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OP-ED COLUMNIST

Dumb as We Wanna Be

By **THOMAS L. FRIEDMAN**

It is great to see that we finally have some national unity on energy policy. Unfortunately, the unifying idea is so ridiculous, so unworthy of the people aspiring to lead our nation, it takes your breath away. Hillary Clinton has decided to line up with John McCain in pushing to suspend the federal excise tax on gasoline, 18.4 cents a gallon, for this summer's travel season. This is not an energy policy. This is money laundering: we borrow money from China and ship it to Saudi Arabia and take a little cut for ourselves as it goes through our gas tanks. What a way to build our country.

When the summer is over, we will have increased our debt to China, increased our transfer of wealth to Saudi Arabia and increased our contribution to global warming for our kids to inherit.

No, no, no, we'll just get the money by taxing Big Oil, says Mrs. Clinton. Even if you could do that, what a terrible way to spend precious tax dollars — burning it up on the way to the beach rather than on innovation?

The McCain-Clinton gas holiday proposal is a perfect example of what energy expert Peter Schwartz of Global Business Network describes as the true American energy policy today: "Maximize demand, minimize supply and buy the rest from the people who hate us the most."

Good for Barack Obama for resisting this shameful pandering.

But here's what's scary: our problem is so much worse than you think. We have no energy strategy. If you are going to use tax policy to shape energy strategy then you want to raise taxes on the things you want to discourage — gasoline consumption and gas-guzzling cars — and you want to lower taxes on the things you want to encourage — new, renewable energy technologies. We are doing just the opposite.

Are you sitting down?

Few Americans know it, but for almost a year now, Congress has been bickering over whether and how to renew the investment tax credit to stimulate investment in solar energy and the production tax credit to encourage investment in wind energy. The bickering has been so

poisonous that when Congress passed the 2007 energy bill last December, it failed to extend any stimulus for wind and solar energy production. Oil and gas kept all their credits, but those for wind and solar have been left to expire this December. I am not making this up. At a time when we should be throwing everything into clean power innovation, we are squabbling over pennies.

These credits are critical because they ensure that if oil prices slip back down again — which often happens — investments in wind and solar would still be profitable. That's how you launch a new energy technology and help it achieve scale, so it can compete without subsidies.

The Democrats wanted the wind and solar credits to be paid for by taking away tax credits from the oil industry. President Bush said he would veto that. Neither side would back down, and Mr. Bush — showing not one iota of leadership — refused to get all the adults together in a room and work out a compromise. Stalemate. Meanwhile, Germany has a 20-year solar incentive program; Japan 12 years. Ours, at best, run two years.

“It's a disaster,” says Michael Polsky, founder of Invenergy, one of the biggest wind-power developers in America. “Wind is a very capital-intensive industry, and financial institutions are not ready to take ‘Congressional risk.’ They say if you don't get the [production tax credit] we will not lend you the money to buy more turbines and build projects.”

It is also alarming, says Rhone Resch, the president of the Solar Energy Industries Association, that the U.S. has reached a point “where the priorities of Congress could become so distorted by politics” that it would turn its back on the next great global industry — clean power — “but that's exactly what is happening.” If the wind and solar credits expire, said Resch, the impact in just 2009 would be more than 100,000 jobs either lost or not created in these industries, and \$20 billion worth of investments that won't be made.

While all the presidential candidates were railing about lost manufacturing jobs in Ohio, no one noticed that America's premier solar company, First Solar, from Toledo, Ohio, was opening its newest factory in the former East Germany — 540 high-paying engineering jobs — because Germany has created a booming solar market and America has not.

In 1997, said Resch, America was the leader in solar energy technology, with 40 percent of global solar production. “Last year, we were less than 8 percent, and even most of that was manufacturing for overseas markets.”

The McCain-Clinton proposal is a reminder to me that the biggest energy crisis we have in our country today is the energy to be serious — the energy to do big things in a sustained, focused and intelligent way. We are in the midst of a national political brownout.