



A SPECIAL REPORT  
FOR THE BLUE GREEN ALLIANCE  
October 2004

## SMARTER, CLEANER, STRONGER IN KENTUCKY: SECURE JOBS, A CLEAN ENVIRONMENT, AND LESS FOREIGN OIL

*How smart energy policy can boost job growth,  
save money for consumers, and strengthen national security.*

**New**, high-quality jobs for Kentucky's workers. Clean, sustainable energy. Reduced dependence on foreign oil. Lower energy bills for consumers. This is the bold vision of a strong America that's bringing together labor unions and environmental advocates nationwide.

### SMART ENERGY POLICY – AND JOBS

For too long, the debate over America's energy future has been shaped by the outdated notion that there's an inherent tradeoff between environmental and economic priorities. The nay-sayers have told us, for example, that we can stop global warming—or we can have job growth—take your pick.

Americans have always responded to challenges with determination, a can-do attitude, and bold, creative solutions. That's just what an innovative alliance of thinkers from leading labor and environmental groups has been up to for the past several years, and the blueprints are now out.

A series of recent national studies have demonstrated exactly how we can build a secure domestic energy base for the twenty-first century,

#### How Kentucky benefits:

- **10,600 additional new jobs created**
- **Average household saving on energy bills of \$1,647 per year**
- **Reduced dependence on foreign oil, strengthening national and economic security for all Americans**

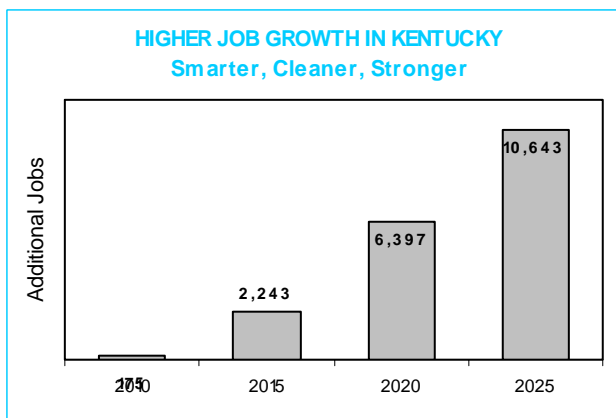
protect our environment, save consumers billions of dollars—and revitalize American industry, creating an abundance of good new jobs for American workers.

Now, a new report titled *Smarter, Cleaner, Stronger: Secure Jobs, a Clean Environment, and Less Foreign Oil* offers a roadmap for America, and for the first time breaks the economic benefits down by state.

In Kentucky alone, the *Smarter, Cleaner, Stronger* plan creates 10,600 more high-quality jobs than would be provided under current policies (see graph), as well as \$3.0 billion in yearly savings on consumer energy bills.<sup>1</sup> That's an annual savings of \$1,647 for every family in Kentucky by the end of the forecast period. Air quality would be improved and carbon dioxide emissions cut in half, which would go a long way toward stopping global warming. And we could call a halt to our ever-increasing dependency on foreign oil.

### HARNESSING AMERICAN INGENUITY

How does it work? By harnessing the innovative spirit that makes our economy the most dynamic in the world. The key is a comprehensive policy package combining the best elements of market-based incentives and technology-policy approaches, to



- Accelerate the implementation of existing clean, energy-efficient technologies,
- Stimulate the development of renewable domestic energy sources, and
- Promote research and development on efficient new technologies.

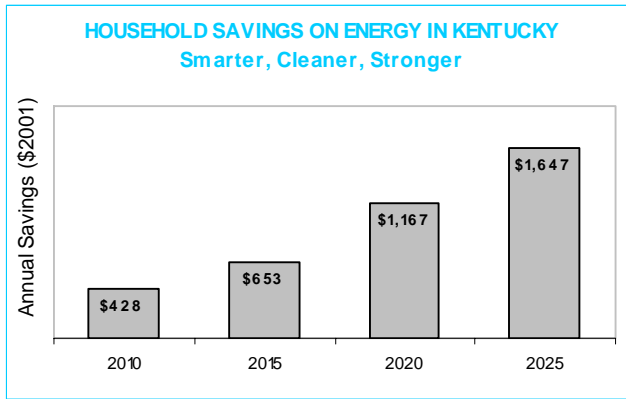
“Well-designed initiatives for efficient, renewable energy can be powerful engines of job growth.”

