A CONVERSATION WITH CALIFORNIA GOVERNOR GAVIN NEWSOM

Richard Ditizio 01:20

Good morning. Thank you for coming, Governor. Thank you for joining us. So why don't we start with your home state, California. So California—and you seem to have some fellow Californians here.

Gavin Newsom 01:33

Troy, eat your heart out, Texas.

Richard Ditizio 01:37

So your economy sits at some $4 trillion—the fourth-largest economy in the world. California has long been forward-thinking climate partner, and certainly viewed as leading on many climate-related issues in the United States. But when there's such a chasm between the views of the U.S. federal government and a state, explain to people, like, what are the limitations on what a subnational can do, and what are the positive levers that you have as a governor that you can pull?

Gavin Newsom 02:04

Well, it's the right time to ask that question, because that's being challenged—that relationship between the federal government and the state government in a way we've never been challenged in the past with the current administration, and particularly our administration in California. To put this in perspective, someone likely familiar to many of you, Ronald Reagan, was Governor of California in 1967 and established a framework for California's leadership in low carbon, green growth through the creation of the California Air Resources Board. Three years later, a Republican president by the name of Richard Nixon codified that leadership under the Clean Air Act and afforded California to continue to lead in a responsible way that has impacted climate policy disproportionately in the United States of America. It's been part of our legacy, a bipartisan legacy going back a half century, that today is being challenged by the Trump administration that is doing everything to put America in reverse, to do everything to vandalize California's leadership in this space, and they've been reasonably successful in nine and a half months to put a lot of sand in the gears. That said, we continue to persist, and we continue to thrive, despite that federalism. 10th Amendment of our Constitution defines states' rights, states' responsibility, and to put it in perspective, my state is the size of 21 state populations combined. California—it's a $4.1 trillion a year economy. It's correct, the fourth largest in the world. We punch above our weight in every critical category of investment, California dominates compared to any other state, particularly as it relates to climate policy, green technology, and investment in innovation in this space. And so, if there's anything I want to leave with you, is this notion that California has two things—a reliable partner in relationship to this space. I cannot say that for the United States of America, particularly as it relates to the current occupant in the White House—quite the contrary—but the state of California has been a consistent partner for a half century and will continue to be for decades to come.

Richard Ditizio 04:37

So let's stay on that for a moment, because, as I was mentioning, a lot of our people here in the audience and watching it are from the investor community. So when you think about tools that you might have at your disposal at the state level—tax incentives, first- loss absorption—like, how do you think about de-risking any hesitation people have about investing in innovation around green technologies?

Gavin Newsom 04:59

Well, we did it very substantively just a few weeks ago. We extended our nation leading cap and invest program, and we statutorily extended it to 2045. I don't think there's a jurisdiction in the world that can lay claim to that kind of certainty as it relates to a carbon market that California now has established. We also doubled down on a low carbon fuel standards framework. We've extended out now for decades this commitment to sustainability and stability as it relates to the investment posture. There's a reason Tesla was created in California, 3.2 billion reasons why they were supported. There'd be no Elon Musk, as we know him today—forgive us—had not been—I say that with love in my heart— trillion dollars will do that. But proud of that, proud of his innovation, proud of that leadership. Because of California's regulatory environment, because of the Air Resources Board, because of that regulatory posture that we are now building on and building off of, and now extending it substantively to 2045. And so I think that's perhaps the most important benchmark, a proof point of California's environment as it relates to the issue of the environment. But I also would make this point: the reason I'm here is in the absence of leadership coming from the United States, this vacuum—it's rather jaw dropping. There's not one representation, not one, not even an observer, not someone taking notes that's going down to Belem. We have seen this complete reversion of so much of the progress that the Biden administration—and I didn't, I'm very mindful, I don't want to be deeply partisan—but you can't have this conversation and be honest about it unless you paint the picture of where we are. And so, if you don't like the way the world is when you're standing up, stand on your head and go local. And for me, there is a different picture that we can paint sub nationally, a different picture that we can paint in cities all across the United States of America as well. We're in the how business. It's not about what and why anymore. It's about the great implementation. California has moved away from goal setting. It's not interesting to us anymore. We're already there. We're also at a point where I can also lay claim to this: there's not one goal the state of California has ever set that we haven't achieved and did so early. We're at 67%, we're running the fourth large economy in the world, 67%— two thirds—clean energy, and nine out of ten days in 2025— nine out of ten days so far this year—at 100% clean energy for part of the day. I don't know that there's another jurisdiction in the world that can lay claim to that. And I make this point because if I was here a few years ago, we were the sixth largest economy in the world, now we're the fourth. If I was here six years ago, we were the third state in America in terms of the total number of Fortune 500 companies. Now we're number one. We're proving the paradigm, the genius of, and not the tyranny of, war. This is part of our economic strategy. It's an economic imperative. It's a global competitive responsibility for us to now assert ourselves more forcefully in the absence of national leadership.

