

**CENTER FOR AMERICAN PROGRESS**

**PICKING A WINNER: HOW TO MAKE THE U.S.  
A LEADER IN THE CLEAN ENERGY ECONOMY**

**INTRODUCTION:  
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PHIL ANGELIDES: Welcome, everyone. If everyone can come on in and take their seats, we'll get rolling. I'm going to get my watch out just to make sure I don't use all 45 minutes. Good morning, I'm Phil Angelides. I am proudly the chairman of the Apollo Alliance, and on behalf of the Apollo Alliance and the Center for American Progress, I want to welcome you today to the "Picking a Winner" conference.

Today is going to be a great opportunity to participate in a series of eye-opening discussions about how we can rebuild our economy, how we can put our people to work, how we can create an economy of sustainable wealth and growth by regaining our place as the leader of the global clean energy economy.

A few thank-yous to start off this morning: First of all, I want to thank the great staff of CAP for all the work they've done to pull this together. Particularly, I want to thank my friend Kate Gordon, Sean Pool and Bracken Hendricks, and all the staff at CAP for what they did to organize this event and put together a great assembly of speakers with whom you will participate today. (Applause.) It's early, but give them a round of applause. (Applause.)

I also want to thank the great staff of Apollo – Cathy Calfo, the director, Matt Maryl, our policy director, and Andrea Buffa – for the vision in coming up with this conference and then the countless hours they put together. And of course, I want to thank the folks who made this conference possible, the Nathan Cummings Foundation and Silverstein – the people who put their resources behind the kind of dialogue we need to put America back on the road to broadly shared prosperity. And I would like to thank Glenn Beck for reminding us to buy gold and for raising the profile of the Apollo Alliance each and every day on his show. (Laughter.)

As we gather today, it's very clear that we face the most profound economic crisis since the Great Depression. We are still reeling from a financial meltdown that has left our economy in tatters and will have done so with profound consequences for years and decades to come. Make no mistake; our country is still in the midst of the financial crisis, still in the midst of tremendous struggle.

As we meet here today, there are 26 million Americans who are either out of work, underemployed, who have stopped looking for work – fully 17 percent of our workers in this country. Two million families have lost their homes to foreclosure and nearly 3 million more have a legitimate fear of losing their home and are in the foreclosure process today. Over \$12 trillion of wealth has disappeared from American households, and it is likely that GDP in this country will not return to the levels to which it would have been but for the financial crisis for over a decade.

In the wake of the devastation left by an era of financial recklessness, the question before us today is whether we're prepared to take the steps in a serious way, in a comprehensive way that will give us a true path to recovery, to create an economy of enduring strength, sustained

growth and broadly shared prosperity. And if we are, we are going to decide as a nation, as a matter of policy, that we will grab the biggest opportunity of the 21<sup>st</sup> century, and that is the burgeoning clean energy economy for this globe.

God knows there's plenty of reason for us to do so. There is, in fact, the imperative to find a credible and real path back to economic recovery beyond just putting more money in the system temporarily to make sure we can stabilize and save our economy from sliding into a depression. There is the need to break our pernicious dependence on foreign oil that saps the wealth of this country and endangers our nation's security – \$400 to \$700 billion a year going overseas, often sent to regimes deeply hostile to our values; \$200 billion and countless lives spent to secure this nation's and to defend this nation's oil supply lines.

And of course, there is the real and imminent threat of global warming that is already causing economic and environmental havoc across the globe. Let's be clear: We're behind, pure and simple, while China, Japan, Spain, Germany and other countries are making massive commitments and investments in clean energy infrastructure and production. Here in America, we don't even have enough domestic capacity today to meet our own rather minimal renewable energy needs.

More than 70 percent of America's clean energy systems and components are made abroad. One half of the wind turbines and two-thirds of the solar photovoltaic cells used in our own country are made overseas. And astoundingly, at the very time that this country is focused more on becoming energy independent, our global trade balance with respect to clean energy from 2004 to 2008 – our trade deficit grew by \$5 billion.

