

A COSTLY CLIMATE OF INACTION:

1.9 MILLION JOBS LOST DUE TO THE U.S. SENATE'S FAILURE TO ADVANCE CLEAN ENERGY/CLIMATE LEGISLATION

An Analysis by

American Businesses for Clean Energy
Small Business Majority
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We Can Lead

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EXECUTIVE SUMMARY

On July 22, 2010, the U.S. Senate abandoned efforts to frame a comprehensive clean energy and climate bill and Senators then went out on recess. With the nation still reeling from an economic slowdown, the consequences of the Senate's failure to take action has far-reaching short- and long-term consequences that will be felt both nationwide and disproportionately in certain states.

The highlights of this analysis are as follows:

- In the less than two-month period since the U.S. Senate failed to act on a comprehensive climate and energy bill, the U.S. has fallen more than \$11 billion behind China and other leading nations in clean energy investments. The United States is now slipping behind the rest of the world's major economies at the rate of **\$208 million a day** in job-creating investments.
- The U.S. Senate's failure to act on climate and energy legislation cost the United States 1.9 million jobs ... and there is already clear evidence that the investments that would fuel such new jobs are shifting to other nations, notably China.
- Nearly 600,000 of the unrealized jobs were lost where they are now needed most -- the 10 states with unemployment rates over 10 percent: Nevada; California; Rhode Island; Florida; South Carolina; Mississippi; Oregon; Indiana; Ohio; and Illinois.
- Even states with lower unemployment levels lost hundreds of thousands of urgently needed new jobs, including more than 300,000 jobs in the following states: Arkansas; Maine;

Massachusetts; Minnesota; Missouri; Montana; New Hampshire; New Jersey; Pennsylvania; and Virginia.

- The lost jobs forfeited by the U.S. Senate include major categories of employment that could have put Americans to work immediately with little or no additional training or education – since a large portion of clean energy jobs require widely-held skills that millions of Americans already have.
- The Senate’s failure to take action is will have even wider negative economic consequences on American families, including Americans missing out on an increase annual household income of up to \$1,175 per year, and a boost to America’s gross domestic product (GDP) of up to \$111 billion – with these huge economic benefits flowing across all 50 states.
- Comprehensive climate and energy legislation is still the best bet for kick starting the U.S. economy.

THE U.S. SENATE IS LOSING THE CLEAN ENERGY RACE

While other nations are poised to be at the front of the pack in the global clean energy race, the U.S. Senate’s failure to act in July on clean energy and climate legislation leaves the United States way back at the starting line. The consequences of “sitting out” the clean energy race would be devastating for small and large U.S. businesses. As the Pew Environment Group has noted:

“A new worldwide industry is dawning. The global clean energy economy experienced tremendous growth over the past five years – with investment growth of 230 percent since 2005 – all the while weathering the recent financial downturn. For the private sector, the clean energy economy presents a significant and expanding market opportunity. The ongoing priority for energy security, reduction of global warming pollution and creation of jobs is setting the stage for global investment in the clean energy sector to grow 25 percent to a record \$200 billion in 2010.

At home, the clean energy economy is creating well-paying jobs for people of all skill levels and educational backgrounds. By 2007, more than 68,200 businesses across all 50 states and the District of Columbia accounted for more than 770,000 jobs, despite a lack of sustained government support in the past decade.

In spite of the considerable opportunity for investment and economic growth, U.S. clean energy overall investments fell 40 percent in 2009 compared to the year before, leaving the U.S. with a second-place ranking among G-20 members. Other country’s growth in investments over the last five years has surpassed the U.S., giving reason to

be concerned about the country's competitive position in the clean energy economy.”ⁱ
(emphasis added)

And what happens when the United States is so far behind the pack in the global energy race?

As Pew notes: “For the first time, China led the United States and other G-20 members in 2009 clean energy investments and finance, according to data released today by The Pew Charitable Trusts. **Last year, China invested \$34.6 billion in the clean energy economy – nearly double the United States’ total of \$18.6 billion.** Over the last five years, the United States also trailed five G-20 members (Turkey, Brazil, China, the United Kingdom, and Italy) in the rate of clean energy investment growth.”ⁱⁱ (emphasis added)

Several commentators have noted that there is a direct connection between inadequate clean energy and climate legislative and regulatory support and a decline in investment by the private sector. Based on its review of 270 climate change policies in 109 nations, states and regions, Deutsche Bank’s Asset Management Division (DeAM) concluded: “‘What investors want is Transparency, Longevity and Certainty – ‘TLC’ – in policy regimes to mobilize capital,” said Kevin Parker, Global Head of DeAM and member of Deutsche Bank’s Group Executive Committee. “Many major emitters such as the US and the UK do not have enough “TLC” in their policy frameworks. Our rankings show that China has a lower risk for climate change investors, as does Germany, but the research also shows that in order to avoid catastrophic climate change, all countries will have to do more to encourage investment.”ⁱⁱⁱ

