

**Testimony of
Dave Foster
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Before the Select Committee on Energy Independence and Global Warming
Hearing on
"Renewable Electricity Standards Lighting the Way"
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Mr. Chairman, Members of the Committee, My name is David Foster. Currently, I serve as the Executive Director of the Blue Green Alliance, a public policy partnership of the United Steelworkers (USW), North America's largest manufacturing union with 850,000 members and the Sierra Club, our nation's largest and oldest, grassroots' environmental organization with 1.3 million members and supporters.

Before serving in this capacity I spent 31 years as a member of the United Steelworkers and for 16 years served on the union's International Executive Board as the Director of District 11, a 13-state region based in Minnesota.

I am especially pleased to be given the opportunity to testify before the House Select Committee on Energy Independence and Global Warming, an issue that our union identified as the most pressing environmental challenge facing the country 17 years ago in 1990.

But to the two important issues of energy independence and global warming, I would add a third—economic opportunity. I would add economic opportunity because it is the understanding that today's environmental challenges are tomorrow's economic opportunities that drives the interest of the United Steelworkers and Sierra Club in fashioning a shared vision for the 21st Century.

One of the most famous American industrialists of the 20th Century, Henry J. Kaiser, who built an innovative manufacturing enterprise that included aluminum, steel, and ship building and created the health care delivery system that still bears his name, once observed that "Problems are just opportunities in work clothes."

The entrepreneurial and 'can-do' spirit that characterized a company that built a ship a day in its Oakland shipyards during World War II and responded to President John Kennedy's call for an Alliance for Peace by building Africa's first aluminum smelter in Ghana in the early 1960's, is absolutely essential when we describe the new green, clean energy economy that we are striving to build.

Solving global warming need not be the economic calamity that some are predicting. In fact, global warming along with other environmental challenges such as transitioning to a green chemicals industry and removing toxics from our work places and communities will be the most important economic development tools of the 21st Century.

Evidence of that fact already surrounds us. In Germany, 1.4 million people are already employed in the environmental sector. And 40,000 people are employed in their wind energy industry in a country that has only 20 percent of the wind resource of my home state of Minnesota. And interestingly, more steel is consumed in Germany by the wind energy industry than any other save automotive.

Economic studies that the USW has supported over the past decade have shown repeatedly that well-crafted public policies that move us steadily and predictably toward global warming emissions reductions will have a net positive impact including in manufacturing. A 2002 study produced by the Center for Sustainable Economies and the Economic Policy Institute and released by the United Steelworkers and other unions showed that a menu of renewable energy investments, efficiency measures and carbon reduction mandates in line with the Kyoto targets would have created a net increase of 1.4 million jobs in the economy, including increases in most manufacturing industries. And when those policies are accompanied with a modest border adjustment fee, to ensure that the increase in energy costs in the U.S. does not simply result in an export of American manufacturing to environmentally unregulated parts of the world, we have the policy tools to rebuild America's manufacturing infrastructure.

Earlier this year, the Union of Concerned Scientists released a study indicating that the 20 percent RES of the proposed Udall-Platts bill would create a net 185,000 jobs. This study further showed that renewable investments tend to produce three times as many jobs as fossil fuel investments for similar amounts of energy production.

However, a study released in 2006 by the Blue Green Alliance of component manufacturing in the renewable energy industry based on a 10 year effort to introduce 185,000 megawatts of renewables—the rough equivalent of a 20 percent RES—found that 850,000 jobs would be created with \$160 billion of investments in manufacturing. This investment would ripple through 43,000 firms and revitalize the 20 states hardest hit by the decline in manufacturing in the last decade. The difference between these two studies can be attributed to direct measurement of the economic impact of the investment in renewables versus measurement of the net impacts on jobs of changing energy reliance.

Economic models for the state of Minnesota show that a federal RES at 20 percent would generate over 18,000 jobs in renewable component manufacturing, while Ohio would create 51,000; Michigan, 34,000; and Wisconsin, 37,000.

The State of Minnesota also markets the value of wind energy production to rural and farm income, demonstrating that after initial capital costs of \$1-2 million have been recovered, farm profits from renewable energy sales can rise to \$100,000 per year.

Nothing, however, is quite as convincing as actually seeing the economic activity generated in America's heartland by the passage of renewable energy standards in states across the nation. In 2004 Pennsylvania passed its 18 percent RES while my own state legislature debated the wisdom of mandates. As a result Gamesa, the Spanish wind turbine company, selected the certainty of the market demand in PA created by the RES to build its first North American plants. Today almost 1000 steelworkers are employed in Gamesa plants outside of

Philadelphia making wind turbines on the site of an abandoned U.S. Steel mill. The company's products are sold out through 2009.