Today, the Apollo Alliance and Good Jobs First have released a report called "Winning the Race." That report makes a set of recommendations about how we can get back in the hunt for leadership in this critical area, but it also says that if we don't do anything, if we don't reverse the trend we're on, that the U.S. will lose out on 100,000 clean energy manufacturing jobs by 2015. The time to act is now, to adopt a comprehensive, competitive strategy that will put America back in the leadership of the global clean energy economy before it's too late.

And what that means is, it means enacting comprehensive clean energy and climate legislation that spurs, globally, the growth of the clean energy industries. It's a fight on which we cannot give up and will not give up. It means building on the first steps in the American Recovery and Reinvestment Act by making sweeping investments in clean energy, manufacturing, production, as well as energy efficiency.

It means adopting Sherrod Brown's IMPACT bill that will provide resources to retool and expand America's existing manufacturing industry so we can create the component parts of that industry here at home. It means expanding the advanced energy manufacturing tax credit and making sure that when we use American tax dollars, it results in jobs being created in our own country. And it means investing in a well-trained workforce that makes us best in class throughout this world.

In short, what it means is embracing a comprehensive strategy that gives us a chance to win this race. Yes, a national economic strategy; yes, an industrial policy that will allow us to compete and win. To all those who doubt that we need to undertake this kind of national commitment to economic planning and competitiveness – to all those who would want us to reprise the anything goes, quarter-by-quarter profit economy of the last decade – I would just say that the weight of history and the challenges of the future are on our side. Time and again in this country, when we have faced enormous challenges, both external and internal, we have come together; we have embraced a national economic strategy that catapulted our nation forward.

In the 1860s, in the height of the Civil War, at a time when there were 600,000 Americans who died on the battlefield or of disease – a nation shattered – that’s the moment when Abraham Lincoln pushes through the Transcontinental Railroad. It’s when he pushes through the Homestead Act that made millions of Americans equity owners in our society for the first time; a point at which he pushes through the Land Grant College Act that creates hundreds of colleges that train workers for the Industrial Revolution to come.

In the New Deal, when one-third of this nation was ill-housed, ill-clothed, ill-fed, it’s that moment at which Franklin Roosevelt commits the national capital of this country to putting people to work on public works from which we still benefit today. When I was growing up, my father took me out on the lawn of our house in Sacramento, California, to point to Sputnik as it orbited this globe. That was the moment at which we made a new commitment to research and development, to science, to educating our young people.

I’m one of the generation of people who went to college on something called the National Defense Education Act, because we realized if we educated our people, it was one of the key things we could do make us competitive. And of course, that’s the moment when we decided to win the race to the moon in 1961, when John Kennedy said that we would put a man on the moon by the end of the decade. We committed \$3.5 billion of public capital each year to do that – \$70 billion in today’s economy – because we knew that it would not only lift this nation’s spirit but it would spawn a generation of economic progress for decades to come.

We’re at a similar moment. It’s a moment we must seize. And we hope today is the start of an important dialogue about building the kind of economic strategy in clean energy that will allow this country to succeed. So I want to thank you for all being here. I know that today’s conference will give everyone a chance to talk about how we get in the game, and I know you’ll find it very, very useful.

Now, none of this could have happened without our partner, the Center for American Progress. And it’s now my great privilege to introduce John Podesta, who all of you know, who is the president and the CEO of the Center for American Progress. He’s had an extraordinary career of public service. He’s someone who has deep values. He’s someone who is a leader in progressive and innovative thinking. And as importantly as anything else, he is someone who knows how to get things done, how to move the ball, how to take ideas and make them reality.

He is known very well for having been chief of staff to President Bill Clinton, for having been co-chair of the Transition Committee for President Obama. But more than anything else

he's about the most respected person in this city and across this country for moving good ideas, big ideas into the arena and working to make them reality. So with no further ado, our partner in this, John Podesta. (Applause.)

