill [sector] the size of which is going to produce energy to lower the power costs of millions of Americans, there's some lead time that's involved. So in instituting a renewed tax credit in this economic stimulus bill to give the producers of wind energy some understanding of what's available for them to use in creating these jobs and to give them some economic certainty is important. That's just one example....You've got biofuel jobs. You've got solar projects. I think there's any number of clean energy jobs that can drive not only our path towards energy independence, but also a path towards creating jobs."

So much for clarity.

Unfortunately, aside from the loose nature of the analysis performed in the Pollin and Wicks-Lim paper that Romer and Bernstein cite, the background of the former set of authors is disconcerting.

Romer and Bernstein take suggestions about wages in jobs that may be created from investment in green energy from Radical Political Economists.

Robert Pollin is Professor of Economics and founding Co-Director of the Political Economy Research Institute (PERI) at the University of Massachusetts, Amherst. The Institute, which according to its website (<http://www.peri.umass.edu/190/>), “strives to make a workable science out of morality,” and focuses on “research and policy initiatives on issues of globalization, unemployment, financial market instability, central bank policy, living wages and decent work, and the economics of peace, development, and the environment.”

- Dr. Pollin served on the National Steering Committee of the Union for Radical Political Economics (URPE) from 1985-1993 (as listed on his curriculum vita available at <http://www.peri.umass.edu/staff/#c128>).
 - **URPE is, according to its website (<http://www.urpe.org/about/abouthome.html>), “...an interdisciplinary association devoted to the study, development and application of radical political economic analysis to social problems. Founded in 1968, URPE presents a continuing critique of the capitalist system and all forms of exploitation and oppression while helping to construct a progressive social policy and create socialist alternatives.” (emphasis added)**
- Dr. Pollin is a co-signer of the “Principles for Economic Recovery and Financial Reconstruction from Progressive Economists,” (available at <http://www.peri.umass.edu/statement>) which, among other things, argues that: “Markets, including financial markets, must be properly embedded in and managed by governments and other social institutions for them to work efficiently and serve the needs of society.” It also argues that: “Starting immediately, people should be able to get government jobs at prevailing or living wages (whichever is higher) to engage in useful work for the community.”
- Dr. Pollin was the economic spokesperson for the 1992 presidential campaign of Governor Jerry Brown.

Jeannette Wicks-Lim is an Assistant Research Professor at the PERI.

- Dr. Wicks-Lim is a member of the Union for Radical Political Economics (as listed on her curriculum vita available at <http://www.peri.umass.edu/staff/#c128>) and has been since 2001.

Because of Christina Romer’s history of careful scholarly economic research, including care in choosing references to works by other analysts, it seems inconsistent with that history that she would choose to reference loose work by economists with clear ties to the Union for Radical

Political Economics. There seems, however, good reason to think that Jared Bernstein's research background would lead to such a reference.

Jared Bernstein was formerly Director of the Living Standards program at the Economic Policy Institute (EPI), which receives 29% of its funding from labor unions (http://www.epi.org/pages/about_the_economic_policy_institute/). Bernstein has a Ph.D. in Social Welfare from Columbia University.

- Dr. Bernstein has participated in conferences sponsored by the Union for Radical Political Economics (in 1994, he participated in a Summer Conference of the URPE [see paper presented at <http://archives.econ.utah.edu/archives/pen-l/1994m07/msg00166.htm>] and in 2007 was on the conference schedule for the URPE's "What's the economy for, anyway?" conference (<http://lists.econ.utah.edu/pipermail/urpe-announcements/2007/000357.html>)

Why might it matter that Dr. Bernstein takes advice from radical quarters? According to a January 31, 2009 New York Times article titled "With a Swipe at Bush, Obama Acts to Bolster Labor," (available at <http://www.nytimes.com/2009/01/31/us/politics/31obama.html?ref=us>) Times writer David Stout identified steps that the Obama administration plans to take to "strengthen organized labor and thereby improve the lot of middle-class Americans." Stout identifies that"

"...Mr. Biden said the first meeting of the previously announced task force 'to bring together those cabinet members who have the greatest impact on the well-being of the middle class' would be held on Feb. 27 in Philadelphia."

"The task force, with Mr. Biden as chairman, will have as its executive director Jared Bernstein, a prominent liberal economist who has been writing a study on the impact of Mr. Obama's stimulus plan. The focus of the Feb. 27 meeting, Mr. Biden said, will be 'green jobs, those jobs that pay well, can't be outsourced and will help us move toward a cleaner, more self-sufficient energy future.'"

Indeed, a new "strong middle class" web page on the White House website (<http://www.whitehouse.gov/strongmiddleclass/>) announces the Task Force's first official meeting on February 27, 2009 in Philadelphia, with the meeting topic identified as "Green Jobs" A Pathway to a Strong Middle Class."

Strengthening the middle class, and all classes for that matter, is desirable, as is a move toward a cleaner energy future. However, guidance from loose research by radical economists is not.