



**Transcript of Governor David A. Paterson's Remarks
"Bold Steps to the New Economy: A Jobs Plan for the People of New York"
New York Academy of Sciences, New York, NY
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Good morning and thank you, President Rubinstein, for that very fine introduction, which I presume. We were out in back earlier, and he told me that I had to listen to his introduction, and then they left me in the hall. So I'm sure that it was spectacular.

But also in the audience today is the Chair of the Board of the New York Academy of Sciences, John Sexton, and we are very happy to have him here today as well. From our administration we have the Deputy Secretary for Energy, Paul DeCotis, with us, and we have the head of NYSTAR, Ed Reinfurt, and also Darren Bloch representing the Empire State Development Corporation. Thank you all for coming.

And I was out talking with John Sexton and Ellis Rubinstein before this presentation, and Ellis was telling me how he was once the editor of Science Magazine, and even though he was a native New Yorker, he presumed, as most people did in Washington where it is edited, that the Bay Area and Boston were the premier centers of innovation and discovery in this country.

But it was only when he got back to New York that he realized that New York really has all of the resources—if combined together in what is really the new prospect for invention, which is collaboration, and that's really what my presentation is about today. As we try to change the culture, even of research, that as competitive as it may be, our society can't afford to wait for the wheel to be reinvented over and over again when the collaboration between the entities can yield us greater information and actually benefit them. Because that is really the nature of science: to generally improve upon quality based on further information augmented to the research already conducted.

And I got this idea back in 2007 when I was in Israel and was visiting some of the research hospitals that were examining stem cell research. They didn't have the resources at that particular time to engage in what could be a full-fledged investigation of the prospect of stem cells and their access to the human body. And so what they did was they generally compared their research, and even though each institution had their own unique and unilateral way of investigating, they found that it was actually more important to share the resources and move the general idea to the highest form of learning.

And so I can't thank the New York Academy of Sciences enough, and all of you for taking out time to join us today in what we hope is a pursuit of concepts that hopefully will not only benefit this State, but will be shared, and will be the catalyst for change in the entire United States.

World economies, wherever they are, suffer from gradual demolition and then renewal. Each great state and government goes through regular periods of difficulty and struggle and periods of turmoil. Certainly, that has been the case worldwide simultaneously. And in New York, we have had, if not the most difficult time in our economic history, one that could only have been exceeded by the Great Depression. We lost valuable resources because we learned that the recession exposed one of the weaknesses in our economy: that we really depended on the job creating juggernauts of auto part manufacturing Upstate, along with other industries, and Wall Street proceeds along with financial services in our Downstate area.

But, I kid you not: New York will recover from this period, and New York will become a leader in this country in terms of our economic development very shortly.

There is a new economy flourishing. It is knowledge-based; it is technologically-based; and it's based on innovation. We will be able, at this point, to start to position ourselves so that we can make full use of all of the resources that have put New York in the leadership of economic development for the last hundred years. So, when we look to the future, I would just like to alert you to what we have been able to accomplish in preparation for that time.

First, when I took office, we had an immediate brush with a downturn in our national economy. And it was not really understood or realized, either by the public or by many economists and people in our government. So our first idea was to sound the alarm. I went all across New York State, and even on statewide television, to warn everyone of the economic crisis and what it would do to our nation—and because of the resources that account for 20 percent of our economy, how much it would affect New York.

The second endeavor was to find ways in which we could coalesce this new economy with our overspending in our own budget process. We had to make some very tough decisions in our budget. We cut twice the resources that we already have. We made them real and recurring. And we were able to reduce our out-year deficits by 80 percent. What this accomplished for us is to position ourselves for the future, so that even though we made tough decisions—often misunderstood and manifestly unpopular—they will sustain themselves in the future to be what was the right course for New York.

