



Written by [James Heiser](#) on March 1, 2011

## Obama's Favorite Solar Manufacturer Flounders

Last May, as the president was trying to find any jobs saved or created by the hundreds of billions spent as part of the so-called Recovery act, Mr. Obama pointed to a solar panel production company in California as one of his "success" stories. In fact, Obama described Solyndra as a model for the whole future of the "green economy": "The promise of clean energy isn't just an article of faith... It's not just some abstract possibility for science fiction movies or a distant future or 10 years down the road or 20 years, it's happening right now. The future is here."



For the moment, however, the cold light of reality continues to demonstrate that such purportedly clean energy is not, in fact, already here, and it may be many years before Obama's favorite solar company becomes profitable.

An [article](#) by Dana Hull for the *Mercury News* begins with the observation: "Fremont solar maker Solyndra has a short but stormy history." In fact, it is a history of substantial investments of venture capital and government assistance which nonetheless has resulted in a company which has not reached the point of meeting industry averages for cost per watt. According to Hull:

The solar industry is driven by metrics like "manufacturing cost per watt" and "cost per installed watt," which includes other factors such as the price of inverters, mounting hardware and permitting fees.

Many low-cost Chinese manufacturers, which benefit from massive government support, are manufacturing at costs in the \$1.10 to \$1.20 a watt range. Thin-film leader First Solar, based in Tempe, Ariz., manufactures at 75 cents a watt and aims to be at 53 cents a watt by 2014. Solyndra says its current manufacturing costs are about \$3 per watt..

"Our manufacturing cost per watt is coming down every quarter," [Solyndra CEO Brian] Harrison said. "By the end of 2012 we should be at the \$1.30 to \$1.40 per watt range, or \$2 a watt if you include installation."

But even if Solyndra hits that goal, analysts such as Jeff Bencik of Kaufman Brothers warn that competitors are similarly racing to drive down their costs — and have a head start.

"It's a moving hurdle," Bencik said. "It will be really difficult for Solyndra to match (other manufacturers' costs) at this point. I'm not saying they can't do it, but I haven't seen it."

With a billion dollars of venture capital, and a \$535 million loan guarantee from the federal government, Obama's handpicked example of the dynamism of green energy and the success of the Recovery Act is lagging behind its Chinese competitors in terms profitability. And the prospects for a substantial number of new jobs at Solyndra has also been put on hold.

At the very moment that Obama praised the company to the skies last year, there were already reasons to worry that Solyndra's prospects could be less than stellar. As Carl Franzen [wrote](#) last May in an article for PoliticsDaily.com:



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But while the President's remarks were intended to inspire confidence in the U.S. alternative energy sector and reinforce the economic benefits of "green jobs" as the country climbs out of recession, it instead generated another, less favorable story line:

"Construction workers at the Solyndra Plant in Fremont will be spending the day at home Wednesday without pay as President Obama visits the company to praise its work on solar panels," reported local news channel KRON 4 (via Real Clear Politics).

What's more, Solyndra, a five-year-old company, has faced dire financial straights and had just recently undergone an audit, according to BNet.

In fact, the company was benefiting from a \$535 million loan in 2009 from the Department of Energy. [As CNet reported in March 2009:](#)

For Solyndra, the loan will partially finance construction of a second factory in California. The 4-year-old company, based in Fremont, Calif., has designed cylinder-shaped solar cells that are assembled onto arrays for the flat roofs of corporate and industrial buildings. ...

The money for Solyndra was appropriated in the Energy Act of 2005. On taking office, [Energy Secretary Steven] Chu made dispersing existing and newly available loans a high priority, and created a process specifically for evaluating and expediting them. With the passage of the massive government stimulus package earlier this year, the federal energy agency has billions of dollars available for loans, for which a number of green-tech companies have applied.

According to the U.S. Department of Energy, the assistance to Solyndra came in the form of "a loan guarantee under the Recovery Act and Title XVII of the Energy Policy Act of 2005." In other words, even the current administration must grudgingly admit that the \$535 million while flowed to Solyndra came about through a fusion of efforts during both the Bush and Obama administrations to keep "alternative energy" development afloat. Obama's Recovery Act may have provided the specific funding for Solyndra, but in this circumstance it rested on earlier efforts to prop up "alternative energy" which were thus far failing to prove themselves profitable in a free market economy.

In other words, the Energy Policy Act and the Recovery Act were less economic decisions than they were political; the political expediency of aiding unprofitable — but "politically correct" — green power trumped market place realities. Whatever the long-term prospects of Solyndra and other alternative energy-related companies, the whole succession of bailouts and subsidies which have become the favorite unconstitutional pastime of both major political parties reigning in Washington, D.C. continue to drain away our nation's wealth even as they distort the proper functioning of a free market.



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