



An Initial Analysis of the Green New Deal

DOUGLAS HOLTZ-EAKIN | FEBRUARY 25, 2019

Eakinomics: An Initial Analysis of the Green New Deal

The Green New Deal ([GND](#)) has rightly received a lot of attention in recent weeks. Everyone should read it. It is a sweeping policy plan setting out ambitious objectives for energy and economic policy, but it is also much more. It envisions re-engineering essentially every aspect of American society and its institutions. Top-down societal engineering should make you very (very, Very, VERY) nervous. One way to illuminate the scale of the proposals is via policy analysis, yet the very breadth of the proposals makes such an analysis difficult. Nevertheless, a bevy of AAF experts has collaborated on a [short paper](#) that constitutes an initial foray. The paper puts forward three broad conclusions:

- The GND’s proposed goals, “mobilization,” and specific policy projects encompass social and institutional changes far exceeding the narrow policy goals, but these changes are impossible to quantify at this point;
- Many of the policies proposed in the GND are redundant with other aspects in it, which also complicates a precise analysis, as the interactions are difficult to predict; and
- The GND will be very expensive – our initial estimates for the tractable aspects (best thought of as estimating the order of magnitude) are summarized below.

Summary Table (2020-2029)		
Goal	Estimated Cost	Estimated Cost Per Household
Low-carbon Electricity Grid	\$5.4 trillion	\$39,000
Net Zero Emissions Transportation System	\$1.3 trillion to \$2.7 trillion	\$9,000 to \$20,000
Guaranteed Jobs	\$6.8 trillion to \$44.6 trillion	\$49,000 to \$322,000
Universal Health Care	\$36 trillion	\$260,000
Guaranteed Green Housing	\$1.6 trillion to \$4.2 trillion	\$4,000 to \$12,000
Food Security	\$1.5 billion	\$10

For me, a way to think about the GND is that it is simultaneously a radical overhaul of the production and use of energy in the United States (the “Green” part) and a sweeping revision of the nature of economic relationships in the society (the “New Deal” part). As the table clearly demonstrates, both are quite expensive. The green

agenda — electricity grid, transportation system, guaranteed energy-efficient housing — adds up to \$8.3 to \$12.3 trillion over the next 10 years. The economic agenda — jobs, health care, food security — accounts for another \$42.8 to \$80.6 trillion.

The first cut at a grand total runs from \$51.1 to \$92.9 trillion between 2020 and 2029.

Even if the estimates are 5 to 10 times too high (and I suspect they are more likely too low), it is hard to wrap one's head around numbers these large. But if you manage to do so, be aware that the likely social upheaval would be even larger.