

OPINION: REVIEW & OUTLOOK

# The Non-Green Jobs Boom

Forget 'clean energy.'  
 Oil and gas are boosting  
 U.S. employment.

So President Obama was right all along. Domestic energy production really is a path to prosperity and new job creation. His mistake was predicting that those new jobs would be "green," when the real employment boom is taking place in oil and gas.

The Bureau of Labor Statistics reported recently that the U.S. jobless rate remains a dreadful 9%. But look more closely at the data and you can see which industries are bucking the jobless trend. One is oil and gas production, which now employs some 440,000 workers, an 80% increase, or 200,000 more jobs, since 2003. Oil and gas jobs account for more than one in five of all net new private jobs in that period.

The ironies here are richer than the shale deposits in North Dakota's Bakken formation. While Washington has tried to force-feed renewable energy with tens of billions in special subsidies, oil and gas production has boomed thanks to private investment. And while renewable technology breakthroughs never seem to arrive, horizontal drilling and hydraulic fracturing have revolutionized oil and gas extraction—with no Energy Department loan guarantees needed.

The oil and gas rush has led to a jobs boom. North Dakota has the nation's lowest jobless rate, at 3.5%, and the state now has some 200 rigs pumping 440,000 barrels of oil a day, four times the amount in 2006. The state reports more than 16,000 current job openings, and places like Williston have become meccas for workers seeking jobs that often pay more than \$100,000 a year.

Or take production in Pennsylvania's Marcellus shale formation, which the state Department of Labor and Industry says created 18,000 new jobs in the first half of 2011. Some 214,000 jobs are now tied to a natural gas industry that barely

existed in the Keystone State a decade ago. Energy firms are also rushing to develop the Utica shale in eastern Ohio, and they are expanding operations in Texas, Louisiana and Oklahoma, among other places.

Good news? You'd think so, but liberals can't seem to handle this truth so they are now trying to discredit the jobs that accompany it. The American Petroleum Institute recently commissioned a study by the Wood Mackenzie consulting firm, which estimated that better federal energy policy would create an additional 1.4 million jobs by 2030.

This has caused a fury on the political left, which complains that the study included estimates of direct and indirect jobs (such as equipment suppliers) but also "induced" jobs, or jobs created when oil workers spend their salaries at, say, hotels, restaurants or bowling alleys. It seems these claims rely on—drum roll, please—"multipliers" to produce estimates of knock-on jobs.

Liberals know all about multipliers, which are the central operating conceit of modern Keynesian economics. The entire public justification for the \$820 billion Obama stimulus was the claim that every \$1 of spending would have a multiplier effect of 1.5 or more and thus create millions of new jobs.

That looks like a joke now. But Democrats and liberals continue to cite the black-box multiplier claims of Moody's Mark Zandi, who says the latest Obama jobs bill will create 1.9 million jobs. Some 750,000 of those jobs are supposed to appear merely from extending the payroll tax holiday for workers, giving them more money to spend on,



say, hotels or restaurants or bowling alleys. All such multipliers are suspect, but the liberals can't have it both ways and invoke them to justify government spending but then repudiate them for private business.

In any case the beauty of the oil and gas boom is that multipliers aren't needed to predict job growth. It's happening right before our eyes. And it stands to reason that if the Obama Administration dropped its hostility to oil and gas energy, even more jobs would be created as the industry invested to exploit other areas with new technology and production methods.

Yet earlier this month the Interior Department released a new five-year plan that puts most of the Outer Continental Shelf off-limits for oil drilling. And the Administration has delayed for at least another year the Keystone XL pipeline that is shovel-ready to create 20,000 new direct,

pipeline-related jobs.

The Office of Natural Resources Revenue recently noted that federal revenue from offshore bonus bids (from lease sales) in fiscal 2011 was merely \$36 million—down from \$9.5 billion in fiscal 2008. The Obama Administration has managed the nearly impossible feat of turning energy policy into a money *loser*, pouring taxpayer dollars into green-energy busts like Solyndra. The Washington Post reported in September that Mr. Obama's \$38.6 billion green loan program had created a mere 3,500 jobs over two years. He had predicted it would "save or create" 65,000.

Mr. Obama nonetheless keeps talking about "green jobs" as if repetition will conjure them. He'd do more for the economy if he dropped the ideological illusions and embraced the job-creating, wealth-producing reality of domestic fossil fuels.