JOHN PODESTA: Well, I want to thank Phil. I don't think I could possibly live up to that billing but I appreciate – I appreciate that. And I want to start by thanking Phil Angelides for – you know, he's out there as chair of the Financial Crisis Inquiry Commission, trying to figure out how we got into the mess we're in and how to save capitalism. So the fact that he still has a commitment to this issue, I think, is really a testament to the fact that he sees the future in terms – and took over the chair of the Apollo Alliance – because he knows that America's future is at stake here.

And I want to thank you for all of your previous public service, Phil, for what you're doing currently, as I said, to rebuild and save capitalism and for your dedication to this work with the Apollo Alliance. I also want to thank Cathy Calfo for helping us put together this symposium, and to Kate Gordon and our team here at CAP for all the work they've done to do this.

I think amongst energy wonks, the title of this conference, "Picking a Winner," probably sounds a little odd. If anyone came here expecting to have a knock-down, drag-out fight about those who favor wind versus solar, nuclear versus natural gas, I guess we're going to disappoint you. CAP, for one, won't be awarding any gold medals to specific technologies today.

But what we are trying to do by holding this conference, by releasing our new report, "Out of the Running," which I'll say more about in a couple seconds, and inviting all of you here today, is to highlight the choice that this country is currently facing when it comes to joining the clean energy race.

In naming this conference, "Picking a Winner," we were intentionally trying to be provocative, and our aim was to make the point that clean energy, writ large, is a hands-down winner for the future of the American economy. I think Phil went over – and it's pretty well known that there are – well-versed in the arguments about why we need to do this. There's clearly a national security argument underneath moving forward with a clean energy future.

We recently issued a report that found that one-third of our oil imports – about \$150 billion a year – are imported from countries that the State Department lists as unstable or dangerous and issues travel advisories to Americans trying to go to those places. I think it gives you a sense of the dimensions of our security issues, as Phil raised.

The economic arguments, to reap the benefits of innovation, efficiency, business formation, including the real opportunities to create good-paying clean energy jobs at home and a strong export base abroad, will be the topic of what we're talking about here today. And of course, there are the scientific arguments because without action the effects of climate change will result in devastating effects – mass human migration, increased disease, intensified resource conflicts, amongst countless other consequences.

But the importance of taking this on hits home when you step back and look at the big picture. The last century saw the United States not just lead the world, but dominate the globe when it came to innovation, entrepreneurship and economic strength. We still do today, but if we're going to continue to do so for the next 100 years, we need to look ahead to see where the rest of the world is going and mobilize our talent to seize opportunities presented by a clean energy world.

China, for example, is making clean energy a centerpiece of its economic development strategy. I, along with several of my colleagues from CAP, went to China in September to witness its progress. China wants to be the home of the first mass-produced electric vehicle, the largest solar PV power plant, the most extensive high-speed rail network. As the world becomes more carbon-constrained, they want to export the materials and technologies that the rest of the world will increasingly demand.

But China is not alone. India is making clean energy a centerpiece of its development strategy and set aggressive renewable energy goals and is taking the steps necessary to meet them. Germany and Spain, in particular, have reaped the economic benefits, emphasizing clean energy development and deployment in their national economic strategies. I guess you would say that they, too, have a plan to develop their economies and have an industrial policy.

I don't know, when did "industrial policy" get to be a dirty word in this country? The fact that we would build out and have policies that were driving U.S. competitiveness and industry in America seems almost apparent as you look at what's going on around the rest of the world.

Around the world, developed and developing countries alike see clean energy as the key to future economic leadership, and I believe so does President Obama, who reiterated his beliefs in this year's State of the Union, that the country that leads the clean energy economy will be the country that leads the global economy. As he said, we don't want to be second, and I think I would add to that, or third or fourth or fifth or 19<sup>th</sup>.

