

Governor Mitch Daniels
GreenTech Conference
September 8, 2009 - Shanghai, China
Transcribed from extemporaneous remarks

Kristen and our host thank you so very, very much. Upon receipt of this remarkable invitation I was struck by a thought that occurs to me often on such occasions which was: Who cancelled? Whoever it was, I am grateful to them they have made this opportunity available to me.

I would like to point out that I have come halfway around the world to be with you today. I would like to but that wouldn't be true but I am really here with a group of my fellow citizens to visit with Chinese business leaders who might be prepared to come to America's best environment for foreign direct investment, the number one state in foreign direct investment in recent years.

And I'll spare you the slide show to which many folks here are be subjected right now, but I would like to thank Kristen for pointing out that our state has risen, rapidly, to the top of all lists, Fortune, Forbes, CEO Magazine, Site Selectors of America, CNBC, as a place of low cost, excellent infrastructure and location, and a very pro growth outlook in terms of public policy.

By the way, currently at least, we are paying our bills without raising taxes. If your business sells something in the state of Indiana, or you are due a tax refund, you will actually get a check and not an IOU. We intend to do all we can to keep it this way. In the interest of continuing to build, as we often say, "the best sandbox in America" for investors from anywhere, most particularly we hope from Asia and from other dynamic economies of this world.

And I say all that not purely to be opportunistic, although that agenda's obvious, but also because I think the subject of macroeconomic growth and how we generate it in our nation and all nations for that matter is absolutely and inseparably linked to the subject of this conference. Let me just try to validate that contention in just a few moments here.

Let me give a little report about our state of Indiana, 2.2% of America. We are enthusiastic about what are now categorized as green energy or green technologies, and we are striving hard to be a leader in that respect, I think with some success.

We have become a leader almost overnight in biofuels. From a flatfooted start 4 years ago, we now are a top 4 or 5 producer in ethanol, the largest biodiesel plant in the hemisphere is operating in our state, we have made that a point of emphasis. Last year we were the fastest growing state among the 50 in wind power and we will have probably 3000 megawatts of hypothetical capacity, theoretical I should say, rated capacity within another year or so.

The world's first integrated gasification combined cycle electrical plant, clean-coal electrical plant, at scale is under construction in southern Indiana right now. It will have the capacity, if the world moves this way, for the sequestration of CO₂. We happen to sit upon top of very favorable geological structures for burying the gas if that's ruled necessary or appropriate. And not far from there the world's first new generation substitute national gas plant is being constructed.

Once again to gassify the coal on the ground, no emissions essentially, and convert it into natural gas. We have made a very creative set of public policies, in essence assured the market for that gas, through the utilities of our state.

I met some very nice folks from the NRDC outside and I invited them and I invite any of you to see one of many but probably America's premiere self sustaining dairy farm 30,000 cows being milked very productively and extremely humanely in almost complete, soon to be complete, self-sustaining cycle in which electricity, methane, ethanol, all being produced on the ground and eventually natural fertilizer to replace any synthetic fertilizer.

Our state policy favors a renewable portfolio. We already have established one-stop permitting and cost recovery for the infrastructure necessary to transport green power from sometimes remote locations. We are excited, and we are committed.

We expect to be in the first rank in terms of that periphery of activity we call green jobs. We have been an electronics capital for many decades because of the concentration of the auto industry in our state. Already, two or three electric car companies are setting up shop, battery companies likewise, to take advantage of the human talent present in Indiana. Makers of turbines, makers of gear boxes for turbines and frames for windmills have come to our state to take advantage of the low cost, location and infrastructure that we have. Our basic summation for Asian audiences is 'Midwest quality, Midwest access, Sunbelt prices.' That's Indiana and it applies to green energy companies as much as to any.

Now I say all these things in order to make another point which is open to debate, and certainly one benefit of this meeting might be that I'll hear some, but we in Indiana like to think of ourselves as possessed of that American trait called common sense, and we try to bring it to this discussion too. For all our enthusiasm, we believe there is a heavy note of realism that has to be a part of any discussion, certainly any plans that affect us. There's a certain wishfulness, or even fantasies, which we are not yet prepared to indulge.

Indiana is the most manufacturing intensive of any state in America. It's not Pennsylvania, Michigan, Ohio. In manufacturing jobs over total, manufacturing state product over total, we are first. We're the leaders, number one in steel; our market share has risen from sixth to third in automotive, till the latest recession we were actually holding our own in manufacturing jobs and rising in output while others were sinking.

We are consequentially a state that is energy-intensive and low energy costs are a point of competitive advantage, necessary competitive advantage, for us. Why are our energy costs low? They are coming from coal. We are eager to continually lower the environmental impact of using that coal, but we are not prepared to abandon it or see it ruled out of bounds without a heck of a good reason in national policy. And we are now, after decades of decline, a state of less than the national average income. So, strong in manufacturing, in need of large amounts of affordable energy, most of that from coal, and trying to catch up in income. It sounds a little like China to me in a different context.

That being the case, we ask for some realism in this debate. We are excited about green jobs. We are chasing them everywhere we can and we are enabling them, I think, as creatively as any state we've seen, but there aren't enough of them by our count, not near enough of them to replace one-for-one jobs that have been lost or at risk. They're not of high enough quality. The analyses are now pretty clear: when you shear away the government clerks and janitors and so forth, there are some great jobs here and some important new sectors. But we have not seen any evidence that they should be sought at the expense of the traditional economy or the traditional energy that powers that economy.

They don't pay for themselves. It's no revelation to say that they are not economic, for now at least, in most cases they require large public subsidies. There is going to have to be a strong economy to pay those subsidies or we will be chasing our tail in a very self-defeating way. In particular, anti-growth policies, policies as we see it of impoverishment, are the fastest way I know to undo the green energy revolution. So our view from Indiana is that a strong and sustained period of national economic growth is essential for many reasons, but absolutely essential to our hopes of green energy revolution or at least transformation over the course of time.

Our outlook toward green energy is "yes and," "of course, but also." It must be incremental. It must be seen as synergistic, symbiotic with policies to sustain, nurture and restore a growing national economy. We just have to be extremely careful in our zeal for this world that might eventually come, not to undo the means of paying for it, to get from here to there. So let me describe our attitude in Indiana as one of enthusiasm, I would say bridled as opposed to unbridled enthusiasm, but my enthusiasm to be with you here today truly is without limit. Thank you very much.