Written by **Brian Koenig** on November 23, 2011

Ex-Solyndra Employees Eligible For $14.3M in Federal Aid

TAA is a federal program designed to compensate and bolster American workers who have lost their jobs due to foreign competition. The program offers a variety of reemployment services and training to help participants obtain new jobs and retain wages comparable to their prior employment.

The notion that fervent Chinese competition is the sole catalyst to American solar companies' financial woes has been long touted by congressional Democrats and the Obama administration, particularly as Solyndra's bankruptcy has placed them in the political hot seat. The Labor Department's approval of the TAA aid reinforces a trade complaint directed against China by a conglomerate of U.S. solar panel manufacturers, and by granting the assistance the department has seemingly indicated that the allegations hold at least some merit.

The TAA request was first made on September 2 by the Alameda County Workforce Investment Board, an organization that assists in job retraining programs, just days after Solyndra declared bankruptcy. "We are very pleased," asserted Patti Castro, interim director of the board. "These workers are highly skilled but they need the retraining available through this." Like the Energy Department, the Alameda County board contended that profits of domestic solar panel companies have been severely stunted from a precipitous landslide in prices caused by subsidized Chinese competitors.

The majority of TAA requests take 60 days to process, but Solyndra's case took about 80 days. The decision was made last Friday and was quietly announced Monday by the Labor Department's Employment and Training Administration on its website. As it happens, the department's approval was decided the day after Energy Secretary Steven Chu had an onerous and highly contentious hearing before a congressional panel over Solyndra's collapse.

During the hearing, Chu refused to apologize to taxpayers, arguing that he did not "cut corners" when approving the Solyndra loan and that "softened demand" and Chinese competition were the stimulants for Solyndra's failure. Approval of the aid aligns perfectly with department officials' defense that Chinese competition was the primary culprit, and that the company's demise was not because of any wrongdoing on their end.

However, besides the argument that the Energy Department should have anticipated such obstacles, and been more cautious in approving loans (assuming it should have been in the loan business to begin with), is the fact that Solyndra's solar panels cost exceedingly more than that of other American manufacturers. According to Barry Cinnamon, CEO of Westinghouse Solar, American solar panels typically cost 10 to 20 percent more than ones produced in China, yet by some estimates Solyndra's products had cost 100 percent more. "It's a mistake to blame Solyndra's problems on our lack of manufacturing commitment or relatively higher labor costs compared to China," wrote Cinnamon.

Indeed, Solyndra's demise was due to a lack of innovation and an ill-adapting corporate mentality, as Lachlan Markay explained on the Heritage Foundation's blog:

> Solyndra's business model was sustainable as long as refined silicon, the material used by Solyndra's competitors but left out in the company's unique panel design, remained expensive. When its price fell, so too did the price of solar panels. But because it did not use refined silicon, Solyndra's production costs did not decline with those of its competitors.
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> Solyndra was also banking on its low-cost installation as a means to one-up the competition and reduce the overall costs to consumers of using Solyndra panels. But competitors did not stand still (they never do). Companies manufacturing cheaper products were also able to develop methods of inexpensively installing their panels. Solyndra's installation advantage evaporated.

The solar company's collapse was not a product of Chinese competition, many industry analysts note, but one that was spurred from a business environment that was unwilling to innovate its production — a typical outcome of entities on corporate welfare. "It costs [Solyndra] $6 to make a unit," one analyst told ABC News. "They're selling it for $3. In order to be competitive today, they have to sell it for between $1.5 and $2. That is not a viable business plan." Another analyst stated that the "consensus view inside the solar industry is that Solyndra was not going to make it."

Indeed, Solyndra's failed business model was the catalyst to its demise, and exploiting China for providing low-cost products, critics note, is simply a backpedaling tactic to divert attention from the Energy Department's irresponsible venture at becoming a "green" investment bank.

Secretary Chu warned Congress that taxpayers should not expect much money back through the bankruptcy proceedings — nor should they expect to see the extra $14.3 million that is intended to seemingly shield the Obama administration's own misdoings. As Heritage's Derek Scissors commented, "TAA has wandered so far from its supposed purpose that it is now being used to clean up the government's own mistakes."

Photo: AP Images