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Solyndra Folds, and So Does Dream of US Leadership in Alternative Energy

Last week we saw two highly unusual events which when juxtaposed tell you all you need to know about where we were and where we are heading. When you put the two together, the conclusions will surprise you.

Last week in tech land we saw the announcement of the sudden bankruptcy of Solyndra, which was a highly innovative startup in Silicon Valley focusing on thin film solar. With Solyndra's demise, which is close on the heels of Evergreen Solar's death a fortnight ago, we now are in the final stages of a complete collapse in US solar manufacturing. At the same time, we saw the unemployment report on Friday that the BLS said that the US created zero jobs in all of August 2011. Zippo.

Some say we shouldn't mourn the loss of solar jobs, we only lost manufacturing jobs but we have innovation. My question to the armchair economists who usually put forth such ideas is this: OK, we lost manufacturing, but what comes second (the corollary)? My answer: the complete loss of leadership in alternative energy. Economists yawn when manufacturing jobs are lost, but they are out of kilter when academic jobs or, God forbid, government handouts to their favorite cousins, the banksters, are lost.

The lack of outrage for the first news item with the feigned concern for the second, illustrates only one thing to me: how the deep corruption in our economic system is beginning to hamper our leadership in other areas. Don't get my drift? Let me draw the lines for you.

In 2007, what was the hottest area in all of tech? It was solar, wind, and all things alternative energy. The **Wilderhill Clean Energy Index**, PBW, climbed 50% in 2007. Since then, it has lost a whopping 75%. What happened during that time? Solar prices have plunged making the technology even more affordable than before. How can a technology do what it was promised to do, and yet companies in the space are in their deathbed?

In 2007, we were making solar panels for $3 a watt and utility costs were more than 50c a Kwh. Fast-forward to 2011 and we are now making solar panels for less than 70c a watt, and selling energy generated from them to utilities for less than 14 cents per kilowatt-hour (kWh) which is cheaper than nuclear power. But in the straight line that took us from 2007 to 2011, the Bush and Obama administrations missed key ingredients to buttress the industry: subsidies and demand. Solar energy needs subsidy to thrive.

You may ask: Why should we subsidize solar? The answer is that it's a fledgling technology. Diesel was more expensive to run locomotives than coal but you don't see coal-fueled trains anymore. Why? we subsidized diesel! We wanted to get away from coal, that's why. …. America was supposed to become the biggest market for solar under Obama if you were to believe his campaign literature. But three years later, we are the backwater. China and Europe (and even Japan) are way ahead.

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A country is known by its citizenry and by its leaders for the choices they make. In this case, our countrymen spoke with one voice against TARP and our leaders ignored them with a single brush off. The result? an economic calamity. China is world's number 1 in Solar with nearly 1.5m jobs created in just the last 5 years and many more millions to come. Instead, we are faced with record high unemployment and bankers all counting their bonus cash. What a shame!