



Homepage

Virginia
Election
Coverage

BDTblitz - HS
Football

Seriously?!

Cold Case
Archives

Telescope
Archive

Editorials

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The grand fallacy of the administration's green energy compulsion

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In the Obama administration's great green energy scam the president has ignored or tried to overpower two economic factors. First, green energy is a luxury in an economic downturn, and second — and the more relevant factor — there is no significant free market demand for green energy.

Writing on Forbes.com, Patrick Michaels, a senior fellow in environmental studies at the Cato Institute, notes the near manic devotion to all things green in the UK and Europe, documents what the economic downturn has done there, and notes that the green mania, in fact, contributed to their economic problems.

The first glimmers showed up a couple of years ago in Spain, he said. "The government — which [President Obama] cited as his environmental role model in his last presidential bid — sought to buy support with outrageous subsidies, in the form of power purchases, to anyone who put a solar panel on his roof in sunny Seville. The government spent much more than it took in [and] sold bonds it couldn't back," Mr. Michaels wrote, producing costs and debts far greater than the economic benefit obtained from the solar panels.

Then, in the United Kingdom a similar program produced the installation of tens of thousands of solar projects, since the Brits also appreciate a freebie when government offers it, even though the UK is one of the cloudiest places on the planet.

The wastefulness of these programs became apparent, Mr. Michaels wrote, when the economy turned downward, and Spain announced a 40 percent reduction in wind power subsidies; the European Commission is questioning the wisdom of its go-it-alone global warming policies, citing loss of economic competitiveness; the British government gave up on its expensive carbon capture and storage facility; and Japan is reconsidering cutting carbon dioxide by 25 percent in the next eight years, because of the wealth drain the plan produced.

Meanwhile, President Obama threw away a half-billion of your dollars supporting a failing solar panel company he called the “true engine of economic growth,” and executives of which just happened to be some of his financial supporters. The Solyndra debacle put thousands of people out of work, and wasted \$535 million. It was the second time in his two and one-half years in office that Mr. Obama put job creation behind his statist ideological goals.

However, to be fair, it is not accurate to say that the administration completely ignored job creation. Diana Furchtgott-Roth is a senior fellow at the Manhattan Institute and contributed an article to RealClearMarkets.com discussing green jobs training sponsored by the U.S. Department of Labor’s Employment and Training Administration. She writes: “As of June 30, ETA had awarded \$490 million of the \$500 million provided by Congress for the program. The funds were awarded to state workforce agencies, community colleges, and nonprofits. Green jobs were defined as those ‘associated with products and services that use renewable energy resources, reduce pollution, and conserve natural resources.’ ”

She explained that some workers had been trained in green jobs such as “hybrid- and electric-car auto mechanics, weatherization of buildings, and solar panel installation,” while others “received job referrals, training in basic workforce readiness skills, and credentials and support services to overcome employment barriers.”

However, the grantees had spent only \$163 million, about one-third of available funds. And what do we have to show for that? After six months, Ms. Furchtgott-Roth stated, only 1,336 trainees were still employed, at a cost of \$121,257 per job.

Anyone thinking about forcing the United States to abandon its reliance on traditional energy production methods using fossil fuels and to instead adopt green energy technology ought to first be aware of some fundamental conditions. In typical liberal fashion, however, the administration neglected to indulge in thinking past the most fundamental questions to see the difficulties of pushing Mr. Obama’s dream on the American people.

H. Sterling Burnett, senior fellow with the National Center for Policy Analysis, and policy intern Wesley Dwyer, explain the things the doctrinaire Mr. Obama and his fellow travelers either neglected to investigate, or simply ignored.

First, they tell us that green technologies come with strings attached. While the administration thinks the answer to our energy problems is solar and wind power, both rely on rare earth elements, solar on tellurium and wind on neodymium. As it turns out, these elements are scarce everywhere on Earth.

Except in China. Consequently, China has a near monopoly on tellurium, and that makes it virtually impossible for American solar manufacturers to compete with Chinese firms. (See Solyndra, above)

And, as it turns out, the magnets used in turbines use the rare earth element neodymium. General Electric is one of the leaders developing wind energy technologies, and has to purchase all of its neodymium from China.

In addition to being “luxury” energy and being so expensive and inefficient that it cannot develop market demand, green energy is dependent upon materials available to a very high degree from only one country. Contrast that with oil, natural gas and coal, all of which are fairly abundant in domestic reserves, which makes it both easier and less expensive to acquire them, and protects us from being held hostage by China.

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