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Fox Wildly Inflates The Number Of Jobs Keystone XL Pipeline Might Create

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Fox Claims Keystone XL Pipeline Could Create Up To One Million Jobs

Bolling: Keystone XL Pipeline "Could Provide Up To A Million New High-Paying Jobs." From the November 2 edition of Fox Business' *Follow The Money*:

ERIC BOLLING (host): While new oil and gas jobs could help the recovery, protesters are trying to stop the expansion of multi-million dollar Keystone pipeline. Activists planning to hold hands and surround the White House to protect the project.

Garland, this is another story -- this is the Keystone XL pipeline that some estimates, even Senator Barrasso, who's been on this show before, said could provide up to a million new high-paying jobs if it just gets signed off by Obama. Yet here we are, protesters locking arms around the White House saying don't do it. [Fox Business, *Follow The Money*, [11/2/11](#)]

Journal Editorial Report: Keystone XL Pipeline Would Create "20,000 New Construction Jobs" And "About 118,000 ... Indirect Jobs."* During the October 29 edition of Fox News' *Journal Editorial Report*, host Paul Gigot and *Wall Street Journal* editorial board member Mary Anastasia O'Grady suggested the Keystone XL pipeline would create over one hundred thousand "indirect jobs ... from feeding and housing"* the construction workers. From *Journal Editorial Report*:

PAUL GIGOT: So, Mary, before we get to the politics, what are the economic merits of this pipeline?

MARY ANASTASIA O'GRADY, COLUMNIST: Well, let's start with 20,000 new jobs, probably -- just about immediately after they begin construction.

GIGOT: Shovel ready.

(LAUGHTER)

O'GRADY: And the company estimates another -- well, in total about 118,000 indirect jobs that would come just from feeding and housing all of these people who are gonna work on the pipeline. You also have \$7 billion of investments coming into --

(CROSSTALK)

GIGOT: Wow. \$7 billion.

O'GRADY: From TransCanada.

GIGOT: All private, not government. [Fox News, *Journal Editorial Report*, 10/29/11]*

Fox Guest Bernie Marcus: Keystone XL Pipeline Would "Create 120,000 Jobs." During the November 4 edition of Fox News' *Your World With Neil Cavuto*, Bernie Marcus, co-founder of Home Depot, called for Obama to sign an executive order that would allow TransCanada to build the Keystone XL pipeline. He then claimed the project would "create 120,000 jobs." From the show:

BERNIE MARCUS, CO-FOUNDER, HOME DEPOT: I have a suggestion for the president. All he has to do is take a pen. He's lefty, OK? Take a pen and sign one order and let the Keystone XL pipeline go through. He will create 120,000 jobs, no money on the part of the taxpayers and it is private industry that will do it, and why in God's name is he not doing that? Do you have a solution for it? Do you have an answer for that, Neil? [Fox News, *Your World with Neil Cavuto*, 11/4/11, via Nexis]

Kelly: Keystone XL Pipeline "Would Create At Least 50,000 Jobs." During the November 7 edition of Fox News' *America Live*, host Megyn Kelly hyped the number of potential jobs that would be created by the Keystone XL pipeline:

MEGYN KELLY: Well, a high stakes debate is heating up now over President Obama's pending decision on the Keystone pipeline. It's an enormous pipeline that would transport millions of barrels of oil from Canada down to Texas. It would create at least 50,000 jobs, according to estimates, and help generate billions of dollars in revenue.

[...]

KELLY: Why, you know-- if you just look at it as a political matter --

LOU DOBBS (Fox Business host): Right.

KELLY: You've got the labor unions on one side and the environmental groups on another. I mean, aren't the labor groups much bigger in terms of power and donations to the Democratic causes than the environmental groups? I mean, and you're talking about the creation potentially of up to 50 thousand jobs. Why wouldn't, as a political matter, the president just go with the labor groups, because they're such supporters and jobs. Jobs, jobs, jobs. [Fox News, *America Live*, 11/7/11]

But The Company Behind The Pipeline Claims It Will Directly Create About 13,000 Jobs

TransCanada Said In 2010 That Keystone XL Pipeline "Is Expected To Create Over ... 13,000 New Jobs For American Workers."