Richard Ditizio 08:39

Want to pick up on something you said, because earlier this year we had done an event with Secretary Kerry, and he was talking about the last time the United States withdrew from the Paris Accords, and just how many states and cities actually rejoined. Are there other instances you can think of where states and municipalities can play a more active role in this conversation?

Gavin Newsom 08:59

Yeah, I mean, we're struck. There's the old African proverb: you want to go fast, go alone. You want to go far, go together. So we're all about partnership, and California is leading in terms of developing those partnerships. So we co-chair—I'm proud to co-chair—a U.S. Climate Alliance with 24 other governors, representing 60% of the GDP in the United States of America, 55% of the population, moving together from a policy paradigm and a policy principles. We're also part of All In America with the Bloomberg Philanthropy and Bloomberg Foundation, as it relates to a partnership that also is advancing the fundamental tenets of the Paris Accords, more prescriptively and specifically. So from that perspective, we're now seeing like-minded leaders all across the United States—and, by the way, bipartisan leaders. People get it again, sub nationally. But it's an ideological war at the federal level. And they're just—it's captured interest. Period. Full stop. Follow the money. It's captured interest. And we're as dumb as we want to be. We are doubling down on stupid in the United States of America—and not in my State of California.

Richard Ditizio 10:14

All right, so let's pivot. There's great optimism around AI across a spectrum of issues and all the things that it's going to portend, but it comes with an attendant energy demand. So I know that just today was reported Nvidia has two data centers sitting idle because Santa Clara's utility is trying to boost capacity around energy. When you think about it broadly, across California and the nation, like, how can we continue to develop and expand this capacity in an environmentally sensitive way?

Gavin Newsom 10:45

So I'm very proud. I don't—I'm also very humbled by all of these challenges. I don't want to come across as crass or patronizing, but I am proud that California dominates in artificial intelligence as well. We have no peers. 32 of the top 50 market cap companies in the world are in my home state, my old hometown, in the region, San Francisco, so deeply mindful of the energy relationship to all this, where the energy is in terms of innovation and entrepreneurialism. That's why last year, we significantly improved upon our permitting and procurement strategies. In fact, we have a proof point. One of the largest battery and storage facilities in the world was just approved under a new opt-in certification program—Darden, a 2,300 megawatt project in the Central Valley of my state. 7,000 gigs last year installed—fastest we have ever installed. We now dominate. Outside of China, there's only one other jurisdiction in the world—California—that has as much battery storage that has been implemented. We're over 17,000 megawatts today. We were 770 six years ago. Put that in perspective. So permitting is a huge part of our approach in terms of addressing those issues, and we are investing now—it's almost 27,000 megawatts in the last few years—in terms of improving our grid and our reliability throughout. So that's our mindset and approach. And yes, it's about fusion. It's about nuclear, which is really entered in the conversation in my state, and I think in the United States, in a way that is surprising compared to where we were even five years ago—that it's become more and more socialized, less weaponized, from the dynamic of being controversial now to be deeply part of our low carbon green growth strategy. In fact, as a proof point of that, we were going to shut down our last nuclear plant in California, which is about 9% of our base load—I extended its life. I thought it would end my term. My term was extended for four years. I give you that as a political proof point—turns out not to have been as consequential as I thought. And I say that because there's a mindset in the United States that's sort of reintroducing itself to innovation in the nuclear space, and again, in California, more startups in that space than any other state in America. Again, investment opportunities across the spectrum—robotics, quantum—California is and should be top of mind.

Richard Ditizio 13:26

So the energy transition investment surpassed $2 trillion for the first time last year in 2024, but even at this level, Bloomberg last week pegged the funding gap in the energy transition around three and a half trillion dollars by 2030. How do you think about activating more institutional and private capital towards this investment space? And what would you recommend to people as they go back to their own countries and jurisdictions to kind of move more money to the cause?