Finally, we resisted the temptation, as governments always do, to balance the budget on the backs of people least able to advocate or fight back. We did not do that in this case. Instead we prioritized the improvement of children's health insurance, expanding the safety net for those who live on the brink of poverty. We increased access to food stamps; there are six-figure job holders last year who are now on the lines in front of pantries this year. And also, we expanded unemployment insurance and job creation.

By doing this, we feel that we are now prepared and can take bold steps to show that our economy can flourish in what will be a period of emergence.

Our economic strategy revolves around the issues that we refer to as the “five I’s”: infrastructure, intellectual capital, investment, international trade and innovation. For the purposes of our discussion this morning, I would like to focus on innovation.

What we would do by creating an innovative strategy is to recognize the value of innovation—in terms of establishing an environment for entrepreneurship and also by creating an infrastructure for innovation itself.

All across this State, there are thousands of businesses that are in the traditional sectors that are flourishing. We value them—and we are very interested in continuing the resources that fostered their prosperity.

But as we look to expand this process, we find that the area that yields the most potential for job creation and development is innovation.

When I travel outside of the state I am fond of reminding people of all the innovations that began right here: the first steamship, the first passenger railroad, the first electric light bulb, radio and television broadcasting, the first fighter plane to break the sound barrier.

So the question is: what are the discoveries that will yield the great results in the twenty-first century?

We believe that somebody will advance the technology for batteries to make electronic vehicles viable.

We believe that enhancing the efficiency of clean and renewable energy sources will help to power our economy and fight global warming.

We believe that there are treatments that will exist for cancer and diabetes just moments away from discovery if we invest in that research.

We want to develop machines the size of cells that will treat the human body—and stem cells that will allow the human body to heal itself—and to invest and develop areas of agricultural products and processes that will help us to feed the entire world.

And there will be discoveries made not even within the contemplation and our hearing today. But the state or the nation that finds the direction to these new discoveries will replenish their economies for generations.

New York will be the leader in this process—and let me tell you how we want to go about accomplishing this.

We have to start by establishing a fertile environment that will enable us to have an era of entrepreneurship and innovation. And in order to do that we are going to have to make the tough choices that may not seem popular now, but will benefit our society for years to come.

Two hundred years ago, that meant building ports and canals. A hundred years ago, it was digging to build bridges and railroads. Today, it is continuing an environment of innovation, and also to establish a business climate and also a climate that will allow for intellectual capital.

In our innovation economy, we will need for New York to be more affordable. Right now, in Albany, we are fighting for reforms such as limiting our state spending, controlling our property taxes and reducing pension costs. Those three proposals are necessary. They are the immediate way that we can effectively address our spending issues and create a work climate. And I will continue to fight for them.

In addition we have to recognize that equal opportunity is not merely a legal necessity, it is actually an enhancement to our knowledge-based economy.

We found when we were investigating the systemic discrimination of women- and minority-owned businesses, since they had passed all the thresholds for procurement from the State but weren't getting any of the contracts, that we not only left out minority- and women-owned business, but we actually left out business run by whites that just happened to be Upstate and nobody realized the value that they had. We will need all sectors of business to be involved in the emergence of our economy.

And we will also need to build a viable educational system from Pre-K to graduate school that will foster our movement into the twenty-first century.

We engaged in a historic investment into education targeted particularly for those areas that were systemically under-funded over the years. We have brought reforms to the educational process and we have yielded the results. Test scores are up all around this state, and we couldn't be more pleased. As soon as escape from our economic woes, we will finish the investment that we began a few years ago.

Also, in order to compete with other states and other countries, we will have to build a preeminent public university system. We will have to do that, in addition, by providing loans for those students that are unable to go to school because of the vanquished markets of credit and lending in this State. Here again, once we accomplish this, and once we get through this economic difficulty, I will work with Nancy Zimpher, who is our dynamic new Chancellor of SUNY, along with Matt Goldstein, the Chancellor of CUNY, in order to invest in our educational system.

And since the Internet is such a vital part of our intellectual infrastructure, we will make sure that we invest in broadband all around this State to make sure that all of our regions are part of this economic recovery.