In a 2010 press release by TransCanada, the company funding the Keystone XL pipeline, touted their connection with various unions and claimed they would "create over seven million hours of labor and over 13,000 new jobs for American workers." From the press release:

TransCanada Corporation (TransCanada) (TSX, NYSE: TRP) today is pleased to announce a Project Labor Agreement for a significant portion of U.S. construction of the proposed US\$7 billion Keystone Gulf Coast Expansion Pipeline Project (Keystone XL). The agreement will provide TransCanada with a capable, well-trained and ready workforce in the U.S. to construct Keystone XL. During construction, the project is expected to create over seven million hours of labor and over 13,000 new jobs for American workers. [TransCanada, [9/14/10](#)]

Wash. Post: Based On TransCanada's Numbers, "The Number Of People Employed" Would Actually Be 6,500. A November 5 article in *The Washington Post* reported that TransCanada CEO Russ Girling "said Friday that the 13,000 figure was actually not a true job number, but actually accounted for "one person, one year."" The *Post* went on to state that "if the construction jobs lasted two years, the number of people employed in each of the two years would be 6,500." From the article:

Girling said Friday that the 13,000 figure was "one person, one year," meaning that if the construction jobs lasted two years, the number of people employed in each of the two years would be 6,500. That brings the company's number closer to the State Department's; State says the project would create 5,000 to 6,000 construction jobs, a figure that was calculated by its contractor Cardno Entrix. [*The Washington Post*, [11/5/11](#)]

Fox's Numbers Are Based On Flawed Industry-Funded Study

TransCanada-Funded Study Says Keystone Pipeline Will Directly Create 118,935 "Person-Years" Worth Of Jobs. A report by the Texas-based Perryman Group, funded by TransCanada, says that the pipeline would create 118,935 "person-years" of jobs, and that the economic effect would be between 250,000-500,000 "person-years" of jobs. That figure included not only direct jobs from the pipeline but also jobs in the "apparel" industry and the "tobacco" industry:

The Impact of the Capital Outlays Associated with the Construction and Development of the Keystone XL Pipeline (Including the Cushing Extension) on Business Activity in the US
Detailed Industrial Category

Category	Total Expenditures (2009 Dollars)	Gross Product (2009 Dollars)	Personal Income (2009 Dollars)	Employment (Person-Years)
Agricultural Products & Services	\$290,240,417	\$79,575,504	\$54,195,349	932
Forestry & Fishery Products	\$9,214,271	\$8,678,410	\$3,218,673	45
Coal Mining	\$37,418,274	\$10,828,865	\$11,411,087	83
Crude Petroleum & Natural Gas	\$204,149,026	\$44,331,281	\$20,445,537	108
Miscellaneous Mining	\$19,609,104	\$8,862,000	\$5,209,473	62
New Construction	\$4,981,919,645	\$2,301,511,374	\$1,896,588,717	28,790
Maintenance & Repair Construction	\$289,842,969	\$152,879,919	\$125,982,576	1,913
Food Products & Tobacco	\$1,527,917,601	\$396,513,291	\$202,557,941	3,644
Textile Mill Products	\$11,742,456	\$2,741,223	\$2,319,331	57
Apparel	\$179,776,658	\$100,101,370	\$50,722,896	1,488
Paper & Allied Products	\$97,074,087	\$42,737,773	\$19,321,434	316
Printing & Publishing	\$135,594,765	\$67,321,170	\$43,942,047	803
Chemicals & Petroleum Refining	\$934,604,953	\$144,972,921	\$68,073,203	542
Rubber & Leather Products	\$93,612,722	\$40,666,355	\$23,773,364	510
Lumber Products & Furniture	\$62,529,109	\$20,118,173	\$14,343,147	321
Stone, Clay, & Glass Products	\$169,773,315	\$84,823,315	\$44,362,950	778
Primary Metal	\$374,439,730	\$114,423,144	\$85,170,987	1,379
Fabricated Metal Products	\$928,662,210	\$363,560,860	\$234,715,363	4,327
Machinery, Except Electrical	\$100,678,659	\$41,264,921	\$29,479,828	338
Electric & Electronic Equipment	\$87,443,979	\$46,562,183	\$27,836,456	249
Motor Vehicles & Equipment	\$84,236,265	\$17,528,836	\$11,387,884	173
Transp. Equip., Exc. Motor Vehicles	\$27,580,605	\$11,434,915	\$7,472,309	96
Instruments & Related Products	\$21,528,180	\$9,408,669	\$7,151,443	99
Miscellaneous Manufacturing	\$40,096,611	\$15,576,417	\$10,743,234	183
Transportation	\$597,102,421	\$393,825,366	\$260,462,039	3,876
Communication	\$344,010,466	\$212,701,780	\$90,809,220	864
Electric, Gas, Water, Sanitary Services	\$887,841,433	\$200,181,027	\$87,353,661	398
Wholesale Trade	\$694,638,924	\$470,152,726	\$271,094,250	3,263
Retail Trade	\$1,615,263,666	\$1,338,313,415	\$800,268,628	22,582
Finance	\$257,757,019	\$139,392,991	\$81,168,945	777
Insurance	\$319,027,364	\$190,529,015	\$113,905,748	1,475
Real Estate	\$1,694,141,905	\$236,556,840	\$38,114,436	364
Hotels, Lodging Places, Amusements	\$164,140,380	\$85,650,139	\$56,189,454	1,474
Personal Services	\$329,960,949	\$202,962,979	\$157,908,483	2,864
Business Services	\$1,484,911,868	\$955,572,219	\$779,502,074	10,210
Eating & Drinking Places	\$733,847,596	\$429,902,173	\$228,730,906	11,131
Health Services	\$541,647,546	\$378,998,302	\$320,446,575	5,698
Miscellaneous Services	\$531,332,603	\$218,944,019	\$189,806,226	4,880
Households	\$25,330,013	\$25,330,013	\$24,794,027	1,845
Total	\$20,930,639,765	\$9,605,435,892	\$6,500,979,897	118,935