Gavin Newsom 13:54

Well, I just—look, I think regulation drives the certainty. It sort marks the market. And I think what I think marks the United States right now is uncertainty across the board. Do I need to talk about tariffs? Sort of chaos? I mean, it's madness from an investment perspective. You know, the crony capitalism that's going on in the United States right now—state capitalism, dare I say—feel like it's model a little bit on President Xi, not President Reagan. The hell is going on? None of that's happening in the state of California,—though there is market capture from California. That's my friends at Intel, component parts of Nvidia, even AMD—concerns me as a guy who believes in free enterprise. So from California's perspective, and the dynamic we're painting, is that's not our approach. I don't believe in crony capitalism. I don't believe in state capitalism. I believe in free enterprise. It's a healthy horse pulling a sturdy wagon. Our approach is transparency. Our approach is locking in a regulatory environment where there's predictability and creating an environment for return on the basis of time value of money, where we are beginning to reconcile the fact that our regulatory market, as it relates to permitting, has gotten in our own way, and as we transition, we need to reconcile that. And so we are—we're building on some historic reforms in that space, so that you're not part of an investment portfolio that's looking at a project that's 15 years behind schedule because it's gotten pulled into that labyrinth of local, regional, state, and federal permitting. And so that's our biggest push. And I think substantively, in that answer lies the response—or at least an attempt to answer your question specifically.

Richard Ditizio 15:58

So let's talk about how all of this is marketed. Because I think oftentimes there's a perception that by deploying capital into something that is societally productive as well as financially productive, there is an erosion of return. And I don't think that I've seen demonstrable evidence to that effect, but it's certainly in the social vernacular. So if you think about just one in every four vehicles sold this year will be either hybrid or electric, but it seems to be a painfully slow unfolding. You've run successful campaigns, both for yourself and last week on Prop 50 in California. I want you to think about the messaging around the environment—you're headed to Belem after this. We have a lot of data about what's happening in the Amazon and how the world needs to come to the rescue. Why do you think it's not happening? Like, if you were changing the story to get more people on board, like, what would you advise people to do?

Gavin Newsom 16:51

Because you've got an incumbent protection racket. They're buying off politicians, buying off lobbyists, buying off folks in both parties. Come on. Not complicated. During Trump, he ran for President United States, he was sitting there with oil executives. Said, I need a billion dollars from you, and I'll roll back basically the last century of regulations. He said that. Look it up. I didn't make that up. He said it. It's the polluted heart this entire crisis hasn't shifted our approach. We have seven times more green collar jobs than we do fossil fuel jobs, and we're big fossil fuel production state. Seven times. 7x. It's one of our biggest exports. Electric vehicles. When I started, we were 4%—you mentioned a numeric—when I started, 4% of all new vehicle purchases were alternative fuels, hybrid and EVs. Now they're 29% in Q3—2025 29%. We're moving. We're on the other side. The young people are moving. China gets it. United States of America is toast competitively if we don't wake up to what the hell they're doing in this space—on supply chains, how they're dominating manufacturing, how they're flooding the zone here, EU, elsewhere, Africa. I mean, we have legacy automobile manufacturers are living—I mean, their heads in the sand. GM, trying to recreate the 19th century the tech stack. Any of you been to China? Dominating in software, not just batteries. We're going to lose the tech stack. This just remarkable to me. So young people bat last. They bat 1000. They're already moving in this direction. We know where it's going. But in the United States, again, all these captured interests, short-termism. We become a petro state. I mean, with respect, I say this love. I don't think lining up, you know, what, Russia and the Saudis against the rest of the world is a winning long-term strategy. And I'm mindful—we produce more oil and gas under the Biden administration, than we entered his last year, than we ever did in any other time in history. I'm not suggesting otherwise. I flew here. I'm going to drive from this location, and I get in a plane to Belem using oil and gas. Not naive about the transition here. But nor am I naive about the future, and we're not going to do very well there unless we invest in it. And so for me, it's about competitiveness also. Anyone paying attention what's going on in insurance? I mean, climate risk is financial risk in relationship to your question. Period. Full stop. It's a cost of living issue in the United States of America. I didn't bring up Gulf states, but I could bring up Gulf Coast of the United States. Try to get home insurance in Florida. Soon, you won't be able to get a mortgage because you can't even finance that without the home insurance. Home values will start to decline. You're seeing it across the spectrum right now in my state included, which is one of the most blessed and cursed states as it relates to climate. We're on the tip of the spear of climate change—simultaneous droughts and simultaneous floods. The hots are getting a lot hotter. The dry is drier. You saw one of the most devastating wildfires in American history in the middle of winter in Los Angeles in January—100 mile an hour winds attached to fire. And as we rebuild, the number one concern people have: how do I get my home insured? And how do you get a developer to develop a home that can't get a mortgage, which is requires home insurance? So from across the spectrum—from financial risk to the issue of cost of living, which is universal, to global competitiveness—this is a no brainer. As I say, what Trump is doing is unprecedented in American history. And I started by reminding you of the person office that I occupy today, Governor Ronald Reagan, a Republican who led on this issue. This should not be through the lens or prism of red in American vernacular versus blue in the vernacular of my country—it should be a red, white, and blue. And it should be in those principles that find the best of Roman Republic and Greek democracy. And that's why I say this is a proud capitalist. And I wish we were not captured by this incumbent capitalism, but we had the imagination of an innovative mindset around capitalism, because the market would bear out a very different vision out of Washington, DC.

