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Cleaning climate creates jobs now

Use low-cost loans, regulations to hike green employment

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More than half of Americans want our nation to take strong steps to battle climate change, but seven out of eight believe attacking joblessness is more important now. Fortunately, we can have our cake and eat it, too: Create millions of jobs by replacing carbon-emitting electricity generation with conventional clean alternatives.

In no state is the prospect of green jobs more important than in Michigan. But the alternative energy industry in Michigan is in reverse gear, despite heroic efforts by Gov. Jennifer Granholm and others to nurture clean energy development.

Even the companies that led the efforts to turn traditional manufacturing jobs into clean tech jobs have been hard hit by the continued lack of credit and anemic demand in U.S. markets. United Solar, a solar manufacturing company, recently laid off 20 percent of its U.S. work force, including some staff at its Greenville plant.

Estimates suggest that only 3 percent of electricity generated in Michigan comes from renewable sources. Replacing existing carbon-intensive electricity generation with wind, solar and biomass would create opportunities for making alternative energy generation parts.

The situation now is very similar -- if more severe in scale -- to that presented to President Bill Clinton in 1993-94. Then, as now, job creation "costs money."

Our answer then was not to use government money for this purpose. Instead, we depended on private investment. Scarcely any government spending was involved in the investment expansion into desktops, laptops, cell phones, satellites, hundred-channel cable networks and the Internet.

Through the '90s and into the '00s, private investors poured more than \$1 trillion into building the virtually new mobile and data networks that today are the platforms for business and social life. Many fortunes were made; many ventures failed; equity markets bubbled and popped. But overall employment soared, Americans in every wage and demographic category earned more money and America led the world in wealth creation.

What lessons from this experience teach us is how to sidestep the quandary of the false choice between job creation and increasing deficit spending?

Three answers: Figure out what sectors cry out for new private investment, change regulations to attract that investment and provide access to capital so investors can plunge into the new opportunities.

- First, the most obvious sectors where investment can be productively deployed are clean energy generation and distribution, energy efficiency, transportation and information technology for HEEDS (health care, energy, education, democracy and security). In each sector, the gap between demand and supply is enormous. To build a completely clean, totally domestic, abundant and cheap energy platform will require about \$800 billion -- all of which can be financed by the \$400 billion of revenue now paid annually for electricity, without increasing prices to consumers.
- Second, just as spectrum auctions and the regulatory overhaul of the 1996 Telecommunications Act opened investment opportunities, so a new energy law would create millions of jobs -- provided that it gave

incentives to utilities to install efficiency and generation measures at a profit and make or buy clean electricity without punishing consumers.

As for transportation, we need market-opening rules that create possibilities for airport, rail, bridge and port construction generating reliable, perhaps even monopolistic revenue for investors.

Information technology advances in HEEDS will be jump started by regulatory standard-setting and mandatory network sharing akin to the 1990s' rules letting narrowband Internet users "borrow" the existing telephone network at no new charge.

- Third, given the continued disruption of debt markets, the critical step for achieving full employment is the creation of an independent, public-private Green Bank (as proposed by U.S. Rep. Chris Van Hollen and the strong support of the Michigan congressional delegation) that would assure clean energy investors very low-cost loans so they could provide clean electricity at prices equal or below carbon-intensive electricity.

Special purpose lending banks should be created for transportation and IT investment. The emergency lending authorities should go out of existence when the joblessness crisis is cured; none should ever be part of an expanded government bureaucracy.

Government needs to be part of the solution for our economy, but not by being a larger spender or a bigger administrator. It needs to use smart rules and low-cost finance to reinvigorate the animal spirits of capitalism.

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