But the forces of the status quo are strong and still looking backward in a futile effort to preserve an outdated 20<sup>th</sup>-century economic model. At best, it's as if, on the cusp of the Internet and telecom revolution, we're arguing over whether to invest in digging trenches to lay fiber-optic cable. At worst, it's as if we decided to stick with the black telephone and VCRs despite the dawning of the iPhone age.

The failure to act means that the U.S. now ranks – and our report that I talked about notes this – we now rank 19<sup>th</sup> in clean energy technology product sales as a percentage of our GDP while Brazil, China, Denmark, Finland, Germany and Spain are in the top six. Much of the growth we have experienced in the past year, like a 39 percent increase in installed wind capacity, has been the result of short-term policies, and particularly those included in the recovery act that was passed a year ago.

And as important as those steps were, it won't get us anywhere close to capitalizing on the opportunities that America has. The reality is that by 2020, clean energy will be at least a

\$2.3 trillion industry worldwide, and we are not currently poised to take anywhere near full advantage of that. That's why CAP, as I noted, is releasing a new report called "Out of the Running: How Germany, Spain and China are Seizing the Energy Opportunity, and why the United States Risks Getting Left Behind."

As we all know, other countries are investing in comprehensive energy and climate policies that are creating a foundation for long-term leadership. It goes without saying that Germany, Spain and China have vastly different political economies than each other and the United States, yet each country is implementing clean energy policies that focus on the same three policy areas necessary to spur real growth.

The first area is markets. Unlike in the U.S., where market distortions disrupt demand for clean energy technologies, these three countries have focused on expanding markets and driving demand for new clean and efficient energy products and services. Germany and Spain have mandatory carbon emissions reductions standards. They've adopted renewable energy standards and feed-in tariffs to meet those goals. China also has a strong renewable energy standard. They routinely surpass national goals for clean energy generation by significant margins.

The second piece is financing. In the U.S., private-sector investments will not materialize at nearly the scale necessary without an initial dose of public investment, combined with strong public policy drivers. Investing across the full value chain of clean energy solutions – research, development, commercialization, production and deployment – is necessary to initiate the transition to a new clean energy future.

In Germany, for example, a publicly owned green bank, KfW, uses funds to leverage private capital for renewable energy technology developments as well as energy efficiency products, across the country and indeed across the globe. Spain has created a national renewable R&D center and another center for applied research and technology transfer. The latter includes a world-class wind turbine testing facility.

And China's most recent five-year plan identifies clean energy as a focus of the country's high-tech development plan and is investing aggressively in clean energy and, as I noted, across a broad range of technologies, including the most advanced grid that we'll see in the world and a tremendous commitment to high-speed rail.

The third piece is infrastructure. The U.S. needs to invest in the physical and human capital infrastructure upon which the clean energy transformation, like all major industrial transformations in the past, will ultimately be built. The electricity grid is a powerful example of the types of critical infrastructure investments that need to be made. Right now, electricity disruption – electricity disruption costs surpass \$100 billion a year to the U.S. economy in damages and lost business.

Germany, Spain and China, on the other hand, have made major investments in their transmission grids and in integrating renewable energy more seamlessly into the grid. Each has also focused on the manufacturing and human capital infrastructure needed to ensure that clean energy is not just a domestic priority, but an export industry.

Spain has created a national center for renewable energy job training, and its manufacturing facilities are exporting more than \$5 billion of products each year, primarily in solar, thermal and wind systems. Germany continues to be a global leader in manufacturing and workforce development and has applied its strengths in these areas to clean energy, creating a new solar valley for solar PV manufacturing in the former East Germany.

China is fast emerging as the international leader, not only in low-cost, low-skilled technologies, but also in things like solar PV manufacturing, a market that the U.S. dominated 10 years ago. Ten years ago we had 45 percent of the market; today China has 45 percent of the market. We're fast going to 5 percent of the market in that critical technology.

