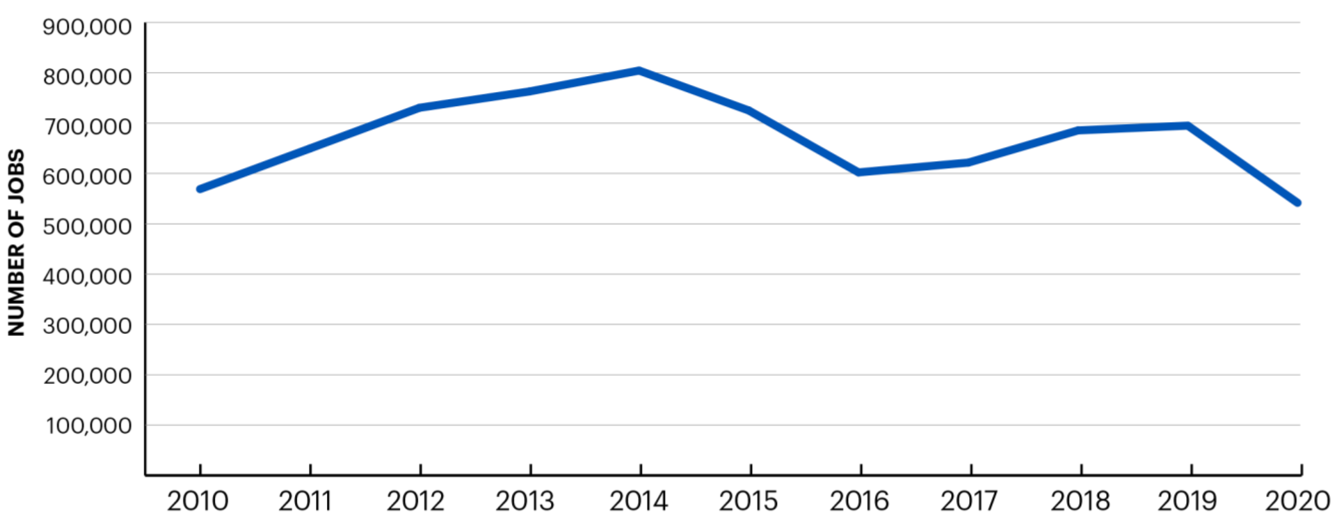
More Oil and Gas Production = Fewer Jobs

The fossil fuel industry routinely exaggerates its employment impact. A 2020 report from the American Petroleum Institute (API), an oil industry trade association, breathlessly warned that a ban on fracking and federal leasing for oil and gas extraction could cost 7.5 million jobs.[1] API's 2021 report claimed that the industry directly employs 2.5 million and supports 11.3 million jobs.[2] In reality, in 2020 the oil and gas industry employed only 541,000 people nationally, which is less than 0.4 percent of all jobs in the United States.[3]

Oil and gas industry proponents claim that increased production is necessary to create and sustain jobs.[4] The truth is that oil and gas are cyclical industries prone to boom-and-bust cycles — bringing influxes of activity, but leaving behind a poisonous environment and a toxic legacy when the money leaves.[5] While the oil and gas industry uses promises of employment to gain political leverage, increased production does not actually guarantee more jobs. The latest crash in 2020 shows that workers and communities bear the brunt of these busts.

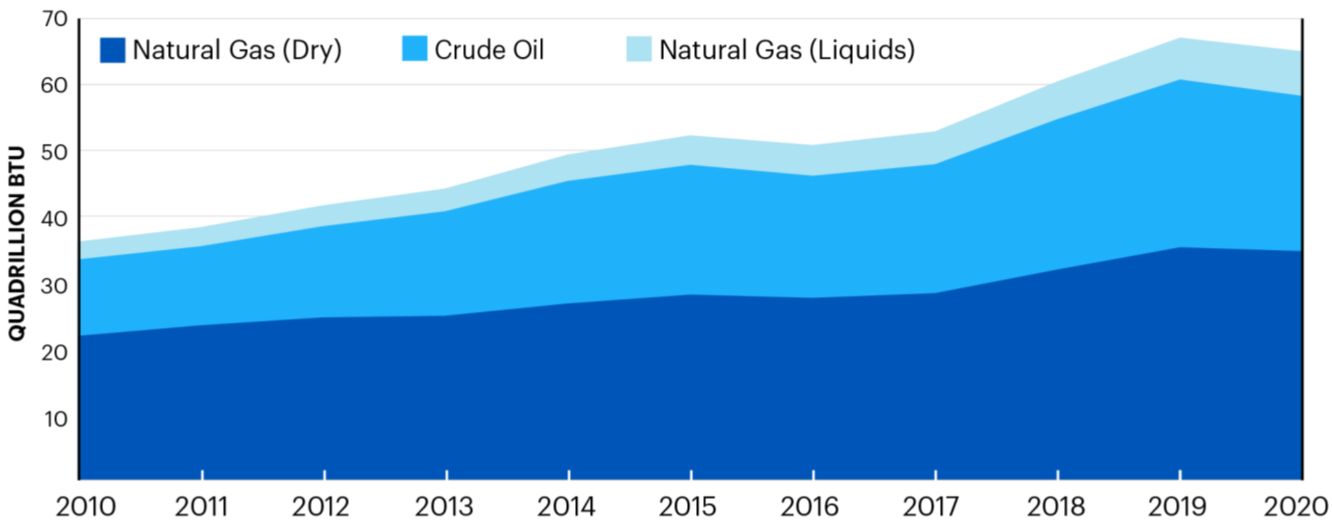
During 2020, oil and gas employment fell by 22 percent, while production fell by just 3.1 percent. Even before the latest bust, the oil and gas industry never reached levels of employment seen in the 2014 boom — by 2020, jobs in the oil and gas industry were at the lowest levels in over a decade, down 33 percent from the 2014 peak (*see* Figure 1).[6] While employment was dropping, oil

