Jobs and Environmental Regulations

Presented by: Jason Schwartz, Legal Director
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Political Debate over Enviro & Employment

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**Congress of the United States**

**Washington, DC 20515**

August 2, 2010

Administrator Lisa Jackson  
Environmental Protection Agency  
1200 Pennsylvania Avenue  
Washington, DC 20460-3300

Dear Administrator Jackson:

We are writing to express our concern about the proposed Boiler MACT rule – the Maximum Achievable Control Technology rule for industrial, commercial and institutional boilers and process heaters -- that was published on June 4th. As our nation struggles to recover from the current recession, we are deeply concerned that the potential impact of pending Clean Air Act regulations could be unsustainable for U.S. manufacturing and the high-paying jobs it provides. As the national unemployment rate hovers around 10 percent, and federal, state, and municipal finances are in dire straits, hundreds of thousands of manufacturing workers have lost their jobs in the past year alone. The flow of capital for new investment and hiring is still seriously restricted, and could make or break the viability of continued operations. Both small and large businesses are vulnerable to extremely costly regulatory burdens, as well as municipalities, universities, federal facilities, and commercial entities. While we support efforts to address serious health threats from air emissions, we also believe that regulations can be crafted in a balanced way that sustains both the environment and
Political Debate over Enviro & Employment

- Both sides use rhetoric: “job-killing” vs “green jobs”
- Debate has impacted policy: Boiler MACT
- Confusion, not clarity: Transport + MATS rules
  → 1.4 million job loss, or 1.4 million job gain?
How Labor Markets Actually Work

- Workforce:
  - Full-time, part-time, self-employed

- Stock-flow work force cycle:

- Hires:
  - New hires and recalls
  - Retrain, relocate

- Job losses:
  - Quits, temporary layoffs, permanent layoffs

- Discouraged

- Unemployment:
  - Short-term unemployment
  - Long-term unemployment

- New & Re-Entrants

- Retirements & Other Exits
Myths versus Empirical Evidence

- Compliance Cost Allegation
- Pollution Haven Allegation
- Red Tape & Uncertainty
- Blue Collar Allegation
Myths versus Empirical Evidence

- Compliance Hiring Allegation
- Porter Hypothesis
- Public Benefit Allegation
Mistakes to Avoid in Job Impact Analysis

- Terms
  - Jobs versus job-years
  - Jobs created/destroyed versus layoffs/hiring
- Scope: economy-wide, sectoral, cumulative
- Model Choice
- Disclosure: data, assumptions, limitations
- Sensitivity Analysis
- Peer Review
- Comparison to Broader Net Benefits
Sample Costs and Benefits of Recent Rules

Annual Costs and Benefits of Sample EPA Regulations

- Utility MACT Rule
  - Benefits: $0.1 Trillion
  - Costs: $0.0 Trillion

- Transport Rule
  - Benefits: $0.2 Trillion
  - Costs: $0.0 Trillion

- Boiler MACT Rule
  - Benefits: $0.1 Trillion
  - Costs: $0.0 Trillion

- Major EPA Rules from 2000-2010
  - Benefits: $3.8 Trillion
  - Costs: $0.0 Trillion

- Clean Air Act Amendment Rules
  - Benefits: $3.8 Trillion
  - Costs: $0.0 Trillion

Central Estimate  High Estimate

Trillions