



Cars or Wind Turbines? Time to Choose ?

Posted by [Nate Hagens](#) on November 21, 2008 - 9:55pm

Topic: [Policy/Politics](#)

Tags: [automobile](#), [basic needs](#), [big three](#), [energy production](#), [free trade](#) [[list all tags](#)]

With the recent financial turmoil, many companies and industries are finding themselves in deteriorating financial straits. Yesterday the CEOs of the 'Big Three' auto makers testified before Congress on why they should be the latest recipients of taxpayer funds, specifically a \$25 billion injection from the government to keep their businesses afloat. At the same time, renewable energy infrastructure buildout is facing similar problems. [66 out of 262](#) approved wind farms have either been outright canceled or postponed. Some tough choices will likely have to be made. It has been our historical political trajectory to put out immediate fires and neglect smoke on the horizon. But at what point, if ever, is there an 'a-ha' (or 'uh-oh') moment, when we collectively realize we don't have the resources to continue ALL businesses. Some entire industries can, should and will fail.

Below the thread are some brief comments, and an open thread on the [automobile industry bailout](#) situation.



"Hummer?"

"or Light and Heat?"

NEW DEAL - CARS OR WIND TURBINES?

There are several levels to this question (as to most questions).

Let me preface this short piece with an email I just got from my mother. Though I don't participate in 'Christmas' american style any longer, my Mum still pretends that I do:

Dear Nathan, don't give gift cards from the following stores:

- > Circuit City (filed Chapter 11)
- > Ann Taylor- 117 stores nationwide closing
- > Lane Bryant, Fashion Bug ,and Catherine's to close 150 stores nationwide
- > Eddie Bauer to close stores 27 stores and more after January
- > Cache will close all stores
- > Talbots closing down specialty stores
- > J. Jill closing all stores (owned by Talbots)
- > Pacific Sunwear (also owned by Talbots)
- > GAP closing 85 stores
- > Footlocker closing 140 stores mo re to close after January
- > Wickes Furniture closing down
- > Levitz closing down remaining stores
- > Bombay closing remaining stores
- > Zales closing down 82 stores and 105 after January
- > Whitehall closing all stores
- > Piercing Pagoda closing all stores
- > Disney closing 98 stores and will close more after January.
- > Home Depot closing 15 stores 1 in NJ (New Brunswick)
- > Macys to close 9 stores after January
- > Linens and Things closing all stores
- > Movie Galley Closing all stores - Includes Hollywood video
- > Pep Boys Closing 33 stores
- > Sprint/Nextel closing 133 stores
- > JC Penney closing a number of stores after January

- > Ethan Allen closing down 12 stores.
- > Wilson Leather closing down all stores
- > Sharper Image closing down all stores
- > K B Toys closing 356 stores
- > Loews to close down some stores
- > Dillard's to close some stores

With that sobering (though some might say refreshing) backdrop, lets assess whether its possible or desirable to continue to divert investment into our 3 major auto makers or cut our losses and begin wholesale investment in renewable infrastructure.

Firstly, we have to look at the feasibility of each industry on its own merits. Can the [automakers propose a coherent businessplan](#) that will not require government bailout money in the future? [Electric cars](#) are at the center of the bailout discussion.

What are the economics of wind farms, both to the industry, and to the long term holders of the energy harnessing equipment (energy return)? Especially in a business landscape penalizing carbon, wind power can be profitable. Wind expert [Paul Gipe](#) at ASPO-Sacramento ran through some numbers suggesting that with the industrial capacity of the U.S. heavy duty truck manufacturing industry, all the wind turbines needed to replace all U.S. electric generation capacity could be built in about 10 years—(basically the Gore plan).

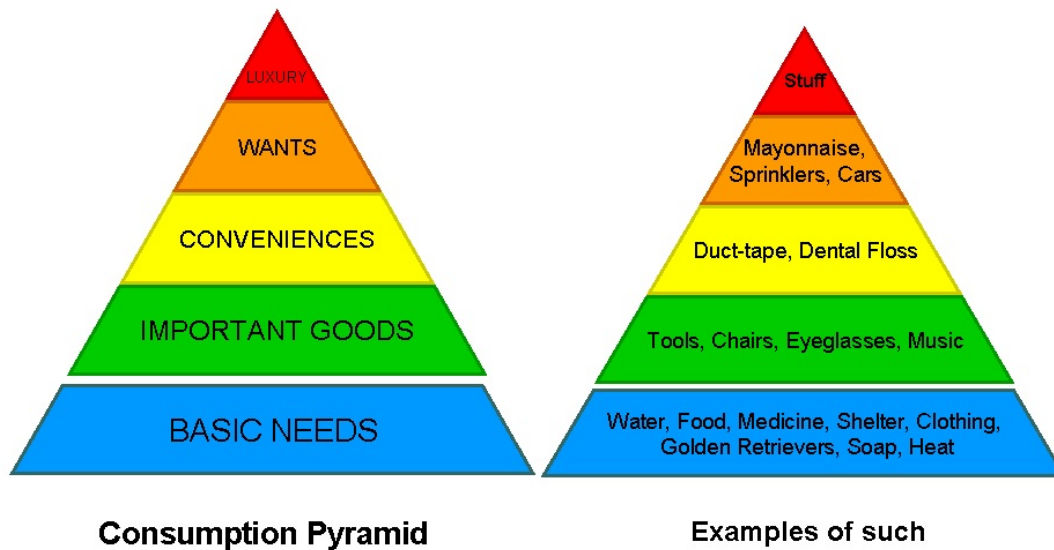
Secondly, there are the issues of growth, infrastructure and [comparative advantage](#). For the longest time we (the USA via the Washington Consensus) have campaigned against import substitution policies in Latin America and other places around the world to accelerate the size of the global trade pie. As resources (or 'money') become more scarce, it stands to reason that we will incrementally produce a larger % of basic goods closer to home face shortfall risk.

Thirdly, the last generation has moved, via unnoticeable baby steps, a long ways from recognition that 'we can't do it all', though recent events should provide a contrary example. It seems our entitlement culture is very fluent with the words 'more' and 'cheaper', and less familiar with 'either-or' or 'none'. The pride or shame associated with letting an industry fail almost seems like a national scarlet letter of failure. Akin to 'losing face' in Japan or China.

Lastly, we get to the the heart of the issue surrounding a choice between supporting and promoting the auto industry and supporting and promoting renewable energy infrastructure. These two industries are in sharp contrast with eachother in the upcoming changing social landscape. Whether they are profitable to shareholders or not, one is primarily on the consumption side of our resource ledger (liability) and the other is on the asset side, a producer of a basic need.

The [political signs of energy change](#) have started. President-elect Obama has *significant* challenges ahead, as do we all. I suspect the next administrations policy choices are already well underway. If the financial crises are any roadmap, it paradoxically seems that those who fail first, are almost better off, as the 'cost' of failing is being bought out or bailed out (with exceptions like Lehman). Each of these 'crises' can be an opportunity for change. Perhaps General Motors and Ford can be downsized and the equipment and infrastructure modified to large scale assembly of

turbines and towers, or some such? Can we afford to divert resource (labor, energy, materials, etc) into all of our current industries? Do we have the courage to admit we can't do everything? In the opinion of this writer, we should somehow steer the % of our population who consumes and produces little, more in a direction of producing, and consuming less. This may be an unpopular diet.



The title of this post is a rhetorical question, but an example of one of the types of choices we might begin to face. In the long run, we will be much further ahead by first deciding what our 'ends' should be before trying to determine the appropriate means. It is likely that more wind turbines alone won't get us where we need to go. And more cars may take us further.



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