Center for American Progress Action Fund

The Romney-Ryan Ticket: Ceding the Energy Future

Abandoning Clean Energy Investments Means More Jobs Shipped Overseas and Declining American Economic Competitiveness

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Introduction

Despite pledging to protect American employment, Republican presidential candidate and former Massachusetts Gov. Mitt Romney opposes critical clean energy policies that will encourage investment and create jobs on American soil. Gov. Romney wrote in a Columbus Dispatch op-ed that, "In place of real energy, Obama has focused on an imaginary world where government-subsidized windmills and solar panels could power the economy. This vision has failed."[1]

How does this translate into policy? Take Gov. Romney's opposition to the production tax credit, which provides a tax credit of 2.2 cents per kilowatt-hour for the production of electricity from wind energy. According to Navigant Consulting, allowing this credit to expire would cost 37,000 American workers their jobs.[2] This position has put him at odds with other prominent Republicans such as Iowa Sen. Chuck Grassley and Gov. Terry Branstad, both of whom recognize the value of this incentive in boosting employment in their state. In fact, more than 81 percent of installed wind capacity is located in districts with Republican representatives.[3]

Although Gov. Romney touts his tenure at Bain Capital as valuable private-sector experience that gives him a business-minded approach to jumpstarting our economy, four major financial institutions—Wells Fargo, Bank of America Corp., Goldman Sachs Group, Inc., and Citigroup, Inc.—have signaled their disagreement with his reluctance to embrace clean energy policies by pledging to invest a combined $170 billion in a cleaner economy. Even some of our largest companies believe a clean energy future is both a solid investment and a valuable venture.

Other nations such as China, Brazil, Germany, and India recognize the promise of clean energy for economic growth and have implemented long-term policies to attract investment from their own companies and others around the world, including U.S. companies. The leaders of these nations know that capital will flow to the best policy environments for clean energy innovation. By opposing the policies that would keep green jobs in America, Gov. Romney harkens back to his Bain Capital days, showing a similar pattern of shipping overseas American jobs that could remain in our borders.[4]

The United States led in clean energy investments worldwide in 2011, with $48 billion invested in clean energy in our country.[5] U.S. companies received more than 75 percent of all venture capital investments in clean technologies.[6] But our status as a clean energy leader is far from permanent. We must continue to support the policies that have catapulted us to first place and ensure that our clean energy economy—which grew by 8.3 percent during the depths of the recession from 2008 to 2009—continues to thrive.[7]

In this issue brief we will describe some of the clean energy policies with a proven track record of spurring investment and creating American jobs, highlighting where the two presidential contenders stand on each issue. The clean energy investments pledged by American banks are a strong barometer of the potential the United States has to grow an even more robust clean energy economy—one that creates and sustains recession-proof jobs, reduces our reliance on oil from foreign nations, and reduces the air pollution that claims thousands of lives every year.

Policies to keep investments in the United States

Actions by four major American banks demonstrate that Gov. Romney is on the wrong side of the clean energy issue. Wells Fargo, Bank of America, Goldman Sachs, and Citigroup all have announced plans to increase their investments in clean energy, promising a combined total of at least $170 billion in these investments. Specific commitments include:

- In April 2012 Wells Fargo announced that it will invest $30 billion in clean energy over the next eight years in hopes of building a greener economy. Prior to the announcement, the bank had already invested an additional $11.7 billion, of which $2.8 billion occurred in 2011.[8]

- In May 2012 Goldman Sachs stated that it will invest $40 billion in clean energy over the next 10 years—$4 billion annually.[9]

- In June 2012 Bank of America declared that it will invest $50 billion in clean energy over the next decade. The bank said the money will underwrite initial public offerings for green companies, make loans to consumers buying hybrid vehicles, and help developers retrofit old buildings and invest in renewable energy.[10]

- In 2007 Citigroup announced a commitment of investing $50 billion in a green economy by 2017. As of 2011 Citi has directed $36 billion in initiatives such as financing alternative technology and researching carbon-reduction strategies.[11]

These financial institutions are drawn to clean energy technologies because the industries have a proven record of making profits for investors.

Yet Gov. Romney has made it clear that he does not believe in a clean energy economy by opposing several measures to jumpstart investment and stop American clean energy technology from reaching the market and thriving on a global scale. The production tax credit, for example, is a policy the federal government has supported for years. Investors look for successful projects, and wind energy is a great one. This policy benefits our economy, our planet, and investors who are planning to build a clean energy future.