SOURCE: US Multi-Regional Impact Assessment System, The Perryman Group

- Under "normal" oil price assumptions equivalent to the average for all of 2007, The Perryman Group found the gains in US business activity stemming from a permanent increase in stable oil supplies to include \$100.144 billion in total spending, \$29.048 billion in output, and 250,348 permanent jobs.
- In the high-price case in which costs per barrel reach the peak levels observed in the summer of

2008, The Perryman Group measured the annual impact of an increase in stable oil supplies associated with the Keystone XL Pipeline Project to include \$221.305 billion in spending, \$64.193 billion in output, and 553,235 jobs. [The Perryman Group, 6/10/10]

Independent Experts: Industry-Funded Study Seriously Flawed

Council On Foreign Relations Expert: Study's Analysis Is "Dead Wrong." Council on Foreign Relations' Michael Levi wrote that the Perryman report is based on analysis that is "dead wrong." Levi noted that the report ignores that oil prices are set on a global market – which makes a more realistic estimate of the jobs impact of the Keystone XL pipeline "barely 10 percent of what Perryman projects." Levi concluded that the "entire approach of the Perryman study" is "suspicious." [Council on Foreign Relations, 10/27/11]

Expert: Study Is Based On Flawed Assumptions. Environmental economist Andrew Leach wrote that "many of the benefits" that the Perryman study "tied to the project are really benefits tied to broad access to reliable (and/or cheaper) sources of oil, and not specifically to Keystone XL." [Andrew Leach, 9/9/11]

Cornell University Global Labor Institute: Study Is "So Opaque As To Make Meaningful Review Impossible." From Cornell University Global Labor Institute's report:

Perryman states that he received this data from TransCanada, but nowhere in the report does he provide the TransCanada input data (for construction expenditures and sourcing of inputs). Perryman does not even present summary detail as to the essentials regarding inputs (such as a breakdown of expenditures into major categories and assumptions regarding whether major inputs such as steel pipe are imported or sourced domestically or imported). Nor does the Perryman report provide adequate detail as to the nature of the job impacts estimated (such as a breakdown between direct, indirect, and induced). In fact, the lack of adequate data and detail render the report so opaque as to make meaningful review impossible.[Cornell University Global Labor Institute, September 2011]

Cornell University Global Labor Institute Director Says "Person-Years" Is An "Inappropriate Way To Talk About The Economic Impact" Of Keystone XL. Sean Sweeney, the director of the Cornell University Global Labor Institute, said that people would "confuse" "person-years" of employment for the total jobs that the Keystone XL pipeline would actually create, according to the Michigan Messenger. From a September 26 Michigan Messenger article:

The Cornell Global Labor Institute recently published an analysis of the Keystone jobs claims that criticizes the methodology of the Perryman report.