FIG. 1: Oil & Gas Jobs (2010 – 2020)



and gas production rose 32 percent since 2014, peaking in 2019 before the COVID-19 pandemic temporarily lowered demand (*see* Figure 2 on page 2).[7]

FIG. 2: Oil & Gas Production (2010 – 2020)



How the fossil fuel industry inflates jobs estimates

Fossil fuel corporations and their supporters have overhyped the employment benefits of fracking.[8] Frackers have a long history of citing misleading jobs data.[9] The public and policymakers are being misled by deceptive models and inflated numbers that do not add up.

Food & Water Watch has extensively documented the flaws with the oil industry jobs studies, including what appear to be basic arithmetic errors such as double counting and the inclusion of entirely unrelated jobs in their estimates.[10] Outlandish jobs claims have one goal: to hype the scope and impact of the oil and gas industry.

One of the most misleading aspects of industry jobs analysis is the conflation of direct jobs with indirect and induced jobs. Direct jobs are positions directly within a given industry. Indirect jobs are those within the supply chain that supports that industry, while induced jobs are positions supported by wages from both direct and indirect jobs.[11] Indirect and induced jobs account for nearly 75 percent of the top-line numbers that some oil and gas companies are referencing. Misattributing these jobs to the oil and gas industry itself distorts the size and scope of the industry's payroll.[12]

In other words, the jobs that these companies identify as being endangered would only be "lost" if the alternative to investment in oil and gas had nothing to do with capital and did not involve using power or energy. This is a false choice. In reality, the alternative to fracking (and other oil and gas investment) would have been, and could still be, large-scale investment in clean, job-creating renewable electricity technologies.[13] Fracking jobs can instead be green energy jobs.

Record production, sluggish employment in Pennsylvania

The API falsely claims that a fracking ban would cost Pennsylvania a staggering 551,000 jobs.[14] Even without a fracking ban, oil and gas jobs fell 20.5 percent in 2020, employing only 24,635 of the state's more than 5 million workers.[15] This loss of jobs occurred while Pennsylvania produced record amounts of natural gas in 2020.[16]

Fossil fuel jobs are not coming back to New Mexico

The New Mexico Oil and Gas Association slams any proposal to slow fossil fuel production on federal lands, claiming that it would cost New Mexico 60,000 jobs.[17] That is triple the number of actual workers in the entire industry in the state. Oil and gas jobs declined by 25.8 percent in 2020 to 20,000 or 2.6 percent of the state's workforce. This is not the first bust for the land of enchantment – in 2016, the oil and gas industry shed nearly a quarter of its jobs.[18] Experts do not think the jobs are coming back. A recent University of New Mexico projection estimated that oil and gas jobs will only recover to 74 percent of pre-pandemic levels.[19]

Californians are getting oversold on oil and gas jobs

When Gov. Gavin Newsom announced modest plans to phase out permitting for new oil production in California, industry advocates freaked out. The Western States Petroleum Association claimed that the oil industry supports close to 368,000 jobs in the state.[20] That is surprising since, according to the Bureau of Labor Statistics, only 22,000 Californians were involved in oil production in 2020, down 40 percent from the industry's peak in 2012. In the Golden State, oil and gas production accounts for barely one-tenth of 1 percent of all employment.[21]

Conclusion

The oil and gas industry and its proponents are misleading the public and policymakers about the economic benefits produced by this destructive industry. Their false claims do not add up and cannot be allowed to stall a rapid transition to 100 percent clean, renewable energy. We need a New Deal-scale green public works investment to create real green jobs and stave off the worsening effects of climate catastrophe.

Endnotes

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