Over the years that I testified in support of passage of an RES in MN, I watched while what had started as a seemingly quixotic environmental cause shifted into a popular economic development strategy. In 2007 when MN passed the nation's most aggressive RES at 25 percent by 2020 with broad bi-partisan support, committee testimony was almost exclusively about the job creating and economic benefits of renewables.

Currently, new wind turbine equipment plants have been built in six communities in ND, MN and IA in the last decade directly employing over 2200 people.

- ND LM Glasfiber, Grand Forks, 950 ee's
- ND DMI, West Fargo, 340 ee's (Discover Manufacturing Innovation)
- MN Suzlon, Pipestone, 275 ee's
- IA Clipper Industries, Cedar Rapids, 200 ee's
- IA Siemens, Fort Madison, 250 ee's
- IA Acciona, West Branch, 110 ee's

One of these companies LM Glasfiber of Denmark recently announced its agreement to build an additional plant in Little Rock employing 1000 people. And another DMI of North Dakota announced a new tower plant in Tulsa, OK employing at least 450.

This, of course, says nothing about the numbers of people also employed in component parts manufacturing, installation of turbines, their maintenance, and the construction of new transmission lines. Local officials of the IBEW in MN tell me that their members are involved in more transmission work than ever in their lifetimes as Xcel Energy spends \$160 million on transmission upgrades to bring new wind capacity from western MN. One local machine shop is struggling to avoid becoming overly dependent on the wind energy sector of its business.

Wind turbine installation is also creating jobs and bringing economic benefits to rural America. Mortenson Construction, based in Minnesota and one of North America's largest installers, now does 25 per cent of its business in wind. Mortenson installs about 2000 megawatts of wind per year, employing between 900-1000 construction workers on 15-16 sites around the country, in addition to 230 salaried employees. The company reported that, on an average 100 megawatt installation project, it spends between \$15-20 million within a 75 mile radius, thus bolstering local economies.

And just this last summer Arcelor Mittal Steel, the world's largest steel company and largest in the U.S., called back 250 steelworkers to its Burns Harbor, MI plate mill because of the demand for steel in wind turbine towers.

The state of Iowa Department of Economic Development has made renewables the centerpiece of its economic development strategy and projects that its Upper Midwest market of 11 states will add almost 8000 megawatts of wind by 2012. Clipper Industries one of Iowa's turbine manufacturers projects global growth in the wind industry of 15 to 25 percent per year for the next five years.

I could continue for some time with anecdotal evidence of the growing clean energy economy that is creating thousands of new jobs while providing a significant new source of income to rural America through land lease and investment opportunities.

But I want to devote just a moment to reflecting on the importance of public policy to shaping market forces in our country. Some might argue that, in the face of growing evidence that renewable energy is now cost competitive with many forms of fossil fuel-derived energy, that government should simply get out of the way and allow the market to work its wonders. That approach would, I fear, draw exactly the wrong lesson from the years of involvement at the state level in crafting renewable energy standards.

These laws provided enough market certainty to allow market forces to perform their function. Our history is full of many other examples where public policy recognition of the importance of greater social benefits provided the necessary guidance to jump start market activities—our national system of railroads, rural electrification, monopoly regulation, securities regulation, and so forth.

In the Twin Cities of Minnesota, I co-chair with the Mayors of Minneapolis and St. Paul, the new Green Manufacturing Initiative (GMI), a wide-ranging task force guided by the principle that “investments in solving critical environmental challenges such as global warming represent strategic economic opportunities.” The GMI has brought together over 100 representatives ranging from XCEL Energy to the Sierra Club, from the Minneapolis and St. Paul Chambers of Commerce to the construction trades’ unions, from the investment community to state government—all with an eye to informing our Mayors on how to capture the value of these new opportunities and make their cities world-renowned for the research and commercialization of renewable energy and efficiency processes, equipment, and systems.

We are doing this because we recognize that responding to an overriding social imperative—solve global warming—doesn’t have to result in economic dislocation. In fact, it can perform just the opposite function.

The United Steelworkers and the Sierra Club, unlikely partners to many, have been stirred by this common vision to take our message from union halls on the Iron Range of Minnesota’s mining district to the oil refineries where our members work in Houston, from policy debates in dozens of state capitals to planning conferences and International gatherings of NGO’s and the United Nations.

Economic transformations in our society have always bred winners and losers. It’s an inescapable fact that when Henry Ford began to mass produce automobiles the blacksmiths of the 19th Century were replaced by the United Autoworkers of the 20th. But the America that emerged from that transformation was richer and fairer because of the courage of government to manage it properly. We can have the same outcome with the transformation to a clean energy economy if we choose to do likewise. And that’s the work of our Blue Green Alliance.

Thank you for the opportunity to share my views.

