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OP-ED COLUMNIST

Who's Sleeping Now?

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Hong Kong

C. H. Tung, the first Chinese-appointed chief executive of Hong Kong after the handover in 1997, offered me a three-sentence summary the other day of China's modern economic history: "China was asleep during the Industrial Revolution. She was just waking during the Information Technology Revolution. She intends to participate fully in the Green Revolution."

I'll say. Being in China right now I am more convinced than ever that when historians look back at the end of the first decade of the 21st century, they will say that the most important thing to happen was not the Great Recession, but China's Green Leap Forward. The Beijing leadership clearly understands that the E.T. — Energy Technology — revolution is both a necessity and an opportunity, and they do not intend to miss it.

We, by contrast, intend to fix Afghanistan. Have a nice day.

O.K., that was a cheap shot. But here's one that isn't: Andy Grove, co-founder of Intel, liked to say that companies come to "strategic inflection points," where the fundamentals of a business change and they either make the hard decision to invest in a down cycle and take a more promising trajectory or do nothing and wither. The same is true for countries.

The U.S. is at just such a strategic inflection point. We are either going to put in place a price on carbon and the right regulatory incentives to ensure that America is China's main competitor/partner in the E.T. revolution, or we are going to gradually cede this industry to Beijing and the good jobs and energy security that would go with it.

Is President Obama going to finish health care and then put aside the pending energy legislation — and carbon pricing — that Congress has already passed in order to get through the midterms without Republicans screaming "new taxes?" Or is he going to seize this moment before the midterms — possibly his last window to put together a majority in the Senate, including some Republicans, for a price on carbon — and put in place a real U.S. engine for clean energy innovation and energy security?

I've been stunned to learn about the sheer volume of wind, solar, mass transit, nuclear and more efficient coal-burning projects that have sprouted in China in just the last year.

Here's e-mail from Bill Gross, who runs eSolar, a promising California solar-thermal start-up: On Saturday, in Beijing, said Gross, he announced "the biggest solar-thermal deal ever. It's a 2 gigawatt, \$5 billion deal to build plants in China using our California-based technology. China is being even more aggressive than the U.S. We applied for a [U.S. Department of Energy] loan for a 92 megawatt project in New Mexico, and in less

time than it took them to do stage 1 of the application review, China signs, approves, and is ready to begin construction this year on a 20 times bigger project!”

Yes, climate change is a concern for Beijing, but more immediately China’s leaders know that their country is in the midst of the biggest migration of people from the countryside to urban centers in the history of mankind. This is creating a surge in energy demand, which China is determined to meet with cleaner, homegrown sources so that its future economy will be less vulnerable to supply shocks and so it doesn’t pollute itself to death.

In the last year alone, so many new solar panel makers emerged in China that the price of solar power has fallen from roughly 59 cents a kilowatt hour to 16 cents, according to The Times’s bureau chief here, Keith Bradsher. Meanwhile, China last week tested the fastest bullet train in the world — 217 miles per hour — from Wuhan to Guangzhou. As Bradsher noted, China “has nearly finished the construction of a high-speed rail route from Beijing to Shanghai at a cost of \$23.5 billion. Trains will cover the 700-mile route in just five hours, compared with 12 hours today. By comparison, Amtrak trains require at least 18 hours to travel a similar distance from New York to Chicago.”

China is also engaged in the world’s most rapid expansion of nuclear power. It is expected to build some 50 new nuclear reactors by 2020; the rest of the world combined might build 15.

“By the end of this decade, China will be dominating global production of the whole range of power equipment,” said Andrew Brandler, the C.E.O. of the CLP Group, Hong Kong’s largest power utility.

In the process, China is going to make clean power technologies cheaper for itself and everyone else. But even Chinese experts will tell you that it will all happen faster and more effectively if China and America work together — with the U.S. specializing in energy research and innovation, at which China is still weak, as well as in venture investing and servicing of new clean technologies, and with China specializing in mass production.

This is a strategic inflection point. It is clear that if we, America, care about our energy security, economic strength and environmental quality we need to put in place a long-term carbon price that stimulates and rewards clean power innovation. We can’t afford to be asleep with an invigorated China wide awake.

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