Richard Ditizio 21:58

So let's, let's stay on that.

Gavin Newsom 22:00

And I apologize for being so partisan here. I literally came out here—I'm just, I'm stunned. I'm just stunned. I got four kids. The hell's going on in my country? Not one person from the administration show any respect to any of you. Forget politics—disrespect. We're in Brazil, one of our great trading partners, one of the world's great democracies. I mean, hell, home to all the you need, rare earth mineral. This is the country we should be engaging in—instead, middle finger with 50% tariffs. That's shameful. Forgive me, that's an aside. Sorry.

Richard Ditizio 22:44

So while we're on that—no, no, I want to talk about, I want to talk about polarization, right, certainly evident in the U.S., but unfolding at a worrisome pace globally. I think the lack of civility in how public figures engage with one another is modeling the wrong behaviors for our children. I couldn't run the institute if people didn't speak to one another, just like certain companies' CEOs who are in the audience couldn't run their companies that way. Let's put a proactive lens on this. How do you think about finding common ground to foster dialog around climate, certainly, but around other divisive issues that seem to be tearing the U.S. and other nations apart?

Gavin Newsom 23:23

Well, it's difficult. I mean,look, we all want to be—I mean, in the spirit of Isaiah—we want to be repairers of the breach. You know, I'm deeply mindful of that in American terms and in global terms, increasingly in populism. You know, the crisis that I believe is simultaneous—I talked about issues of droughts and floods in my state, there's another crisis, and that is the crisis of climate certainly, but also crisis of democracy. The simultaneous crisis—and its frame and it's playing out in real time. Government shutdown in the United States of America today. 70 people were pardoned by my president because he tried to light democracy on fire and tried to wreck my country on January 6 in 2020. Tried to dial up for 12,000 jobs—12,000 votes—Secretary of State in Georgia. You can't make this stuff up, except maybe it paints the picture why you have a 50% tariff here.

Gavin Newsom 24:26

So we all are better off, and we're all better off, and we want to model bad behavior, but you also have to hold the line. Got to stand tall and firm. None of you should be privy to my social media. I highly, I'm not trying to get any more followers, but I may encourage one or two of you to check it out, because it's a proof point of what I'm about to assert. I've just tried to put a mirror up to this, because back to—you're right—I have four kids. This is the generation—they're seeing this. This is not normal. A President of the United States dressing up as the Pope, putting his picture on Mount Rushmore, all-cap tweets, bullying and humiliating other people, talking down to people, destroying relationships and allies, threatening folks—this is not normal. And so I try to put a mirror up to that. I'm trying to call that out. But also, I agree—I want to be on the other side. We all want to be protected. We all want to be connected. And we all want to be respected. And we all deserve to be respected. Those are universal principles. We all want to be loved. We all need to be loved. I want to find those common grounds—the shared experiences. And—but right now we have an invasive species in the vernacular climate by the name of Donald Trump, and we got to call that out, I humbly submit. And at this moment, I'm just trying to pull those weeds so when we get to the other side—and we will—but it's been hard ever since we went down an escalator in 2015, a decade, sort of, you know. And I thought, our immune system was woken up last Tuesday with the American elections. I worry now, though, that sounds like some of my colleagues and friends in the United States Senate, some of my Democratic colleagues, just decided that we're playing by the old set of rules, not the new set of rules. It may have rolled over a little bit. So I love your question. It's the right question. I want to be part of that answer as an American citizen—not as a governor, as the ex governor of California— but right now, we've got to hold the line. Because I think America will become unrecognizable in a year or two, unless we fight back.

