

## It's time to save the golden goose



*“Imagine a California that encourages energy production until electrical and petrochemical costs are less than half of today’s, reforms its regulatory environment to encourage new and expanding businesses, provides ample water for whatever uses Californians can devise, re-creates a fast and efficient transportation system, and stops consuming more and more of its GDP in government spending.”*

— Robert M. Johnson  
Citizens for the California Republic



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# The Emerging Green Economy Myth

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California, on the verge of fiscal collapse, living with a new structural unemployment, and unable to govern herself, stands at an economic crossroad.

Forms and decisions of the past do not seem to work anymore and we are left with no easy options. M. Bastiat reminds us above that we are poor economic predictors, rarely able to imagine the effects of our actions. Amidst this confusing morass springs a false hope based on nothing but faith: that a new “green economy” will lead us out of the economic wilderness.

Most Californians know in their hearts that constant assertions about a State saved by the “green economy” is a fairy tale for the gullible. Unfortunately, the public is being misled by poor reporting. Since the release of the Many Shades of Green study by Next10, the media has parroted the talking points of the green economy apologists without investigation.

The problem with the study, and the reporting of the study, is that everyone’s talking percentages, not real numbers of jobs produced.

- From 1995 to 2008, California added 42,000 jobs to the “core green economy”: from .77% of the workforce to .88%. In 14 years. We can anticipate more than 2,000,000 Californians unemployed in this year alone.

- A one percent reduction in the average unemployment over the same period would have resulted in 450,000 more jobs than the total core green economy; this is even assuming that every green job would be totally lost.

- Projecting out to 2050, the core green economy will rise to 1.5% of the labor force. These kinds of numbers provide little hope to California’s working classes.

No matter how well intentioned, breaking windows and filling in ditches cannot spur actual economic growth.

Californians pay unimagined opportunity costs to prop up the “green miracle.” The “core green economy” only grows through artificially

high energy costs, overbearing regulation, and direct subsidies from tax payers. In an actual free market, the faux miracle of the green economy evaporates. If the green economy was going to provide for a prosperous and plentiful future, it would not need massive government regulatory systems and huge transfer payments from taxpayers.

The wealthy classes from the “core green economy” are, and will probably remain, here in California; it’s a nice place to live. Research and development, lobbying, and most consultancy will stay in the Silicon and Sacramento Valleys: manufacturing and distribution will be elsewhere. This will be small comfort to the average Californian.

Let’s take a couple real life examples of how the green economy is working.

Firstly is MiaSolé, a high risk startup developing a more efficient type of solar panel technology using Copper Indium Gallium Selenide (CIGS) thin-film. MiaSolé’s business model only works if one assumes much higher energy costs as a result of implementation of AB 32. Several years late, they began shipping product in 2009 from their Northern California test manufacturing facility.

Start up cost have exceeded \$300M, and they are the recipients this year of an federal tax credit of \$101.8M. They must increase production soon if they are going to be economically viable. They’ve solved the R & D problems, they’ve figured out how to build the panels, and they’re ready to expand. But just like so many other high-tech industries, they’re taking the 1000 projected manufacturing jobs and moving out of State.

Secondly is the recent announcement by Sacramento region Solar Power Inc. that it has signed an agreement to distribute its products through new dealerships in Spain and Portugal. Like Miasolé, the solar panels they market only become economically viable through artificially high electricity costs caused by government manipulation of the market. Though heralded as

an another green success story for California's economy, a few moments on their web site revealed that their manufacturing plant is in Shenzhen, People's Republic of China. It seems unlikely that new dealerships in Europe and increased manufacturing in China will result in more jobs in California.

The opportunity costs of indulging the green economy elitists are never examined. We're frequently offered a false choice of going green or going broke. Let's consider another paradigm: imagine a California that encourages energy production until electrical and petrochemical costs are less than half of today's, reforms its regulatory environment to encourage new and expanding businesses, provides ample water for whatever uses Californians can devise, re-creates a fast and efficient transportation system, and stops consuming more and more of its GDP in government spending.

What would our economy look like? Could we have a recovery that creates jobs for the great majority? Could we attract business from other states and countries? Would we have enough tax revenue to fix some of our enduring problems?

The unseen effects of the green economy myth cannot be definitively known, but the over-blown promises of its advocates are incredibly unlikely. On the other hand, we have plenty of data to support the notion that a freer, unfettered economy can bring prosperity back to California. Voters may well lay blame for their economic pain at the doorsteps of the green elites. Only the rich and prosperous can afford environmental dilettnism.

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