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The Microeconomics of Green Jobs

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Much fuss has been made about green jobs. Do they exist, and are more “brown” jobs displaced for every green one? Given all the political rhetoric, it’s not surprising that there is also considerable confusion about green jobs.

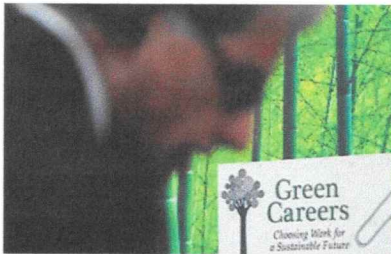


Image by Getty Images via @daylife

There
should
not be.
While

pinpointing the actual number of jobs created or destroyed by any particular policy will always be fraught, the underlying

microeconomics are rather simple, and understanding those microeconomics can make it clear if a given policy will be a net creator or destroyer of jobs.

While there are many considerations that should be taken into account when forming policy, such as encouraging new technology which may allow future growth, and improving the health and well-being of citizens, I am going to restrict myself to the goal of promoting job creation and economic activity in this article in order to keep the discussion relatively simple.

Re-framing the Question

In order to avoid the rather pointless debate about the definition of a “green job” I will re-frame the question to one that I believe both sides would agree is more important (at least if they were able to put aside partisan bickering):

Does a particular green policy create more jobs than it destroys?

If a policy is both green (which I define as lowering our use of resources and/or environmental impact) and is a net creator of jobs, all parties should agree that it is a good policy. Green policies which destroy jobs, on the other hand will require further analysis as to whether the environmental and health