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GOING GREEN

Will Green Progress Be Stalled by the Bad Economy?

By **BRYAN WALSH**

Environmentalists can't decide whether to celebrate the recession or dread it. Conventional wisdom holds that the green movement will be one of the first casualties of the downturn. "The clean-tech industry is at risk because of a real lack of access to capital," says Paul Maeder, who helps oversee clean-tech investments for Highland Capital, the global venture-capital firm he co-founded. But in his next breath, Maeder explains why the current economic mess may end up being a boon to environmentalism — by forcing change. "We're in a crisis because of oil prices and climate change, and now we're in a crisis because of the capital markets," he says. "This is where innovation happens — where the existing power structure hits a crisis point. I'm really happy."

There's a fine line between optimism and denial. The WilderHill New Energy Global Innovation Index, which tracks the stock prices of clean-tech companies, is down about 80% since the beginning of September. (By contrast, the S&P Index lost about 25% of its value over the same time period.) The cost of oil,

which has driven much of the investment in alternative energy in recent years, has halved since the summer. And new green industries, like wind farms and solar-panel factories, are no less affected by the credit crunch than any other business.

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Even if Europe pulls back, the U.S. may be able to pick up the slack. Both presidential candidates support a national carbon cap-and-trade system, similar to that in place in Europe, and Barack Obama has pledged to invest \$150 billion in clean tech over 10 years if he's elected President. The recent economic bailout leaves the next Administration with less to spend, but Obama at least thinks green investment will create new industries and jobs that can't be outsourced. He told TIME's Joe Klein that energy will be his No. 1 priority if he enters office, and Obama's energy adviser, Jason Grumet, has said that if Congress fails to pass a national cap-and-trade bill, a President Obama might regulate carbon dioxide directly through the Environmental Protection Agency. "The stage is set for a wholesale change in the way the U.S. approaches climate change," says Terry Tamminen, former environmental adviser to Governor Arnold Schwarzenegger and director of the climate-policy program at the New America Foundation.

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