This credit also helps increase our nation's energy diversity and reduce our reliance on fossil fuels. But after two decades of bipartisan support, Gov. Romney has made it clear that he will let this policy expire, calling the credits "boondoggles."[12] Nevermind that the wind industry has seen an average annual growth rate of 35 percent in the past five years and now produces enough power for more than 10 million American homes.[13]

Yet if Gov. Romney has his way, he will not only jeopardize U.S. progress in wind energy but also will cost our nation jobs. Extending the production tax credit would prevent 37,000 jobs from being lost nationwide and has the potential to support 95,000 jobs through 2016.[14] Gov. Romney doesn't want to do that.

In contrast, the Obama administration has made it clear that the United States will join the worldwide effort to prevent catastrophic climate change by supporting clean energy policies that significantly help in the fight against greenhouse gas pollution and also create jobs in a renewable energy economy.[15] For instance, the Weatherization Assistance Program, which was strengthened in the 2009 stimulus bill, has been a critical policy, as it has created American jobs that can't be outsourced while saving hundreds of thousands of low-income families money on their energy bills.[16] Clearly, investments made in the clean energy industry are in the best economic interest of our country.

Interestingly, although Gov. Romney now opposes plans to support renewable energy technology through investments and policies, he recognized the utility of such policies to fuel the growth of the clean energy industry and implemented them as governor of Massachusetts. Using incentives similar to those used by the Obama administration, Gov. Romney funded the development of many renewable energy and energy-efficiency projects.

Gov. Romney authorized $24 million, for example, to support the growth of Massachusetts clean energy companies such as Nuvera Fuel Cells, Inc.[17] Nuvera's $5.75 million loan, made by the Massachusetts Green Energy Power Partnership, allowed the company to change locations and hire additional workers. The loan was very successful, and Nuvera was able to repay it in three years.[18] Yet the position change by presidential candidate Romney reflects his extreme adjustment in order to cater to radical conservatives and Big Oil.

Gov. Romney's opposition to clean energy also is in direct contrast to his continued support for wasteful tax breaks for the oil-and-gas industry—not exactly the sector that needs the most help, according to a Center for American Progress study, which reported that the top five oil companies in America earned $62.2 billion, or $341 million per day, in the first half of 2012.[19] Gov. Romney has chosen to support these wasteful giveaways for dirty nonrenewable energy, and yet he refuses to make cost-effective investments in clean energy technologies that would ensure our energy independence in the future.

The House of Representatives-passed FY2013 budget, authored by Gov. Romney's running mate Rep. Paul Ryan (R-WI), would retain these tax breaks. Rep. Ryan claims his budget would eliminate tax breaks in exchange for lower tax rates, but his plan didn't specify a single tax break that it would eliminate.[20] The Ryan budget plan lowers the top corporate income tax rate by nearly one-third, similar to Gov. Romney's proposal for reducing the corporate tax rate, and it maintains the tax breaks for oil-and-gas companies that don't need the handout.

Gov. Romney unabashedly supports the dirty energy industries of the past, unlike President Barack Obama, who has worked to end these wasteful tax breaks. Every budget the president has proposed since being elected ends these breaks.[21] Going forward, the difference is clear: A Center for American Progress Action Fund analysis estimates that the big five oil companies would pay $2.3 billion less in taxes each year under Gov. Romney's economic plan, based on an assessment of financial statements filed with the Securities and Exchange Commission.[22] This money could be used much more effectively if it was invested in clean energy technologies, which would help ensure that the $170 billion in private capital pledged by the four large banks is invested in the United States and not in our competitors abroad.

Investments in America can strengthen our economy

Clean energy is a proven economic success story, both domestically and internationally. Alternative energy sources will grow with global energy demand, and big manufacturing countries such as China are setting aggressive targets for reducing carbon emissions. Brazil announced in 2009 that it aims to achieve a reduction of at least 36 percent of its carbon emissions by the year 2020,[23] and China unveiled for the first time its goal of reducing carbon emissions by between 40 percent and 45 percent by 2020.[24] As the United States was installing more wind turbines in 2009, China became the world's largest manufacturer of wind power systems—a result of long-term investment and demand for the products.[25]

The United States can do the same thing with the support of strong, long-term policies. The success of the production tax credit proves that we can compete with China as long as we foster a good policy environment. China has increased its green investments because clean energy is the future energy industry.

