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Column: Government shouldn't be picking Solyndras

By Bjorn Lomborg

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The lesson from the federal government's failed backing of Solyndra is not that the [United States](#) should abandon energy innovation. It is that the government should not try to pick industry winners in the race to replace fossil fuels with an alternative.



Pool photo by Paul Chinn

May 2010: Solyndra Executive Vice President Ben Bierman, right, shows President Obama around. Behind him is Chief Executive Officer Chris Gronet.

Solyndra is the now-bankrupt solar-panel manufacturer that received a \$535 million federal loan guarantee in 2009 to build a factory based on the proposition that solar power should be captured through solar cylinders rather than the more established technology of silicon wafers. Solyndra lost the gamble on its technology — and taxpayers lost a half-billion dollars. Congressional investigators are now probing whether any laws were broken in this venture, amid allegations of favoritism.

Make no mistake, the long road to ending reliance on fossil fuels will be littered with many technologies that fail to live up to early promise. But the danger is when politicians and bureaucrats attempt to predict which technologies will be winners and back them to build an industry.

The idea of capturing the sun's power through solar cylinders might have been a great idea, but the government should instead have spent half a million dollars on funding researchers to investigate such technology. If the research had proved the technology successful, private companies would have jumped in and sold cheap solar power to the world. And spending one-thousandth of the amount on research means we could have studied many potentially promising technologies — because Solyndra is hardly a unique case.

Why support research?

Many of you might ask why should government support research if business benefits?

First, private companies tend to significantly underinvest in R&D because the benefits of partial technology breakthroughs can take decades to be realized — and then the patents have expired.

Second, because we all benefit. Ultimately, investing in relatively inexpensive research across many technologies has greater promise of finding real, low-cost alternatives to fossil fuels.

Instead of building factories for the likes of Solyndra, money would be much better spent on relatively inexpensive research and development across a vast

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energy: nuclear, wind, solar, geothermal, etc. They found that these technologies are only ready to take us a small part of the way toward a green energy society.

Technology not ready

The needed technology also is not ready in terms of scalability or stability. Current technology is so inefficient that — to take just one example — if we were serious about wind power, we would have to blanket most countries with wind turbines to generate enough energy for everybody, and we would still have the massive problem of storage: We don't know what to do when the wind doesn't blow.

But if we pursue innovation over the next few decades to make solar panels or wind turbines or some other technology cheaper than fossil fuels, we will effectively have solved global warming. Everyone, including developing nations, would simply switch to the cheaper, more effective, green technology.

The real focus has to be on direct research and development, although a modest carbon tax — adding something like six cents to each gallon of gasoline — could provide a small (but as we see in the real world, often a very divisive) part of the solution. Research commissioned by the Copenhagen Consensus Center showed that if governments invested globally about \$100 billion annually in non-carbon-based energy research, we could essentially fix climate change over the coming decades. \$100 billion is much less than is spent on ineffectual carbon-cutting policies just in Europe.

Where governments go wrong is in propping up today's not-ready technology. In this, the United States has company. Germany, a fairly cloudy country, spent \$75 billion on subsidizing solar panels, the net effect of which will be to postpone global warming by the end of the century by seven hours. That's simply throwing away money to feel good. What we need to do is support research into tomorrow's energy solutions, not subsidize today's poor technology.

Bjorn Lomborg is the director of the Copenhagen Consensus Center at Copenhagen Business School.

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