"Person-years," said Institute Director Sean Sweeney, is an inappropriate way to talk about the economic impact of the project because people will easily confuse that for the total number of jobs the project would create. And that is exactly what is happening. [Michigan Messenger, 9/26/11]

Others Peg The Number Of Jobs At A Much Lower Level Than TransCanada Or Its Industry-Funded Report

State Department: "The Construction Work Force Would Consist Of Approximately 5,000 To 6,000 Workers." The U.S. Department of State's Final Environmental Impact Statement for the pipeline stated that a "construction work force would consist of approximately 5,000 to 6,000 workers." The contractor who conducted the study had financial ties to TransCanada; the inspector general has launched an investigation into the matter. From the report:

During construction, there would be temporary, positive socioeconomic impacts as a result of local employment, taxes on worker income, spending by construction workers, and spending on construction goods and services. The construction work force would consist of approximately 5,000 to 6,000 workers, including Keystone employees, contractor employees, and construction and environmental inspection staff. That would generate from \$349 million to \$419 million in total wages. An estimated \$6.58 to \$6.65 billion would be spent on materials and supplies, easements, engineering, permitting, and other costs. [U.S. State Department, 8/26/11]

Cornell University Global Labor Institute: Based On TransCanada's Numbers, "The Project Will Create No More Than 2,500-4,600 Temporary Direct Construction Jobs." From Cornell University Global Labor Institute's report:

A calculation of the direct jobs that might be created by KXL can begin with an examination of the jobs on-site to build and inspect the pipeline. The project will create no more than 2,500-4,650 temporary direct construction jobs for two years, according to TransCanada's own data supplied to the State Department. [Cornell University Global Labor Institute, September 2011]

Cornell University Global Labor Institute: "Based On The Figures Provided By TransCanada For The Canadian Section Of The Pipeline, The New Permanent US Pipeline Jobs In The US Number As Few As 50." From Cornell University Global Labor Institute's report:

[T]he potential job impacts associated with KXL construction are quite small, both absolutely and certainly relative to the employment levels estimated by the Perryman study. In comparing these results with those from the Perryman study, it is useful to keep in mind that even results based on the Perryman study would be much lower, once they are adjusted for more realistic project cost assumptions.

Starting with the Perryman study total employment estimated for project construction (119,000 person-years), the Perryman results can be adjusted for more realistic project cost assumptions. Also starting with the \$6.6 billion in project costs assumed by Perryman, and adjusting for the \$5.4 billion project cost for KXL in the US, the adjusted Perryman result is about 97,000 person-years. Next, instead of assuming a \$4 billion KXL US project cost not yet spent, the adjusted Perryman result drops to about 72,000 person-years. And finally, assuming a \$3 billion KXL US

cost not yet spent or committed, the adjusted Perryman results drops again to 54,000 person-years.

So even if it is assumed the Perryman study provides a reasonable estimate of job impacts per dollar spent on pipeline construction (i.e. 18 person-years per \$1 million), total job impact will be much lower than the Perryman results once a more realistic budget is assumed for project construction. And whatever is estimated for total employment impacts, it must be spread over the relevant period in order to meaningfully estimate annual impacts. For KXL construction, the relevant period is at least two and perhaps more likely three years.

In this context, it is also important to consider that almost all of the jobs (direct, indirect and induced) associated with Keystone XL will, of course, also be temporary. The operating costs for KXL are very minimal, and based on the figures provided by TransCanada for the Canadian section of the pipeline, the new permanent US pipeline jobs in the US number as few as 50. [Cornell University Global Labor Institute, September 2011]

Cornell University Global Labor Institute: "The Effects Of KXL Construction Could Very Well Lead To More Jobs Being Lost Than Are Created." From a section of the Cornell University Global Labor Institute report titled "Four Ways Keystone XL Could Be A Job Killer":

