



Statement of Carolyn Maloney
“Promoting a Clean Energy Economy”
Tuesday, July 27, 2010 at 10 am
216 Hart Senate Office Building

“I am pleased to hold today’s hearing on promoting innovation in the clean energy sector. This is the second in a series of hearings held by the Joint Economic Committee on the role that innovation has on fueling employment and growth.

Innovation in the clean energy sector will improve productivity, enhance job creation, and improve the quality of life.

This hearing is timely for a number of reasons:

- The Senate plans on discussing energy legislation this week.
- The nightly news and the camera footage of the Gulf oil spill remind us of the human and environmental cost of this spill.
- While our economy is still raw from the devastating job losses experienced in the Great Recession, it is obvious that more robust growth is needed to reduce the unemployment rate. Innovation in the energy sector can help fuel growth in the future.

Innovation in the clean energy sector can also strengthen the economy by making it less vulnerable to economic downturns. While the U.S. has weaned itself from dependence on oil in many sectors, progress to reduce our dependency on oil to meet transportation needs has been particularly slow.

At a hearing last May, Dr. James Hamilton testified that the oil price run-up in 2007-2008 was an important factor that contributed to the Great Recession. He testified that the run-up in oil prices caused a plunge in auto sales, deterioration in consumer sentiment, a slowdown in consumer spending and problems in housing, especially in the ex-urbs, where commuting costs can rise significantly with gasoline price increases.

Continued reliance on oil leaves the economy vulnerable to sharp increases in oil and gasoline prices and could potentially derail the economic recovery now underway. It appears that when oil expenditures reach 4 percent of GDP, the US is at risk of falling into a recession. Currently, the share of GDP spent on oil is 3.5 percent, much higher than in 1993, when the share of oil GDP spent on oil was 1.8 percent, but better than the 6.8 percent in mid-2008.

Innovations in the clean energy sector can reduce our vulnerability to oil price rises.

(OVER)

These innovations may arise from a variety of different sources:

- new technologies to produce energy,
- new forms of energy, production of existing fuels or energy in a cleaner or more efficient manner, or
- new ways of reducing our consumption of energy.

In our hearing last month on innovation, witnesses testified that federal spending on basic research in universities can provide the spark that ignites regional economic growth and job creation. Universities, with help from venture capitalists, have emerged as both producers of ideas and active players in the innovation chain, creating startups that are among the most successful small businesses. But witnesses at our last hearing also testified that there is not enough funding or research in the energy sector.

However, Congress and the Administration have recently increased our country's commitment to clean energy.

The Recovery Act invested more than \$90 billion in clean energy, including:

- investments in energy efficiency,
- advanced vehicles,
- clean energy equipment manufacturing, and
- mass transit and high-speed rail.

Additionally, the America Competes Act, passed by the House on May 28th, supports innovation and basic research by creating new Clean Energy Consortia in a public-private partnership.

America Competes also seeds game-changing innovation through the reauthorization of Advanced Research Projects Agency for Energy (ARPA-E), and directs ARPA-E to help ensure that these promising technologies are shared with the private sector.

Federal investments can be especially effective when the funds are combined with private sector investments. Just two weeks ago, CEA Chair Christina Romer testified before this committee that \$46 billion in public funding in the Recovery Act encouraged an additional \$100 billion in investment by the private sector in projects related to clean energy.

I am especially pleased that my fellow New Yorker, Mr. Anthony Malkin, is here to testify about the energy efficiency retrofits he is undertaking to one of our greatest cultural icons, the Empire State Building.

New lighting, windows, and heating and cooling systems reduce the amount of energy tenants use while improving the quality of their space.

I am eager to discuss with our panel how Congress can insure that these needed investments in a clean energy economy will occur, leading us to a stronger economy with good jobs and a cleaner planet.

I welcome each of you this morning and look forward to your testimony."

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