

Green the Bailout

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THOMAS L. FRIEDMAN

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The early 21st century saw a boom, bubble and now a bust around financial services. But I fear all it will leave behind are a bunch of empty Florida condos that never should have been built, used private jets that the wealthy can no longer afford and dead derivative contracts that no one can understand.

Worse, we borrowed the money for this bubble from China, and now we have to pay it back — with interest and without any lasting benefit.

Yes, this bailout is necessary. This is a credit crisis, and credit crises involve a breakdown in confidence that leads to no one lending to anyone. You don't fool around with a credit crisis. You have to overwhelm it with capital. Unfortunately, some people who don't deserve it will be rescued. But, more importantly, those who had nothing to do with it will be spared devastation. You have to save the system.

But that is not the point of this column. The point is, we don't just need a bailout. We need a buildup. We need to get back to making stuff, based on real engineering not just financial engineering. We need to get back to a world where people are able to realize the American Dream — a house with a yard — because they have built something with their hands, not because they got a "liar loan" from an underregulated bank with no money down and nothing to pay for two years. The American Dream is an aspiration, not an entitlement.

When I need reminding of the real foundations of the American Dream, I talk to my Indian-American immigrant friends who have come here to start new companies — friends like K.R. Sridhar, the founder of Bloom Energy. He e-mailed me a pep talk in the midst of this financial crisis — a note about the difference between surviving and thriving.

"Infants and the elderly who are disabled obsess about survival," said Sridhar. "As a nation, if we just focus on survival, the demise of our leadership is imminent. We are thrivers. Thrivers are constantly looking for new opportunities to seize and lead and be No. 1." That is what America is about.

But we have lost focus on that. Our economy is like a car, added Sridhar, and the financial institutions are the transmission system that keeps the wheels turning and the car moving forward. Real production of goods that create absolute value and jobs, though, are the engine.

"I cannot help but ponder about how quickly we are ready to act on fixing the transmission, by pumping in almost one trillion dollars in a fortnight," said Sridhar. "On the other hand, the engine, which is slowly dying, is not even getting an oil change or a tuneup with the same urgency, let alone a trillion dollars to get ourselves a new engine. Just imagine what a trillion-dollar investment would return to the economy, including the 'transmission,' if we committed at that level to green jobs and technologies."

Indeed, when this bailout is over, we need the next president — this one is wasted — to launch an E.T., energy technology, revolution with the same urgency as this bailout. Otherwise, all we will have done is bought ourselves a respite, but not a future. The exciting thing about the energy technology revolution is that it spans the whole economy

— from green-collar construction jobs to high-tech solar panel designing jobs. It could lift so many boats.

In a green economy, we would rely less on credit from foreigners "and more on creativity from Americans," argued Van Jones, president of Green for All, and author of the forthcoming "The Green Collar Economy." "It's time to stop borrowing and start building. America's No. 1 resource is not oil or mortgages. Our No. 1 resource is our people. Let's put people back to work — retrofitting and repowering America. ... You can't base a national economy on credit cards. But you can base it on solar panels, wind turbines, smart biofuels and a massive program to weatherize every building and home in America."

The Bush team says that if this bailout is done right, it should make the government money. Great. Let's hope so, and let's commit right now that any bailout profits will be invested in infrastructure — smart transmission grids or mass transit — for a green revolution. Let's "green the bailout," as Jones says, and help ensure that the American Dream doesn't ever shrink back to just that — a dream.

Thomas L. Friedman became the paper's foreign-affairs columnist in 1995. He won the 2002 Pulitzer Prize for commentary, his third Pulitzer for The New York Times.