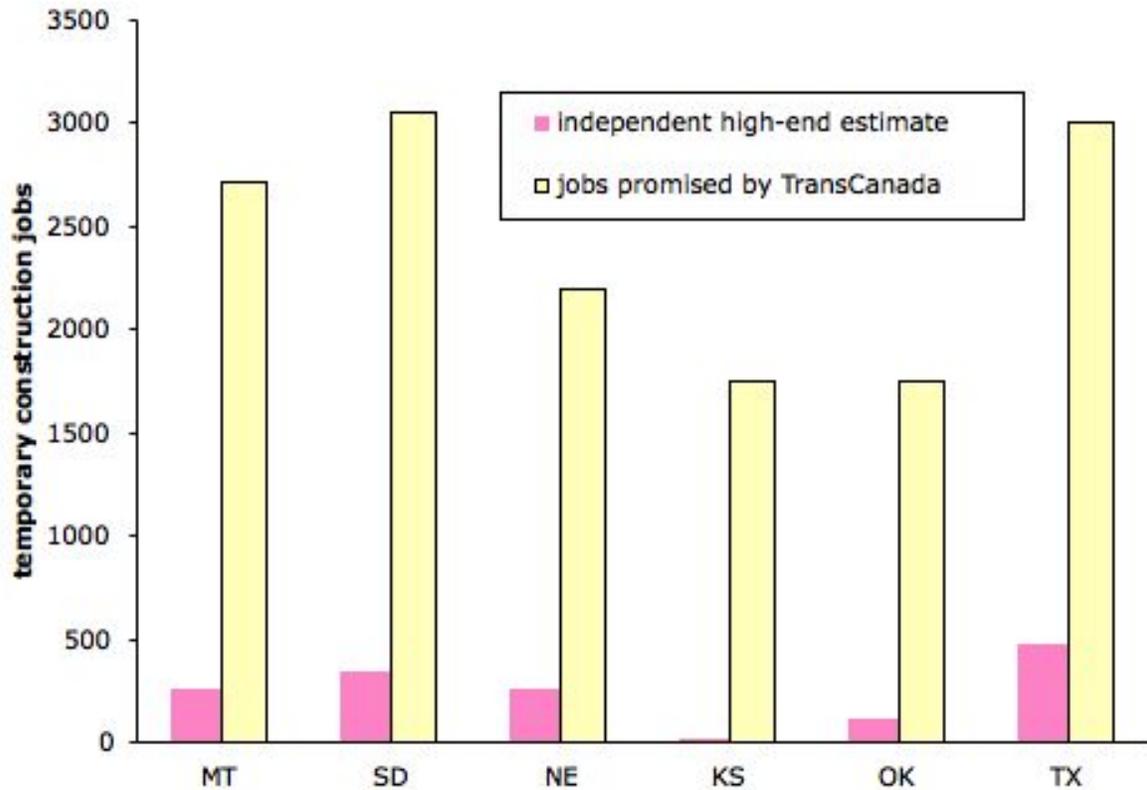
The industry-generated jobs data are highly questionable and ultimately misleading. But this is only part of the problem. These industry-generated data attempt only to tell the positive side of the KXL jobs story. There is evidence to suggest that the effects of KXL construction could very well lead to more jobs being lost than are created. In this section, we show four ways that jobs can be destroyed or prevented by KXL -- higher petroleum prices, environmental damage such as spills, the impact of emissions on health and climate instability, and the chilling effect KXL approval could have on the emerging green economy.

[...]

Put simply, KXL's job creation potential is relatively small, and could be completely outweighed by the project's potential to destroy jobs through rising fuel costs, spill damage and clean up operations, air pollution and increased GHG emissions. [Cornell University Global Labor Institute, September 2011]

ThinkProgress Chart Reveals "TransCanada's Wildly Inflated Jobs Promises." On November 4, ThinkProgress published the following chart based on the high-estimate of Cornell Global Labor Institute's report and the TransCanada commissioned Perryman Group's report:

TransCanada's Wildly Inflated Jobs Promises



Estimates of temporary construction jobs from Perryman Group report commissioned by TransCanada and from independent Cornell Global Labor Institute report. Chart by ThinkProgress.

[ThinkProgress, [11/4/11](#)]

* Quote corrected.

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