The U.S. Senate’s recent failure to take action on clean energy and climate legislation sent the worst possible signal to investors. In fact, it can be calculated based on existing investment trends that in the 54 days between July 22, 2010 (when the U.S. Senate abandoned the climate bill) and its return to Washington (September 13, 2010), the United States fell \$11,269,800,000 (\$208 million *a day*) behind other G20 nations in clean energy investments. And during that same time the US has fallen \$21,215,342,466 behind the rest of the world in clean energy investments.^{iv}

WHAT THE SENATE LEFT ON THE TABLE: JOBS AND A MAJOR ECONOMIC LIFT

Investors around the world read the U.S. Senate’s failure to act on clean energy and climate legislation as a sign that the United States is not “open for business” in the same way that China and other nations are eager to be seen as:

“China overtook the U.S. to lead a quarterly index of the most attractive countries for renewable energy projects for the first time, according to a list compiled by the global accounting firm Ernst & Young.

After sharing the lead with the U.S. in the first quarter, China moved ahead of the world’s largest economy to rank as the most appealing nation for investing in wind and

solar power projects, according to the report released today. **The move follows the failure of U.S. Congress to pass legislation that would have required utilities to use clean energy.**^v (emphasis added)

The consequences of depriving the U.S. of tens of billions of dollars in private sector investments in clean energy jobs is huge. An analysis of the American Power Act – the last comprehensive climate legislation before the U.S. Senates – showed that it would have created 1.9 million jobs.^{vi} This is what the United States lost due to the Senate’s failure to act.

As the U.S. falls farther and farther behind in the global clean energy race – missing out on an estimated \$208 million in investments each day – the economic consequences become clearer and clearer. Of greatest concern: The U.S. Senate failed to create hundreds of thousands of jobs where they are needed most. The passage of comprehensive energy and climate legislation could have given the economy a much-needed boost, since nearly 600,000 of the new jobs would have been created in the 10 U.S. states that reported unemployment rates of 10 percent or more in June 2010, compared to the national level of 9.5 percent.^{vii}

STATE	UNEMPLOYMENT RATES	U.S. JOBS FORGONE
Nevada	14.3 percent	17,000
California	12.3 percent	226,000
Rhode Island	11.9 percent	8,000
Florida	11.5 percent	78,000
South Carolina	10.8 percent	36,000
Mississippi	10.8 percent	19,000
Oregon	10.6 percent	26,000
Ohio	10.3 percent	61,000
Illinois	10.3 percent	68,000
Indiana	10.2 percent	45,000
TOTAL		584,000

Even states with much lower levels of unemployment lost hundreds of thousands of urgently needed new jobs. Consider the following 10 examples of states roughly at or even considerably below the national unemployment average of 9.5 percent in 2010:^{viii}

STATE	UNEMPLOYMENT RATES	U.S. JOBS FORGONE
Arkansas	7.4 percent	25,000
Maine	8.1 percent	12,000
Massachusetts	9.0 percent	40,000
Minnesota	6.8 percent	38,000
Missouri	9.2 percent	29,000

Montana	7.3 percent	13,000
New Hampshire	5.8 percent	7,000
New Jersey	9.7 percent	11,000
Pennsylvania	9.8 percent	78,000
Virginia	7.0 percent	50,000
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<i>TOTAL</i>		<i>303,000</i>

Since new jobs do not exist in a vacuum, the recession-busting potential of Senate action on climate and clean energy legislation went well beyond just those who get the two million new clean energy jobs. Such action by the Senate also would have provided:^{ix}

- A major lift for American businesses and struggling towns and cities, increase annual household income by up to \$1,175 per year.
- A boost to GDP of up to \$111 billion – with significant economic benefits flowing across all 50 states.

PUTTING PEOPLE TO WORK NOW: THE NATURE OF LOST CLEAN ENERGY JOBS

There is always a legitimate concern that the jobs that might be created by new investment would require extensive new training and education not already present in the workforce. According to the Political Economic Research Institute (PERI) at the University of Massachusetts/Amherst, the nature of clean energy jobs is that the work would (1) be distributed in areas where workers are already available and (2) tap job skills already present in the U.S. workforce. As a PERI report explains:

“The six ... strategies we examine here are: building retrofitting, mass transit, energy-efficient automobiles, wind power, solar power, and cellulosic biomass fuels. We show that the vast majority of jobs associated with these six ... strategies are in the same areas of employment that people already work in today, in every region and state of the country.

