

From Pres. Barack Obama Press Conference Oct. 6, 2011

Questions on Solyndra

JAKE TAPPER

As you're watching the Solyndra and Fast and Furious controversies play out, I'm wondering if it gives you any pause about the decision-making within your administration - some of the emails the Democrats put out indicating people at OMB were concerned about the Department of Energy, some of the emails going on with the attorney general saying he didn't know details about Fast and Furious. Are you worried at all about how your administration is running?

PRES. OBAMA

With respect to Solyndra and Fast and Furious, I think I've been very clear that I have complete confidence in Attorney General Holder, in how he handles his office. He's been very aggressive in going after gunrunning and cash transactions that are going to these international drug cartels in Mexico. There's been a lot of cooperation between the United States and Mexico on this front. [Holder has] indicated that he was not aware of what was going on with Fast and Furious. Certainly I was not. And I think that he and I both would have been very unhappy if somebody had suggested that guns were allowed to pass through that could have been prevented by the United States of America. He's appointed an inspector general to look into exactly how this happened. I've got complete confidence in him and I've got complete confidence in the process to find out who was responsible for the decision that got made.

Solyndra - this is a loan guarantee program that predates me, that historically has had support from Democrats and Republicans as well.

(MORE)

PRES. OBAMA (CONT'D)

The idea is pretty straightforward: If we are going to be able to compete in the 21st century, then we have got to dominate cutting-edge technologies; we've got to dominate cutting-edge manufacturing. Clean energy is part of that package of technologies of the future that have to be based here in the United States if we're going to succeed.

Now the loan guarantee program is designed to meet a particular need in the marketplace, which is: A lot of these small startups, they can get angel investors; they can get several million dollars to get a company going. But it's very hard for them to then scale up, particularly if these are new cutting-edge technologies. It's hard for them to find private investors.

And part of what's happening is: China and Europe, other countries are putting enormous subsidies into these companies, and giving them incentives to move offshore. Even if the technology was developed here in the United States, these companies are going to China because the Chinese government is saying, "We're gonna help you get started. We'll help you scale up. We'll give you low-interest loans, or no-interest loans. We'll give you sighting. We will do whatever it takes for you to get started here." And that's part the reason that a lot of the technologies that got developed here, we've now lost the lead in: solar energy, wind energy.

(MORE)

PRES. OBAMA (CONT'D)

So what the loan guarantee program was designed to do was to close that gap and say "let's see if we can help some of those companies locate here and create jobs here in the United States." Now we knew from the start that the loan guarantee program was going to entail some risk, by definition. If it was a risk-free proposition, then we wouldn't have to worry about it. But the overall portfolio has been successful. It has allowed us to help companies, for example, start advanced battery manufacturing here in the United States. It's helped create jobs.

And there are going to be some companies that did not work out. But the process was done on the merits; it was straightforward. And of course there were going to be debates internally when you're dealing with something as complicated as this. But I have confidence that decisions were made based on what would be good for the American economy and the American people and putting people back to work.

And by the way, let me make one last point about this: I heard there was a Republican member of Congress who is engaging in oversight on this. And despite the fact that all of them in the past have been supportive of this loan guarantee program, he concluded, "You know what? We can't compete against China when it comes to solar energy." Well you know what? I don't buy that. I'm not going to surrender to other countries technological leads that could end up determining whether or not we're building a strong middle class in this country.

(MORE)

PRES. OBAMA (CONT'D)

And so we're going to have to keep on pushing hard to make sure that manufacturing's located here, new businesses are located here, and new technologies are developed here. And there are going to be times when it doesn't work out. But I'm not going to cave to the competition when they are heavily subsidizing all these industries.

DAVID NAKAMURA

The guaranteed loan program that you talked about was giving out \$38 billion in guaranteed loans and promised to save or create 65,000 jobs - green jobs and clean energy. And there's been reports that actually only 3,500 new jobs have been created in that industry. Why has that industry been so slow to respond to the investment that your administration has provided, and what do you see going forward as to how it will respond?

PRES. OBAMA

I think that what has been true historically is that businesses that rely on new technologies, a lot of times it's going to take a while before they get takeoff. There are a lot of up-front investments that have to be made in research and capital and so forth, a lot of barriers for companies that are trying to break in.

Keep in mind that clean energy companies are competing against traditional energy companies. And traditional energy is still cheaper in a lot of ways.

(MORE)

PRES. OBAMA (CONT'D)

The problem is it's running out, it's polluting, and we know that demand is gonna keep on increasing, so that if we don't prepare now, if we don't invest now, if we don't get on top of technologies now, we're gonna be facing 20 years from now China and India having a billion new drivers on the road, the trend lines in terms of oil prices, coal et cetera going up, the impact on the planet increasing. And we're not just gonna be able to start when all heck is breaking loose, and say "Boy, we've got to find some new energy sources."

So in the meantime, we've got to make these investments, but that makes it more difficult for a lot of these companies to succeed. What's also a problem, as I said, is that other countries are subsidizing these industries much more aggressively than we do. Hundreds of billions of dollars the Chinese government is pouring into the clean energy sector, partly because they're projecting what's gonna happen ten or twenty years from now.

So look, I have confidence in American businesses and American technology and American scientists and entrepreneurs being able to win that competition. We are not going to be duplicating the kind of system that they have in China where they are basically state-run banks giving money to state-run companies and ignoring losses and ignoring bad management.

But there is a role to play for us to make sure that these companies can at least have a fighting shot.

(MORE)

PRES. OBAMA (CONT'D)

And it does mean that there are some that aren't going to be successful and it's going to be an uphill climb for some, and obviously it's very difficult for all companies right now to succeed when the economy's as soft and as weak as it is.

DAVID NAKAMURA

[In retrospect do you think your administration missed some of the warnings?]

PRES. OBAMA

I will tell you that even for those projects under this loan guarantee program that have ended up being successful, there are those in the marketplace who have been doubtful. So there's always going to be a debate about whether this particular approach to this particular technology is going to be successful or not. And all I can say is the Department of Energy made these decisions based on their best judgment about what would make sense. And the nature of these programs are going to be ones in which for every success there may be one that does not work out as well. But that's exactly what the loan guarantee program was designed by Congress to do. It was to take bets on these areas where we need to make sure that we're maintaining our lead.