

Institute for Policy Integrity
At New York University School of Law

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CARBON PRICING PLAN WILL GENERATE JOBS IN KEY SECTORS, REPORT FINDS

*Incentives created by Senate proposal will boost
domestic economic opportunities.*

New York City, April 12—Proposed Senate legislation will likely have positive effects on the labor market. The CLEAR Act, sponsored by Senators Cantwell (D-WA) and Collins (R-ME), would help to employ workers hit hardest by the housing bubble burst—generating jobs through increased consumer spending and green technology investment. These are some of the findings of an [analysis](#) released today by the Institute for Policy Integrity at New York University School of Law.

By setting a price on carbon, auctioning pollution permits, and refunding most of the profits back to American households, CLEAR will send efficient price signals to businesses. These signals will open a vast new field of economic opportunities as companies and individuals rush to invest in energy saving measures.

The construction sector, hard hit by the recent financial crisis, will see a particular bump as solar panels are installed, homes are re-insulated and new infrastructure like public transportation is built. Demand for manufactured products, such as solar cells, wind turbines, and heating, ventilation and air conditioning systems (HVAC) will also increase.

“These jobs will offer relatively high wages in industries that are experiencing overcapacity and unemployment. The economic incentives in the CLEAR Act will begin to mop up some of the slack in the market,” said Policy Integrity executive director, Michael Livermore. “Presently unemployed construction workers will find more opportunities as green investment kicks in.”

Compared to spending on fossil fuel powered energy, investment in green technology produces more than twice as many jobs that pay at least \$15.00 an hour, in large part because these industries rely on domestic labor.

Investment in green technology was found to generate more domestic jobs than similar spending on fossil fuels industries. A great deal of the fossil fuel base in the United States is imported from foreign countries whereas more of the inputs for renewable energy capacity occur in the United States. Energy efficiency jobs are largely geographically specific making it more likely that they go to Americans.

Scott Holladay, Policy Integrity economics fellow said, “the CLEAR Act’s price signals would give economic actors the incentives they need to embrace existing green technologies, and invest in the most promising clean energy industries of tomorrow.”

Though other carbon pricing proposals could see similar job growth, the permit auction and taxpayer rebate in the CLEAR Act is particularly efficient because households are protected from rising energy costs. Lower-income households in particular will benefit from the program, spurring consumer spending that can provide an additional boost to economic growth.

[**The Institute for Policy Integrity**](#) at New York University School of Law is a non-partisan think-tank that works with advocacy organizations and governments to use economics and law to protect the environment, public health, and consumers. At the national and local levels in the United States and across the globe, Policy Integrity projects bring economics to bear on issues like climate change, public health, and net neutrality.

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