The results are clear: strategic investment in clean, efficient energy technologies saves consumers money *and* creates jobs. That’s good news for Kentucky.

### KENTUCKY NEEDS ACTION NOW

Over the past few years, working families in Kentucky have struggled to keep up with soaring and erratic energy prices (see graph). With a tank of gasoline in 2004 costing 36 percent more than it did in 2002 and natural gas more than 47 percent higher, consumers are spending an ever-growing portion of their household budgets on basic energy needs.

At the same time, there’s a growing recognition that America’s dependence on Middle East oil puts our national security at risk and makes our economy vulnerable to supply disruptions and price manipulation. Global oil price shocks have preceded nearly every major postwar recession, with tremendous costs in lost jobs and income.

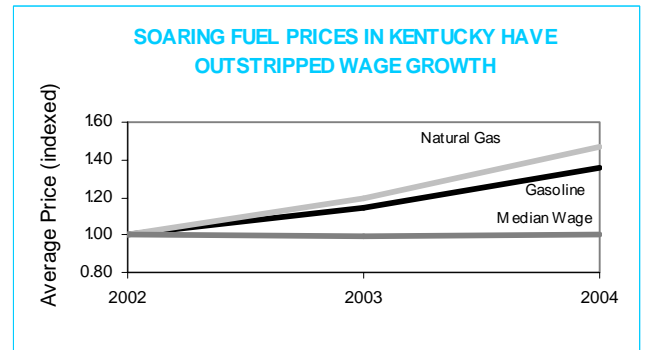


Investment in efficient, clean energy technologies lowers business costs and boosts the productivity and competitiveness of American industry, shifting wasted resources into productive output. That means faster economic growth, more jobs, and higher wages.

The plan, first laid out two years ago by noted economists James P. Barrett and J. Andrew Hoerner in a pathbreaking report, *Clean Energy and Jobs*,<sup>2</sup> led the way in building new partnerships between labor and environmentalists for energy policy reform.

It has been followed by an ever-growing number of coalition endeavors, led by the Apollo Alliance, the Blue-Green Alliance, the Alliance for Sustainable Jobs and the Environment, and others, and a series of reports showing that well-designed initiatives for efficient, renewable energy can be powerful engines of job growth.<sup>3</sup>

The new report, *Smarter, Cleaner, Stronger*, updates and extends the analysis, using a sophisticated 92-sector model to simulate the economic effects over 20 years. (Details on the method can be found in the national report.)