And we will fight to make sure that in our newest of economies we target resources in the direction of infrastructure and in companies that are building in that direction.

And so, as we look at the sectors that probably are most affected by most of what we are trying to accomplish, you really have to start with energy as the one that probably is the greatest job creator in this State.

We can and will lead the country in terms of our exports of energy technology.

We recognize now that we have a bold ambition that we are trying to fulfill by converting 45 percent of our resources to creating clean and renewable energy sources and energy efficiency to convert 45 percent of our electricity needs by the year 2015. Achieving this result will create 50,000 jobs, it is estimated, right here in this State. So we are building right now to establish the workforce development that we will need to engage the new economy. And one of the aspects of living in New York that we know is that we have a great workforce; the reason that people are leaving the State is that the industries were unable to accommodate the workers.

And so I wonder if any of you ever read in that book *Good to Great* by Jim Collins, where he talked about a company known as Rutherford Steel that wanted to go from a mid-sized corporation to a large corporation and they were having some problems with the unions, and what they decided to do was to move their company into towns that were not populated by traditional steel workers.

Rutherford Steel took farmers from places that you may never have heard of—like Plymouth, Utah, or Crawford, Virginia, or Richmond, Indiana—and what they were able to do is to teach them to roll steel before dawn rather than plowing the lower forty, but they selected them because they had a great work ethic.

Well, SUNY is doing this right now in what we call SUNY: Greening New York, where people who used to make auto parts are now learning how to install solar panels, and this is moving our economy forward because they have always had the work ethic that we need in this State.

We are also creating private academic partnerships to create consortiums on advancing the technology of batteries. Those batteries that are usually powered by lithium, because they create the power, are now being combined with sodium because sodium is actually the storage technique that stores the energy. Whoever learns to store energy in this country first will replenish their economies for years to come. And in New York, we are right now at the head of the class.

In addition, we are appropriating \$100 million from a Renewable Portfolio Standard program so that we will have shovel-ready projects prepared in advance for stimulus resources and we will do it very soon; but what we most want to do is to reapply and reconstruct our electricity grid that has not been touched in years.

I was imagining what would happen if we got a visit from the past—from Alexander Graham Bell and from Thomas Edison.

When Alexander Graham Bell looked at the cell phones, how they take pictures, how people go on the Internet through their cell phones, he would be marveled by the increase in the

technology. But if Thomas Edison were to look at our electricity grid, he would probably say, “You know, not much has really changed.”

So, what we realize is that our electricity grid is antiquated and is out of use. It is obsolete. It actually wastes energy, increases pollutants from our power plants, and increases costs to our consumers. And this is a shame because in New York, we’re the pioneers in establishing an energy grid. It was actually the Westinghouse Corporation in 1896 that built the first power line—from Niagara Falls to Buffalo. And we will now be the pioneers for the revolution in how we create, how we store, and how we transmit electric current.

What we will do is we will have an assimilation of partnerships from our industry partners—from our research institutions, particularly the one at Brookhaven Labs and the one at Stony Brook, which lead the country in their energy research. We will also be available for stimulus monies. The federal government wants to pay half the resources for any attempt to change the electricity grids across the country. And so today, I will call on NYSERDA and our Public Service Commission to examine our utility proposals for smart grid development programs.

And so, this is probably the boldest energy research and attempt to improve our quality that exists in the country, because we think that what it will actually do is to increase our energy production. It will also reduce our energy costs and will be notable for the environment and will also create jobs.

But energy is just one sector that we think will be a catalyst for the new economy. We can and will invest in health care. We feel that cancer and diabetes and other diseases are really just moments away, as I said before, from effective treatments, and we right here in New York have six of the largest treatment centers, including two that are designated by the National Institute of Health. Long Island is home to Cold Spring Harbor, which is one of the great research institutions, and when you combine that with the work that’s done at Brookhaven Labs, and at Stony Brook, which is aforementioned, creates a triple threat of technology development that is unmatched anywhere in our country.

