



CREATING GOOD JOBS, A CLEAN ENVIRONMENT, AND A FAIR AND THRIVING ECONOMY

**Testimony of Zoe Lipman, Director of Advanced Manufacturing and Transportation,
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U.S. House of Representatives Select Committee on the Climate Crisis
Financing Climate Solutions and Job Creation
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Thank you Chairwoman Castor, Ranking Member Graves, and members of the committee. I am Zoe Lipman, Director of Manufacturing and Advanced Transportation at the BlueGreen Alliance. The BlueGreen Alliance brings together labor unions and environmental organizations to solve today's environmental challenges in ways that create and maintain quality jobs and build a clean, thriving, and equitable economy.

America is a good investment. Working people across the country are counting on Congress to see that. We need to rebuild and retool American manufacturing, repair and modernize our infrastructure systems, invest in our care economy, and create high-quality clean energy jobs. Making these investments at scale, and doing them right, will be essential to addressing the climate crisis, and ensuring a real and equitable recovery.

But we cannot build back better if we fall behind the rest of the world in manufacturing the technology of the future here in the United States, or if the workers and communities that need it most fail to see the benefits from innovation or a cleaner economy. That means investing not only in deploying climate solutions, but in the equally central investments we need to ensure workers, working families, and communities see the benefit of this transition.

Nowhere is this more true than in the global shift to electric vehicles (EVs).

EVs are coming. The actions and investments made by policymakers now will determine whether the U.S. economy, workers, and communities see the gains from the transformation of the transportation sector.

It is critical that we take action now to position the United States as a leading market for the most advanced vehicles, while at the same time making serious investments to strengthen advanced vehicle manufacturing, to bring electric vehicle technology and components manufacturing here and into today's factories and to build good jobs in industries that are clean and safe for workers and communities alike.

If done right, the shift to EVs will not only play a critical role in addressing climate change, but it can strengthen domestic manufacturing and supply chains, secure and grow good jobs, and help reverse decades-long declines in jobs quality and access to middle-class careers for manufacturing workers and workers of color.

By contrast, however, if policymakers fail to act, the United States risks being left behind in the global shift to using and manufacturing the next generation of automotive technology, which will cost good manufacturing jobs in communities across the nation, cede future industries to our competitors, leave many rural and urban communities behind, and aggravate inequality.

Auto and components manufacturing makes up the single largest sector of U.S. manufacturing, employing around 1 million workers directly, and millions more indirectly—from mining and steelmaking to engines and batteries to final assembly, to auto dealerships and the multitude of local jobs supported in manufacturing communities.

Over the past decade, auto sector companies and workers have demonstrated that they can build good union jobs making advanced clean and efficient vehicle technology. But now, our global economic competitors, including in Europe and Asia, are rushing to capture the jobs and economic benefits from the global transition to electric vehicles. The United States is lagging far behind in investments to capture these gains, and to ensure

that good advanced engine and transmission jobs—what we know as the “powertrain”—jobs of today become the good EV propulsion jobs of tomorrow.

At the same time, decades of shortsighted policy and investment decisions have spurred offshoring and outsourcing, cost manufacturing jobs, driven down the living and working standards of manufacturing workers, and cost access to family-supporting careers in too many communities.

Now is the time to act to reverse these trends and eliminate these risks. Critical decisions and investments that will shape the industry, domestic jobs, and the impacts on climate and our economy for decades will be made over the next few years.

An effective and equitable transition means we must lead in advanced clean vehicle deployment *and* manufacturing. This means sufficient investment in the cleanest and most advanced vehicle technology, *and* in ensuring we build the next generation of vehicle technology in America and build good jobs throughout the transportation supply chain.

We need to invest to make the U.S. a leading market for EVs—and do so with conditions that support working people.

In conjunction with globally competitive fuel economy and vehicle greenhouse gas (GHG) standards that give companies the certainty to invest and invest here, we need to adopt incentives to ensure faster, broader, and fairer consumer and fleet adoption of domestically manufactured electric vehicles—whether that’s cars, trucks, buses, school buses or the U.S. Postal Service—and to extend EV charging infrastructure to all those who will need it.

At the same time, all our public investments—through traditional or novel infrastructure finance or through the tax code—must come with strong labor standards and incentivize domestic manufacturing throughout the supply chain.

For example, the Section 30D (now 36C) Plug-In Electric Drive Vehicle Credit for consumers or a similar rebate plays an important role in building a domestic EV market, and it is critical to update it to require that vehicles and key components to be built here to receive the incentive, to support the retention and growth of good paying U.S. manufacturing jobs, and to spur automakers to further invest in building their most advanced vehicles here. The updated bill should also facilitate purchase of EVs by those who would not otherwise be able to purchase an EV.

We need to invest to make the United States a leading manufacturer of EVs and the technology that goes into them.

