

Cape Wind Economic Analysis 2005  
<http://www.windaction.org/documents/87>

In our analysis of the benefits and costs of the Cape Wind project, we have made no specific mention of job creation. This is because jobs represent a cost, rather than a benefit, and so are included already in the project expenses. Jobs represent a cost because people have to be paid for the inconvenience, exertion and discipline that they demand.

However, it is widely believed that job creation is indeed desirable. If this is the case, how well does the Cape Wind project fare?

The Lexington-based firm Global Insight, at the request of Cape Wind Associates, developed an "Economic Impact Analysis" of the wind farm project in which considerable attention was paid to the job-creation effects in Massachusetts (Global Insight 2003). Using the IMPLAN input-output model for Massachusetts, they found that 142 jobs would be created directly during the building phase, both in manufacturing and assembly as well as in construction and installation, in Massachusetts. When the indirect effects (via project purchases made locally) and induced effects (when the newly-employed workers spend their money locally) are factored in, the total number of jobs created during this 27-month phase would be between 597 and 1,013.

50 jobs would be created to cover the operation and maintenance of the windmills, 45 of them going to Massachusetts residents. When the indirect and induced effects are added, total employment in the state would rise permanently by 154. Even if one accepts these figures (and the high multiplier effects that they imply), they are incomplete, because they do not take into account the effect of the wind farm on tourism.

In late summer 2003, the Beacon Hill Institute (BHI) commissioned a survey of 499 tourists in those towns on Cape Cod and Martha's Vineyard that have a clear sight of the wind farm (BHI 2003). The relevant findings of that study were that 3.2% of tourists said they would spend an average of 2.9 fewer days on the Cape if the windmills were built; a further 1.8% said they would not visit at all; and 1.0% of tourists said they would stay longer on the Cape, remaining an extra 13 days on average. The study also estimated that a number of tourists would visit the Cape because of the windmills, and that this would boost visits by about 0.6. By combining these numbers with information on tourist spending (also from the survey) and annual tourist visits (3.6 million to the affected towns), the BHI report estimated that total spending tourist would fall by between \$57 million and \$123 million annually.

The BHI study then applied multipliers from the Regional Input-Output Modeling System (RIMS II) model of the Bureau of Economic Analysis to measure the effects on output and employment. The RIMS II multipliers take into account the indirect and induced effects as well as the immediate effects of the spending. The important result is that the number of jobs would fall by between 1,173 and 2,533 (BHI 2003, p.14). These are large effects in the context of the local economy.

Therefore, even if we allow for the 154 new permanent jobs predicted by the Global Insight study, the net effect would be ***that the Cape and Islands could be expected to lose at least 1,000 jobs.***

## References:

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