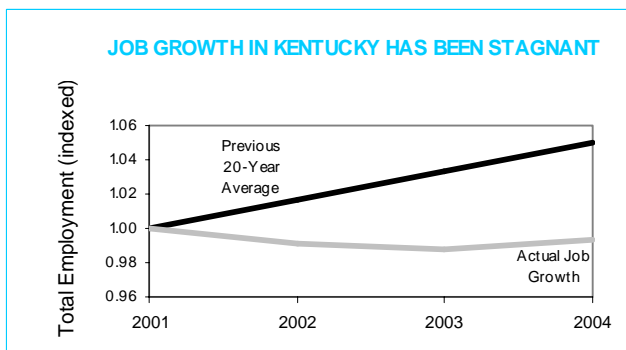


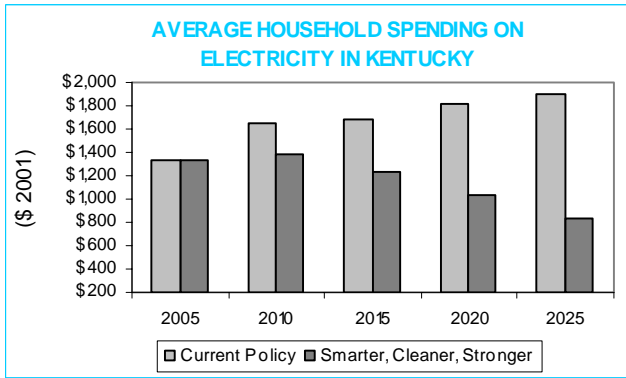
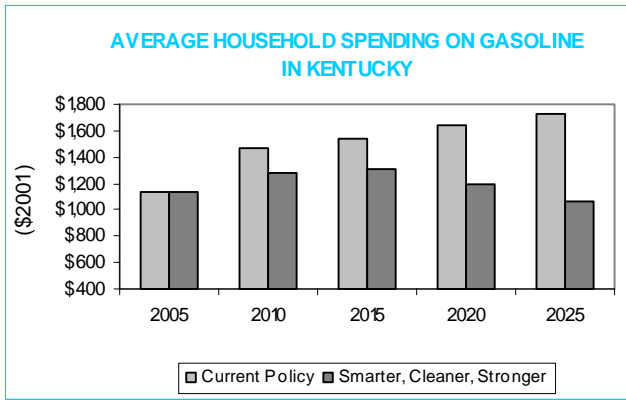
Given recent economic conditions, that’s a scenario Kentucky can ill afford. Job growth in the state has been stagnant (see graph), with 25,500 jobs lost in manufacturing alone between 2001 and 2003.

### A PROGRAM FOR KENTUCKY AND AMERICA

The *Smarter, Cleaner, Stronger* plan will get employment growth moving again, with more than 10,600 *additional* new jobs created in the state, over and above the baseline growth rate (graph., p.1). Those additional jobs today would cut Kentucky’s unemployment rate significantly.

The gains are spread throughout Kentucky’s economy, with manufacturing adding an additional 1,989 jobs, as investment in efficient technologies





improves manufacturing productivity and increases demand for capital goods (see graph). Agriculture benefits from increased demand for biomass energy sources, while the service sector boosts hiring to meet growing market demand, as consumers plow the money they save on energy bills back into the economy.

Kentucky’s consumers would save an average of \$810 per household on energy costs each year, rising to \$1,647 by 2025. That’s money Kentucky’s working families can better spend on their kids’ educations, or invest for a more comfortable retirement. Household purchases of gasoline would cost 39 percent less than under current policies. They’d spend 56 percent less on electricity.

These results are reflected on the national level, as well, with 1.4 million new jobs generated for American workers. Total U.S. consumer energy savings would average an astounding \$40 billion per year in 2010, growing to \$150 billion by 2025.

Furthermore, by the year 2025 oil imports would be reduced by an amount exceeding all current U.S. purchases from OPEC. Air pollution would also be much lower than under current policies, with carbon dioxide emissions cut by 50 percent below baseline levels, which means cleaner air for everyone and a significant reduction in the primary heat-trapping gases responsible for global warming.

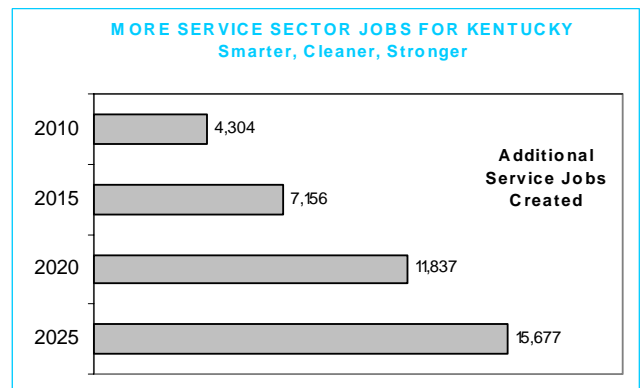
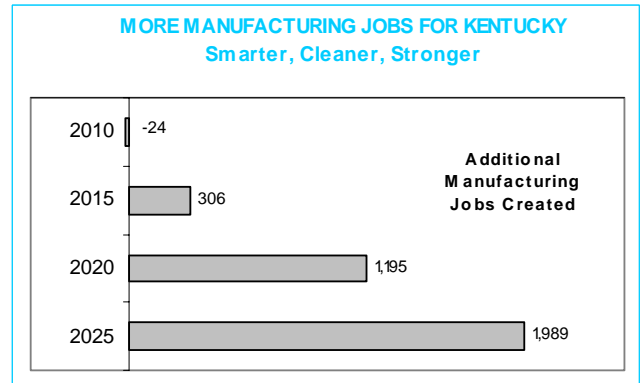
## IT’S TIME FOR ACTION

Energy is the lifeblood of our modern economy, the foundation of our strength and security. As we begin a new century, America needs an energy policy appropriate to the challenges ahead, a policy capable of ensuring our continued prosperity and leadership as a nation.

