

News Release

Contact: Paul Mackie, WRI director of media relations, +1(202) 729-7684, pmackie@wri.org
Katharine Keenan, PIIE media relations manager, +1(202) 454-1334, kkeenan@petersoninstitute.org

GREEN ECONOMIC STIMULUS CREATES JOBS, SAVES TAXPAYERS MONEY

WASHINGTON, DC, February 10, 2009—Green components of an economic recovery effort can both create jobs now and offset costs to taxpayers through future energy savings.

“Well-tailored policies can create jobs and stimulate the economy while achieving significant energy cost savings for businesses, consumers, and the government,” said Trevor Houser, lead author of a report released today by the Peterson Institute for International Economics (PIIE) and the World Resources Institute (WRI).

“On average, the green recovery scenarios we assess save the economy \$450 million per year for every \$1 billion in government investment, a sort of ‘efficiency pay-go’ provision for current fiscal spending,” added Houser, visiting fellow at PIIE. “The most successful programs will be those that can be implemented quickly and complement, rather than replace, comprehensive energy and climate policy down the road.”

By returning money to households through lower energy bills, green components of a recovery package combine tax cut-like benefits with the construction and manufacturing jobs created from infrastructure investment. On average, green recovery programs create 30,000 jobs for every \$1 billion in government spending.

Despite these benefits, stimulus provisions alone will only have a modest impact on greenhouse gas emissions and dependence on foreign oil. However, a recovery effort with well-designed green components can serve as a down payment on future climate and energy policy by reducing costs and maturing key technologies.

“While the primary goal of the recovery package is to encourage economic growth, a ‘green’ recovery can lay the foundation for achieving climate and energy goals,” said Manish Bapna, executive vice president of WRI. “Nevertheless, even the most aggressive short-term stimulus spending will have only a modest direct impact on greenhouse gas emissions, falling short of the billions of tons of reductions necessary to stabilize the climate. Green recovery efforts should be designed to set the stage for necessary, comprehensive energy and climate policies.”

A Green Global Recovery? Assessing US Economic Stimulus and Prospects for International Coordination was written by Houser; Robert Heilmayr, research assistant at WRI; and Shashank Mohan, research analyst at the Rhodium Group.

The Peterson Institute for International Economics, directed by C. Fred Bergsten since its inception, is the only major research center in the United States that is primarily devoted to global economic policy issues. Founded in 1981, its staff includes more than two dozen experts who focus on macroeconomic topics, international finance and exchange rates, trade and related social issues, energy, the environment, global investment, and related domestic policies. Its expertise covers all key regions of the global economy—especially Asia, Europe and Latin America as well as the United States itself. The Institute is private and nonprofit. It is one of the few think tanks widely regarded as nonpartisan by both the press and Congress, and its scholars are cited by the quality media more than those at any other such institution. Support is provided by a wide range of charitable foundations, private corporations and individual donors, and from earnings on the Institute's publications and capital fund. It celebrated its 25th anniversary in 2006 and adopted its new name at that time, having previously been the Institute for International Economics.

The World Resources Institute (www.wri.org) is an environmental think tank that goes beyond research to find practical ways to protect the earth and improve people's lives.

This chart assesses potential green-program impacts per \$1 billion of U.S. government economic-recovery spending.

A GREEN RECOVERY						
	Approximate impact	Speed	Employment	Energy Savings	Energy Security	Climate Change
Green Programs		How quickly the money gets spent	Job-years created	Long-term energy cost reductions	Reduction in US oil imports	Direct emission reductions
Household Weatherization	Weatherize 377,000 homes	●	●	●	●	●
Federal Building Retrofits	Reduce Federal energy consumption by 8 trillion BTU	●	●	●	●	●
Green School Construction	Improve efficiency of all new schools by 33 percent	●	●	●	●	●
Production Tax Credit Extension	Incentivize 1,500 megawatts of additional wind generation capacity	●	●	●	●	●
Investment Tax Credit Increase	Incentivize 300 megawatts of additional solar power	●	●	●	●	●
Carbon Capture and Storage Demo Projects	Fund the CCS component of a 500 MW demonstration project	●	●	●	●	●
Cash for Clunkers	500,000 vehicles traded in	●	●	●	●	●
Hybrid Tax Credit	Incentivize the purchase of 190,000 hybrids	●	●	●	●	●
Battery Research & Development	FreedomCAR objectives met	●	●	●	●	●
Mass Transit	Decrease vehicle miles traveled by 18 million per year	●	●	●	●	●
Smart Grid	Install smart meters on 4.4 million homes	●	●	●	●	●
Other Programs						
Tax Cuts	Increase consumer spending by \$333 million	●	●	-	-	-
Road Investment	Increase vehicle miles traveled by 11 million per year	●	●	●	●	●

● Very high ● Low
 ● High ● Very low
 ● Moderate ● Negative