



## Why are Republicans Trying to Kill America's Wind and Solar Power Industries?

**Eban Goodstein**, Bard College

Enterprises generating wind and solar power are growing fast in Europe, Asia, and the United States. As countries seek to limit fossil fuel emissions that spur global warming, the search for cleaner energy sources is on. Thirty years ago, the wind and solar industries did not exist, but now they are coming into their own, actively nurtured by governments across the globe.

On a good site with convenient access to transmission lines, wind power is highly competitive with power generated from fossil fuels like coal and oil. Texas and Iowa alone have installed over 15,000 megawatts of wind-power generation, equal to the energy that can be generated by fifteen nuclear power plants. In the last couple of years, solar prices have dropped as much as fifty percent, reaching parity with other sources in parts of Europe and the United States. California will soon have solar power capacity equal to several large nuclear power plants.

With all of this good news, why would a major U.S. party loudly oppose wind and solar power? During the 2012 election, the GOP presidential nominee, Mitt Romney, abandoned his former support for green policies. Instead, he championed his party's platform, which opposed the continuation of U.S. wind-energy tax credits that have been in place for twenty years and promised to cut off loan guarantees that have been critical for the growth of solar power. These positions are especially surprising given that 81% of wind capacity is in GOP districts, and so are thousands of jobs that would have been lost had the tax credit for wind power not been extended (as it was after Obama won re-election).

Let's consider why it sometimes makes sense for governments to nurture what economists call "infant industries" that promise new profits and socially useful products, and then turn back to the puzzle of today's Republican Party.

### How Governments Help Infant Industries Succeed

Historically, governments across the world have helped key industries so they could gain ground in the world economy – a good example is South Korea's creation of an automobile industry. Recently, both nations and U.S. state governments have fostered renewable energy for national security and environmental reasons, and to create jobs. When homegrown electric power replaces imports of coal, natural gas or oil, then dollars and jobs stay at home. In Iowa, for example, wind-generation creates new jobs, and Iowans send fewer dollars out of state to coal producing regions.

For decades, federal and state-level initiatives have used various tools to nurture America's solar and wind power industries:

- In the late 1970s, the Carter administration used research and development funding and incentives to encourage startups. By the mid-1990s, America was the world leader in an increasingly cost-effective, competitive industry. Since then, Europe has taken over the technological lead, but U.S. policies have kept our wind and solar companies in the game.
- Wind power production has expanded dramatically, encouraged by state-level renewable energy requirements and the federal tax credit (supported by Iowa Republican Senator Chuck Grassley and other farm-state legislators).
- Solar energy has seen explosive growth, with huge potential markets for American companies. China's entry in the market has driven down costs and accelerated global deployment. U.S. federal loan guarantees have encouraged investments in solar plants, such as two close to completion in California that combined will produce over 1000 megawatts of power.

Government loan guarantees, until recently garnering strong bipartisan support, are perfectly suited for a technology like utility-scale solar power that is generally competitive in an environment like California, but is still perceived as new and risky by commercial lenders. Like a venture fund, government loan guarantee programs are specifically designed to support a portfolio of risky investments. Most companies will succeed, but a small minority will fail, as did the much-discussed Solyndra venture. The Solyndra loan guarantee originated under Republican President George W. Bush, and as of 2012 the same Department of Energy program has provided a total of thirty-three loan guarantees, only two of which have had loan defaults. Thirty one leading-edge technology companies successfully moved on to private-sector funding, and the funds used to cover the two defaults were much less than Congress originally budgeted.

### **Why Republicans Have Doubled Down on “Drill Baby Drill”**

Neither party has a history of consistent energy policies, but today's Republican Party is taking a clear stand *against* promising efforts to foster wind and solar power as part of an overall U.S. energy portfolio. Republicans unequivocally oppose wind tax credit and loan guarantees. These stands might make sense as principled opposition to all public subsidies. But the GOP champions billions of dollars of tax breaks and incentives for the fossil fuel and nuclear industries.

Current Republican positions can only be understood in bare-knuckled political terms. The tune is called by grassroots Tea Party activists who deny the reality of climate change and billionaire funders with vested interests in coal and oil profits. As environmental protests multiply, carbon energy interests know that now be their only chance to derail rising competition from renewable energy companies – and preserve their own special tax breaks and price advantages. In the past decade, the major oil companies have earned over a trillion dollars in profit. It takes only a fraction of this tremendous wealth to intervene in elections and lobby politicians to maintain tax breaks for carbon energy industries and slow the growth of the wind and solar industries.

### **Rewiring the Future – Will America Participate?**

Over coming decades, humanity will race to rewire the world with clean energy, to avoid the devastating effects of warming spurred by burning carbon fuels. Europe and Asia will not ignore this chance for technological innovation and new profits. If current Republican priorities win the day, U.S. companies will be

severely undercut in an emerging global market worth several trillion dollars. And millions of Americans, especially in the Midwest and West, will lose economic opportunities and face intensified droughts and crop losses from climate change.