And China has also invested heavily in fuel cells and wind production facilities. I think things have been turned upside down. Now, hopefully, the panel will get into some of the issues involving China's aggressive support for their own industries, but, needless to say, they have a strategy. And you see the results on the ground in China and across the globe.

What these three countries have in common from a big-picture perspective is that each has articulated a clean energy economic development strategy. Each has developed a clear, comprehensive plan to achieve that goal through R&D investment, commercialization, production, installation, workforce training and demand-side policies.

The United States does not have a clear strategy on clean energy development, nor have we implemented a plan that rivals those other countries in scale or scope. Rather, we've got an array of policies that are mostly short-term. They're based on state-based policies, together with the recovery act, that add up to, really I think, a scattershot approach to clean energy investment.

Our federal programs are mostly focused on two pieces of the puzzle – early-stage innovation and late-stage installation – but if we don't invest and legislate across the value chain, if we don't develop comprehensive policies – that particularly includes workforce training – we will not be a great leader in clean energy, but we will be the great buyer of it.

President Obama, I think, has been committed to this issue. He has used his executive office and his executive authority aggressively to move the ball down the field, including the recovery act, which I already talked about, which the New York Times called the biggest energy bill in history – strengthened efficiency rules for appliances that will save \$500 billion in energy costs each year; new auto efficiency and tailpipe emissions standards that will save 2 billion barrels of oil and decrease greenhouse gas emissions by the equivalent of 170 million cars off the road.

And in October, the president took a major step forward by requiring all federal agencies to meet a series of environmental targets that include deep cuts in vehicle fleet oil use, improvements in water efficiency, emissions reductions in 2020. Katie McGinty is here. When we were trying to push on these levers during the Clinton administration, I think we got a little ways down the road, but this was a giant step to organize the federal government to take up these both efficiency reductions and increase the use of clean, renewable energy.

In Congress, it goes without saying that things are not so cut and dried, but I believe comprehensive energy and climate legislation is possible this year, in part because there is recognition from some key players on the Republican side of the aisle that energy policy, including a cap on carbon emissions, is also a national security and economic policy. And I think Senator Lindsey Graham in particular has been explicit about the need to put a price on carbon, and along with his work with Senator Kerry and Lieberman, I think that I'm still optimistic that we can form the basis for a strong, comprehensive bill.

But one thing is clear: The countries that are slowly taking over the export market for clean energy are putting a significant amount of resources in developing and commercializing those technologies. We can't compete or even collaborate until we, too, are willing to take seriously the level of investment necessary to create the intellectual property products and infrastructure we need. Given the gloomy economic budget outlook, the reality is that a substantial revenue source for these investments will be required, and that is likely to be a tough battle, and one I think that will only come about through comprehensive energy and climate legislation.

As I noted, we issued this report, "Out of the Running." The Apollo Alliance issued this report, "Winning the Race." (Laughter.) Perhaps we reflect a sense that the glass is half-full. Apollo is looking forward and seeing a glass – I'm sorry, that we look at a glass that's half-empty; they look at a glass that's half-full – and I think that hopefully, by the end of the day you'll form your own judgments about that. But I think that we have to be winners in clean energy, and if we do win it, once comprehensive energy and climate legislation is on the president's desk, it will signal to the world that the United States will seize the defining economic opportunity in the 21<sup>st</sup> century.

It will unleash a tidal wave of investment in innovation here at home and draw on Americans' proven ingenuity and entrepreneurial spirit to lead the world in clean energy markets, just as we've done in other high-technology fields. It requires us, though, as a country, to step up to the challenge of building a low-carbon future, and it requires all of us to continue to champion the benefits of that future to American workers and to the American public.

Again, I want to thank you all for being here. I want to thank Phil for his leadership and that of the Apollo Alliance. And now it's my pleasure to introduce Susan McGinnis, who is going to lead us in our first panel. Susan, from Clean Skies TV, please join us, and the other panelists please join us at the table. (Applause.)

(END)