China and Brazil are not the only examples. Germany also links strong energy policies to market growth and manufacturing leadership. By creating stable incentives for the solar industry, for example, Germany became the world's leader in solar energy production.[26] In addition to reducing its carbon emissions, Germany's renewable energy programs also helped support the nation during the European economic crisis.[27] By investing in the wind and solar industries, the industries grew, the economy was stimulated, and the overall unemployment rate dropped to 6.7 percent—the lowest rate in two decades.[28]

To stimulate the growth of the solar industry, the United States would need to provide similar long-term subsidies to solar energy companies.[29] Unfortunately, under a possible Romney administration, only oil-and-gas companies will continue to be supported.

American companies and financial institutions should invest in American clean energy technology, but these corporations can only do that if the federal government provides the right policy environment.

Impact on states

Gov. Romney's policies would be felt far and wide. According to the Bureau of Labor Statistics, 3.1 million Americans have green jobs,[30] although Gov. Romney has called these jobs "illusory."[31] Individual states across the nation have realized the promise of clean energy, creating tens of thousands of jobs and reaping significant tax revenue, while improving the quality of air and water for their residents. Gov. Romney would certainly put a damper on future economic development, however, by preventing additional capital investment in clean energy technologies.

States such as Nevada, Colorado, Iowa, and Ohio are success stories that are now under attack from Gov. Romney's dirty energy positions:

- **Nevada** is an attractive location for solar manufacturing and geothermal energy, receiving $158.5 million of private-sector investment alone from 2009 to 2010. Nevada is ranked first in solar and geothermal energy production on a per-person basis.[32]

- **Colorado** benefited tremendously from its Renewable Portfolio Standard. The state has required investor-owned utilities to provide 30 percent of their electricity through renewable energy by 2020. This policy has led to the state becoming the fifth-largest solar market in the United States, with more than 294 solar companies operating in Colorado and creating a projected 3,575 jobs through 2016.[33]

- **Iowa** is the poster child for the benefits of the production tax credit. The state has been able to attract more wind energy manufacturers than any other state, and direct manufacturing of wind turbines has resulted in more than 3,200 jobs.[34] In 2011 wind energy provided 19 percent of the state's total electricity generation.[35] Gov. Branstad had strong words for Gov. Romney's campaign recently, saying they "need to get out here in the real world and find out what's really going on" before abandoning support for the industry.[36]

- **Ohio** is the fastest-growing state for new wind installations. The reason: Ohio's Renewable Portfolio and Advanced Energy Standard requires the state to produce 25 percent of its electricity from alternative energies by 2025.[37] This policy led Ohio to become the fastest-growing state for new wind installations in 2011, with installations growing more than 950 percent in 2011 and with the completion of the first utility-scale wind project in the state.[38] Ohio created a total of 126,000 clean energy jobs, and green jobs nationwide pay an average of $3,500 more than typical blue-collar jobs—a boon to struggling economies.[39]

TABLE 1

Top states that would benefit from extending the production tax credit

State	Employment impact of a four-year production tax credit extension
Colorado	17,500–20,000
Iowa	17,500–20,000
Texas	17,500–20,000
Illinois	15,000–17,500
Oregon	10,000–12,500
California	7,500–10,000
Nebraska	5,000–7,500
North Dakota	5,000–7,500
Pennsylvania	5,000–7,500
South Dakota	5,000–7,500
Wisconsin	5,000–7,500
Total	110,000–137,500

Source: Navigant Energy

Conclusion

The worldwide growth in clean energy in just the past few years shows the strong positive correlation between enacting clean energy policies and investment, between investment and innovation, and between innovation and a burgeoning sector of our economy. Countries with the strongest policy frameworks have attracted the most capital and enjoy the associated economic benefits. The United States was responsible for $48 billion worth of renewable energy investments in 2011, thanks to strong progressive policies that support this industry.[40]

That will change dramatically if Gov. Romney is elected. Domestic investment in clean energy technology will falter, and we will cede American jobs and businesses to our global competitors. Without the right policies in place, American investments in clean energy will be shipped overseas because of the growing international market to serve. We cannot allow our nation to fall behind in the clean energy race and risk losing the jobs that support so many American families across the country.

If we enact long-term stable policies that favor clean energy technology, we will not only protect public health while lessening our dependence on foreign oil but also maintain a wealth of good jobs across the United States, many of which we cannot afford to outsource. By increasing the certainty and transparency of market demand for innovative clean and efficient technology, we will be able to ensure that the United States remains a major player in this rapidly growing global market.

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