Richard Ditizio 26:47

Something that makes me optimistic is that we are in the earliest stages of what will be the largest wealth transfer in the history of the world. Somewhere between 70 $80 trillion is going to flow from one generation to the next. For the first time ever, women will control more of that capital, and younger people want to activate it in a very different way. So how? What advice would you give to people who are going to be receiving that? How should they think about stewarding this massive amount of funds towards something that's productive?

Gavin Newsom 27:20

Well, I'll tell you, and I don't want to get any philosophical or ideological, but, I mean, I talk about democracy, but we've got a democracy the United States. We're going to also have to democratize our economy if we're going to save our democracy. And I'm a guy doesn't begrudge other people's success. I'm not one of those Democrats. I don't begrudge other people's success. I'm all about aspiration. I love it. I love entrepreneurial spirit. I'm a small business guy before I got into politics—I'm not trying to impress you, but to impress upon you a value proposition, a bias. But 10% of Americans own two thirds of all our wealth. I talk about Elon, I made the comment, just got a trillion, he likely will be the first trillionaire. I live in a country with 50 states, 20 of them have a $7.25 cent minimum wage, and we're about to have our first—this doesn't work. I go as Plutarch in 50 AD, who warned the Athenians—the imbalance between the rich and the poor in 50 AD—the imbalance between the rich and poor is the oldest and most fatal ailment of all republics. It's not sustainable. So I would make this point, in the context of that transfer of wealth, I hope we transfer a different mindset—moving away from situational values, short termism, to sustainable values—not just with Mother Nature, but in the context of free enterprise. And I think sustainable mindset ultimately is the construct to which I think that next generation will save us from the situational challenges that we face today. As I said, young people get it. As I said, before, we're seeing—you're seeing—I'm living in a country the first generation, a 30 year old, is doing worse than his parents. First time in American history we're seeing this great awakening. Don't underestimate what's happening in the U.S., demographically, with this next generation. And so I hope, in that spirit, those values—not all the values of today—are transferred, but those values that I believe will sustain the future are transferred.

Richard Ditizio 29:47

So you are termed out and can't run for re-election in 2026. Hey, no, just saying—we have plenty of roles.

Gavin Newsom 29:55

So I need a job. I don't know that I auditioned well today, but.

Richard Ditizio 29:59

Well, I'm saying we have plenty of roles open at the Milken Institute.What's next for you?

Gavin Newsom 30:07

Who knows. I say most important office brand, I said, is office of Citizen—active, not inert citizenship. So I—that's a gift to go back, but we'll see what the hell happens. I've been very animated by—as you can tell—by what's going on in my country, by the weaponization of grievance, the militarization of American cities, mass men with people disappearing, communities on edge in the United States of America in 2025. What you're seeing on TV is playing out disproportionately in my state—communities torn asunder, racial profiling on the base of your skin color, where you congregate, your language. It's not exaggerated. Sanctioned by the United States Supreme Court, a supine Congress, a supine Supreme Court, maybe even a supine Senate—that includes some Democrats. I just feel this is an existential moment. I really do. I said it, and I'll close on this: I don't think it's a gross exaggeration, nor do I think it would be challenged by Donald Trump himself, that my country may be unrecognizable to you in a year or two. There's a revolution going on in the United States of America. It's not about Co-equal branches of government. It's not about popular sovereignty. It's not about the rule of law. It's increasingly about the rule of dawn. And I hope it's dawning on many of you how real that is, but I also hope, in the spirit that began this conversation, that I'm leaving you with a sense that we march to the beat of a different drummer in California—stable, reliable partner. We're here for the long haul. We're 1,600 miles away from Washington, DC— 1,000 miles in terms of mindset. So think about California in those terms. Think about us as a partner. And think about us as it relates to decisions you make in the future. You matter. We care. And I'm grateful for this opportunity to share those words with all of you here today. Thank you, guys. Thank you.