Today, working families in Kentucky and throughout America face spiraling energy prices, stagnant job growth, and growing concerns about the vulnerability of our economy and our national security to foreign oil interests. We need to act boldly.

The plan proposed in *Smarter, Cleaner, Stronger* harnesses American ingenuity to help consumers, workers, businesses, and the environment. It gets the economy moving again, generates new jobs, raises wages, and keeps billions of oil dollars at home. And it ensures the country a secure and sustainable domestic energy base for generations to come.

The time has come for America to replace its aging, inefficient energy supply system with better technologies for the new century. This plan provides the roadmap to a smart energy policy for a clean environment and a strong nation—smarter, cleaner, stronger.



## NOTES

<sup>1</sup> Consumer savings results, as reported, are true net savings, the difference in actual expenditures on energy net of any consumer investment in energy-efficient equipment.

<sup>2</sup> *Clean Energy and Jobs: A Comprehensive Approach to Climate Change and Energy Policy*, by James P. Barrett and J. Andrew Hoerner, Economic Policy Institute and Center for a Sustainable Economy (2002).

<sup>3</sup> For example, see *New Energy for America: The Apollo Jobs Report*, The Institute for America's Future and Center on Wisconsin Strategy (2004), [www.apolloalliance.org/jobs/index.cfm](http://www.apolloalliance.org/jobs/index.cfm); *Renewing America's Economy*, Union of Concerned Scientists (2004), [www.ucsusa.org/clean\\_energy/renewable\\_energy/page.cfm?pageID=1505](http://www.ucsusa.org/clean_energy/renewable_energy/page.cfm?pageID=1505); and Daniel M.

Kammen, D.K., Kapadia, K., & Fripp, M. *Putting Renewables to Work: How Many Jobs Can the Clean Energy Industry Generate?* Renewable and Appropriate Energy Laboratory, University of California, Berkeley (2004), see <http://ist-socrates.berkeley.edu/~rael/>. *A Responsible Energy Policy for the 21st Century*. Daniel Lashof and Patricia Silva, NRDC Publication (February, 2001), [www.nrdc.org](http://www.nrdc.org).

<sup>4</sup> Median wage data for 2004 were estimated by using 2003 wages and the state-specific 10-year compound growth rate.

## ACKNOWLEDGEMENT

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**Redefining Progress** is a non-profit research and policy organization based in Oakland, California, that believes that genuine progress entails providing a better life for all within the capacity of nature. RP's tools and policies emerge from three "Big Ideas:"

**SUSTAINABLE ECONOMICS:** The Center for Sustainable Economy The cost of many products we purchase each day fails to fully account for their effects on society and the environment. Pollution, traffic congestion, and health risks are examples of such effects. RP's Center for Sustainable Economy works to promote creative, market-based solutions to capturing these costs and to balancing a healthy environment, a strong economy, and a fair society.

**SUSTAINABILITY INDICATORS PROGRAM:** The Sustainability Indicators Program documents where we really stand with respect to our society's natural and social limits. The GPI, for example, subtracts destructive costs and adds in social and economic benefits ignored by the Gross Domestic Product. The Ecological Footprint tracks the consumption and waste patterns of individuals, communities, businesses and nations, and has rigorously shown that we overuse our planet's natural capital by up to 25%.

**COMMON ASSETS PROGRAM:** The Common Assets program reclaims our shared resources as the basis for our common wealth. Resources like water, genetic information, parks, public education and safe recreation areas are critical to ensuring sustainable development and quality of life. All of us lose out as these common assets are increasingly privatized, enclosed, divested and depleted. Low-income communities are historically more vulnerable to these trends.

## REDEFINING PROGRESS

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