Catching up in the deployment race alone does not guarantee that working people and communities see the gains from the shift to EVs. We also need to make a globally competitive manufacturing investment through a robust set of manufacturing tax credits, grants, and loans, to:

- Expand, retool and convert U.S. automotive and component manufacturing to build the technology of the future;
- Onshore critical supply chains, such as batteries, cells and the materials that go into them; and
- Rebuild manufacturing communities and jobs.

Notably, this includes:

- Restoring, updating and expanding the scope – and increasing the loan authority – of the Advanced Technology Vehicles Manufacturing (ATVM) loan program;
- Robustly funding a domestic manufacturing conversion grant program to retool existing facilities – especially those at risk of closure – to build EV and related advanced technology;
- Creating new manufacturing investment and production tax credits specifically focused on filling critical gaps in the EV supply chain (as well as in other clean

technologies such as solar and offshore wind) and bringing new production to scale (again in conjunction with related grants or loans);

- Funding the 48C Advanced Energy Manufacturing Tax Credit (including direct pay) and/or a complementary grant program to establish, expand or retool manufacturing to build a wide range of clean and efficient technology including for advanced and electric vehicles, and to focus that investment on targeted communities. This program should be expanded to fund investments to reduce emissions at industrial facilities as well; and
- Making manufacturing and community investments that work together to build a new generation of clean manufacturing, revitalize communities, and create good jobs.

In addition, reaching beyond the automotive sector, though critical to it, we need to reinvest in our energy-intensive industrial base, to modernize and cut emissions from production of key materials such as steel and aluminum that are as critical to the future economy as they are to the economy today. We have the opportunity to make these facilities the cleanest and most competitive in the world, while safeguarding jobs and helping to cut emissions and drive up labor standards worldwide.

Manufacturing as a whole matters, and reinvesting in manufacturing will be critical to meeting our climate, economic, and equity goals.

As is vividly demonstrated in the transportation sector, investing in transforming manufacturing will play a fundamental role in ensuring we move quickly to produce and adopt the clean technologies of the future. The energy-intensive industrial sector also represents a major, and one of the fastest growing, sources of U.S. emissions, and investing to modernize and decarbonize this sector will be critical to meeting our climate goals while securing jobs and building momentum for ongoing sustainable economic change. In the United States, the manufacturing sector contributes \$2 trillion a year to GDP, and with its purchases of goods and services, comprises approximately one-third of our total economic output, nearly two-thirds of private sector R&D, and one in 11 jobs.ⁱ Manufacturing has a proven ability to provide high-wage, high-skill jobs, and a reliable

pathway into the middle class for millions of Americans. It has not always lived up to that promise, however, and these pathways are unavailable to too many workers today.

As decades of damaging trade, tax, and labor policy have weakened U.S. manufacturing relative to our global competitors and hollowed out manufacturing communities, this critical pathway to the middle class has narrowed. For example: from 2000 to 2016, the U.S. lost over 5 million manufacturing jobs (1.5 million in the Midwest alone), exacerbating inequality, as high-skill jobs — many of which do not require a college degree — dissolved in the midst of the financial crisis and only partially recovered in the aftermath.ⁱⁱ

For communities of color — especially Black workers — the impact of poor policy has been even more grave. Ongoing declines in U.S. manufacturing — particularly in sectors such as auto manufacturing where Black workers are comparatively strongly represented — have hit Black workers first and hardest.

Most recently, the COVID-19 pandemic demonstrated the power of advanced manufacturing to meet critical needs, including PPE and other medical equipment. But it also underscored dangerous gaps in critical supply chains, and the grave shortfalls in working conditions and safety for too many workers.

But there is nothing inevitable about this outcome. Instead policymakers have a clear opportunity now to learn from the past and take a new approach to rebuilding a U.S. manufacturing sector that once again plays a defining role in a strong, equitable, and resilient economy.

Finally, just as manufacturing as a whole matters, so too does a broader transportation agenda.

Our urgent transportation needs include not only EV deployment and infrastructure commitments, but also major investments in transformed transportation systems, such as

sorely-needed funding for public transit, support for clean, efficient, and equitable freight and commercial transportation, and much more.

We are at a crossroads. The global economy is changing; and the climate, economic and justice challenges we face are urgent and intertwined. Now is the time to invest at the scale necessary to lead in the clean transportation and technology of the future, lift up workers and communities across the country, and restore U.S. manufacturing and good jobs in a more prosperous, equitable—and clean—economy.

i. Economic Policy Institute, *The Manufacturing Footprint and the Importance of U.S. Manufacturing Jobs*, January 2015. Available online: <https://www.epi.org/publication/the-manufacturing-footprint-and-the-importance-of-u-s-manufacturing-jobs/>

ii. Center for American Progress, *The Midwestern Great Recession of 2001 and the Destruction of Good Jobs*, June 2017. Available online: <https://www.americanprogress.org/issues/economy/reports/2017/06/07/429492/midwestern-great-recession-2001-destruction-good-jobs/>