

Republican Perspective

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GREEN WASTE

“Only government can take perfectly good paper, cover it with perfectly good ink and make the combination worthless.” Milton Freidman, economist

The Federal government has long invested taxpayer dollars in new industries with emerging technologies. This is surely the case with the Obama Administration when it comes to investing in wind and solar power. In addition add electric cars and lithium battery manufacturers.

Unfortunately, Obama’s gang of green intellectuals have done a lousy job of investing our money. This should come as no surprise as the Feds have great difficulty determining winning vs losing technologies. The usual default is to select companies that have made significant financial donations to the incumbent’s campaign. Some call it crony capitalism.

In case you wish to keep score on Obama’s picks, the following is nearly \$2.4 billion of government loan guarantees on bankrupt green companies compiled by townhall.com. For the record, his March Madness basketball bracket picks are better:

- Abound Solar - \$400M, A123 Systems - \$123M, Amonix - \$29.6M, Azure Dynamics - \$5.4M, Babcock & Brown - \$178M, Beacon Power - \$43M, Ecotality - \$115M, Ener1 - \$118.5M, Energy Conversion Devices - \$13.3M, Evergreen Solar - \$25M, Fisker Automotive - \$529M, Flagberg Solar, US - \$20.2M, Konarka Technologies - \$20M, MiaSole \$101.8M, Mountain Plaza - \$2M, Nortic Wind Power - \$16M, Olsens Crop Service - \$10M, Range Fuels - \$80M, Raser Technologies - \$33M, Revolt Technologies - \$10M, Solyndra - \$535M, Spectra Watt - \$20.5M, Stirling Energy Systems - \$7M, Suntech - \$2.1M, Thompson River Power - \$6.5M, Vehicle Production Group - \$50M and Willard & Kelsey Solar - \$12.7M.

The Obama team touted these investments not only as the clean technology of the future but also as green job creators. In order to assist in training for green jobs, the Administration provided \$9 billion in grants. A report by the National Renewable Energy Laboratory (EREL), part of the Department of Energy, states that for the 2009-11 timeframe there were an average 52,000-75,000 “direct and indirect jobs per year” created for the construction, installation, and related work on the wind and solar projects.

These were temporary construction and installation jobs, not permanent positions at energy sites. For permanent operation and maintenance jobs, EREL said 910 per year

were created. You can do the math on how much each job cost. The point here is that more hot air is being created than decent amounts of permanent green-collar jobs on wind and solar energy.

While company failures in new industries are inevitable, the executives awarding themselves bonuses before filing for bankruptcy should be called out for what they represent, i.e. crony capitalism. Such is the case with Beacon Power who gave three executives over \$259,000 in bonuses six months before filing for bankruptcy. Solyndra is another example and the scandal has been well documented.

Abound Solar was no stranger to crony capitalism. The ratings company, Fitch, determined that it was “lagging in technology relative to its competitors, failing to achieve stated efficiency targets, and expecting that Abound will suffer from increasing commoditization and pricing pressures.” If this was true why did DOE fork over a \$400M loan? Perhaps because Pat Stryker was a large investor in Abound and he also had contributed \$500K to Democrats from 2007-12 as well as large contributions to Obama’s 2008 and 2012 campaigns.

Is there a better way for the Federal government to aid emerging technologies? Government bureaucrats have no incentives to insure that investments they make on behalf of taxpayers generate a return on investment. Whether these projects succeed or fail makes little difference.

If the government is bound and determined to pick winners and mostly losers, perhaps they should follow the lead of private philanthropists. These philanthropists frequently establish prizes that award only technologies that meet defined criteria.

The Bill & Melinda Gates Foundation partnered with the governments of the United Kingdom, Italy, Canada, Russia and Norway to commit \$1.5 billion toward the purchase of vaccines to the first company to develop a vaccine for a disease that primarily affects people in poorer countries.

The reward for an effective vaccine is large-scale purchases of the product.

Prizes for green technology with clear criteria and practical implementation could be established. Better results will be achievable if government officials are permitted to determine the clear winners without unnecessary pressure from the White House on who had donated the most cash. Perhaps Obama can fundamentally transform this process. Not a likely scenario because how would politicians reward those who put them in office? As the host of a financial talk show often says, “we have the best government money can buy.”