For example, constructing wind farms creates jobs for sheet metal workers, machinists and truck drivers, among many others. Increasing the energy efficiency of buildings through retrofitting relies, among others, on roofers, insulators and building inspectors.”^x

CONCLUSION: LOOKING AHEAD

The clean energy race will go on with or without the United States. It will not wait if federal lawmakers decide to sit out the next year, three years or a decade. In the near term, the

prospects for new jobs and other economic benefits from clean energy remain on the table. No other single piece of legislation under serious consideration by the U.S. Senate in July 2010 would have created nearly two million new U.S. jobs.

The U.S. Senate has already cost the United States billions of dollars in job-creating clean energy and climate-related investments. The question must be asked: How much further behind China and the rest of the world will the Senate allow America to fall in the global clean energy race?

ABOUT THE GROUPS

Small Business Majority is a small business advocacy group founded and run by small business owners to focus on solving some of the biggest problems facing small businesses today. The small business community is vast, diverse and dynamic. It includes 6 million small employers with 43 million employees and 22 million self-employed people, with varying political points of view. But they have at least one critical thing in common: Together, these entrepreneurs and other small business owners create jobs, innovate and grow the economy.

American Businesses for Clean Energy (ABCE) is an initiative to demonstrate large and small business support for Congressional enactment of clean energy and climate legislation that will significantly reduce greenhouse gas emissions. ABCE's goal is to create a single place on the web where individual companies and business organizations can register their support for Congressional action, and to demonstrate the depth and breadth of business support for this legislation.

The Main Street Alliance is a national network of state-based small business coalitions. The Alliance creates opportunities for small business owners to speak for ourselves, advancing public policies that are good for our businesses, our employees, and the communities we serve.

We Can Lead is a nationwide coalition of more than 1,000 business leaders - innovators, entrepreneurs, investors, manufacturers and energy providers - who support comprehensive, forward-looking energy and climate policies in the United States which will catalyze and grow a portfolio of new and existing energy sources, create new American jobs and end our boom/bust energy cycles. The network includes small and medium sized companies to large-scale energy providers, Fortune 500 companies and leading consumer-facing brands.

ⁱ *The Clean Energy Economy*, The Pew Environment Group, <http://www.pewglobalwarming.org/cleanenergyeconomy/index.html>, March 25, 2010,

ⁱⁱ Ibid, http://www.pewglobalwarming.org/cleanenergyeconomy/pr_24mar2010.html.

ⁱⁱⁱ “DB Climate Change Advisors Publishes Analysis of 270 Climate and energy Policies,” Deutsche Bank’s Asset Management division, March 25, 2010, <http://www.dbcca.com/dbcca/EN/ media/Climate Tracker Press Release 10-22-2009 Final.pdf>, October 26, 2009.

^{iv} Each day the United States fail to act on clean energy and climate legislation, the U.S. falls an estimated \$208 million behind other G20 nations in clean energy investments, per The Pew Environment Group calculations at <http://www.pewglobalwarming.org/cleanenergyeconomy/index.html>, supra.

^v “China Beats U.S. on Renewable-Energy Investor Ranking,” Bloomberg, <http://www.bloomberg.com/news/2010-09-07/china-supplants-u-s-at-top-of-ernst-young-ranking-for-renewable-energy.html>, September 7, 2010.

^{vi} Per analysis of the Senate climate bill’s projected impact in *Clean Energy and Climate Policy for U.S. Growth and Job Creation*, David Roland-Holst and Fredrich Kahrl, UC Berkeley, in collaboration with Madhu Khanna, University of Illinois, Urbana-Champaign, and Jennifer Bakka, Yale University, <http://calclimate.berkeley.edu/sites/default/files/host-Clean%20Energy%20and%20Climate.pdf>, October 16, 2009.

^{vii} “July Unemployment Rates, by State: Uneven Progress,” Wall Street Journal, August 20, 2010, (subscription required). For July numbers see: *Regional and State Employment and Unemployment Summary*, US Bureau of Labor Statistics, <http://www.bls.gov/news.release/laus.nr0.htm>, August 20, 2010.

^{viii} Wall Street Journal, supra.

^{ix} *Clean Energy and Climate Policy for U.S. Growth and Job Creation*, supra.

^x “Job Opportunities for the Green Economy,” Robert Pollin and Jeannette Wicks-Lim, Political Economic Research Institute (PERI) at the University of Massachusetts/Amherst, http://www.peri.umass.edu/fileadmin/pdf/other_publication_types/Green_Jobs_PERI.pdf, June 2008.