Study finds economic benefit in promoting electric-vehicle sales

By John Cox
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A new think-tank study says government efforts to promote greater adoption of electric vehicles in California, especially among the poor, would boost the state's economy as consumers find other uses for the money they would otherwise spend on fuel.

Getting more people to drive light-duty, plug-in electric vehicles instead of internal combustion engines would raise the state's economic output by at least $82 billion and create a minimum of 394,000 net new jobs within 10 years, according to the study. It said those benefits would be seven to eight times greater by 2050.

The authors concluded there would also be health and environmental benefits of phasing in more zero-emission vehicles, particularly in poorer areas. But the thrust of their report seemed to be that state policymakers trying to achieve ambitious climate-change goals should encourage greater use of electric vehicles because that would grow the economy and increase tax revenues.

The study was commissioned by San Francisco-based Next 10, an independent think tank focused on matters involving energy, the environment and quality of life. Research and analysis was done by Bay Area consulting firm Berkeley Economic Advising and Research.

Not included in the study was any detailed analysis of how promoting use of electric vehicles would affect Kern's oil industry, which as the heart of West Coast petroleum production directly and indirectly provides work for an estimated 24,000 people countywide. Increasing the use of electric vehicles in California would likely cut demand for gasoline, which could have an overall negative impact on local oil production.

The study's primary author, David Roland-Holst, noted in an interview Monday that California oil and gas payrolls, including gas station jobs, were factored into the net job total.

He took a hopeful tone with regard to the local oil industry, saying that achieving California's climate goals doesn't necessarily require eliminating all in-state petroleum production.

Given that most of California's oil supply is imported, he said, the state appears to have an opportunity to achieve petroleum "self-sufficiency."

"It looks like there’s some bargaining room,” he said, implying that state officials might be persuaded to preserve domestic production while reducing imports.

The study says California's service sector is the economic category most likely to benefit from any new expendable income available to the motorists in the state. Services such as health care and legal work account for about two-thirds of the state's economy, Roland-Holst said.

Transportation is estimated to account for more than 40 percent of California emissions, making it a primary focus for a state government charged with cutting in-state emissions to 40 percent below 1990 levels by 2030 — then achieving a steeper, 80-percent reduction by 2050.

Next 10 founder F. Noel Perry said the bottom line is that state policymakers need to understand that greater use of electric vehicles carry substantial benefits and should be accelerated.

"This (transition to electric vehicles) is a potent catalyst for economic growth in California over the next 10 years,” he said.