And so, we think that the prognosis is very strong for our medical and scientific research right here in New York, particularly because of the relaxed administrative regulations that the National Institute of Health has promulgated just in the past few months under President Obama’s administration.

In New York, in 2006, in terms of stem cell research, we were 48th of the 50 states, only ahead of Oklahoma and Mississippi. But now, our stem cell policy and our ability to promote resources is second only to the State of California. And so, passing our stem cell legislation—which will provide \$650 million over the next decade—has put us in the position of aligning capital investment along with academic research along with our partners from private industry, so that we can have a real consortium on the study of medical and scientific research with the use of stem cells. And stem cell research is now being employed by other states, but New York has passed them, as we invested \$118 million just in the last year to that purpose.

And so, we can and will also be at the forefront in the development of nanotechnology. SUNY-Albany and Cornell are actually setting the pace in terms of taking that technology and moving it towards commercialization. And Global Foundries, a company in the Mideast, along with its partner AMD, is investing \$4.5 billion into our economy to build worldwide research facilities that will bring us the next generation of the units of our computerization and computer chips that will take us into the next phase of computerization and development.

We can and will lead in the areas of agricultural-based technology. We have scientists all around this State studying agriculture, and we are doing it just in the attempt to investigate crops to find better yields and also to develop better energy and better products particularly from energy sources.

All of these sectors that I just described really are the ways in which we can move toward the future, and all will become eligible for stimulus money in the very near future. The more resources that we can put into research will really help New York to expand upon its leadership in these vital areas.

This is why I am announcing that we will institute an Innovation Economy Matching Grant Program, whereby when we receive federal assistance, we provide 10 percent beyond what the federal government gives us. We have experimentally already tried this, and we already found that it worked.

A number of New York's research institutions, along with our colleges and universities, applied to the Department of Energy for Energy Frontier Center Grants just in the past year. We would have been happy if we had gotten a grant, and we would have been very happy if we got two—but we got five grants accumulating \$95 million from the federal government to study all types of innovations.

The reason that we were able to receive the grants is that they knew that there was more bang for their buck in New York because the State had promised to add 10 percent to whatever the federal resources were. We wound up receiving second only to California the amount of resources, but we received over 50 percent of the grants for advanced battery technology.

And so these—along with our colleges and universities and our private partnerships—these are the ways that we are innovating our thinking as much as our technology in order to move in this direction.

But the point that, finally, we have remember the most, is that in terms of establishing an innovative economy, there is going to have to be a relationship between the innovations in New York and job creation in New York.

We can never lose sight of our end goal, which is to create jobs and put New Yorkers back to work.

Just in the last month, I have convened a Task Force on Industry and Higher-Education Partnerships. The task force will examine opportunities by which we can drive employment by

bringing ideas to the marketplace. In doing that, what we will do is we will harness our research assets and promote job development, especially through business incubation and the commercialization of sciences.

The chair of our task force is also the President of Cornell University. He is notably an authority in this field, and he joins us this morning, so welcome the President of Cornell: David Skorton. I assume the man who just stood and took my picture is not David Skorton.

In our innovative economy, the relationship between innovation and job creation is essential, and so New York State will lead the country in driving that pipeline between the marriage of those two concepts.

The New York State flag, finally, has two distinct figures. One represents liberty. The other represents justice. And under it is inscribed the word, "Excelsior." But behind it is a rising sun. And the rising sun reminds us that, even in difficult times, we can renew our vigor and we can fight to create a better future.

We have a new economy that is emerging. In that, I think there are new ideas that are challenging the status quo. There are new jobs that are being created. And there are new innovations that will change the world. We in New York are poised to lead as we have led for the past century.

So let us make the most of our abundant assets right here in New York State. Let us embrace our boldest aspirations. And let us engage the difficult times that we have now.

Let us embrace that night, and look to the rising sun, as we replenish our economy and create jobs for our neighbors for years to come.

Thank you very much for joining us today.

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