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Economic Stimulus Package: No Stimulus for Green Energy

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Green energy is not considered essential to the economy.

When Congress started putting together an economic stimulus package, many hoped that it would include tax breaks for green energy. After all, tax incentives for businesses are included, and many had hoped that wind and solar companies like First Solar (FSLR) would be helped. Such an incentive would also have boosted values of clean energy ETFs like Wilderhill Energy (PBW). While these investments are indeed up right now, much of the market is improving, erasing losses -- especially in the energy sector, thanks to hopes that the economic stimulus package will forestall a US recession.

Stimulating green energy would set the stage for a more energy independent economy down the road. Instead, we are stuck more or less with the status quo. Big Oil companies like Exxon (XOM) remain firmly entrenched in the energy economy, receiving their preferential tax treatment. And, if this economic stimulus does work, oil prices are likely to increase again, bringing further benefit to Big Oil.

But the fact that Congress refused to put in additional funding for green energy illustrates an important point about all this economic stimulus: It's

not very forward-thinking. Instead, the economic stimulus in question focuses a great deal on a short-term fix, rather than a long-term fundamental change. It's reactionary when it should be visionary.

Besides, the current economic stimulus efforts completely ignore the cyclical nature of markets and the economy. Rather than fixing anything in the long term, a belief that the stock market must always be rising, and that economic growth must always be at a fast pace, we are introducing more instability into the market. The currency policies set the stage for bigger problems -- problems that can't be fixed with a little "confidence" and some cosmetic "economic stimulus" -- down the road.

While a tax rebate is nice, and it might bring you a little help in your personal finances at this time, it does nothing to address problems of debt that affect the economy. Nor does it do anything to change our energy economy. And that means in a few years we are likely to be in this same place again.

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