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# Do We Need an Alternative Energy 'Manhattan Project'?

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*The following is the second half of an interview that was [published August 6th](#).*

**Mike Norman, anchor, [HardAssetsInvestor.com](#) (Norman):** Hello everybody, and welcome back to the second half of my interview with Ed Mitby, senior research analyst at Van Eck. We're talking about alternative energy.

Ed, [high energy] prices have clearly been a driver behind this push toward alternative energy, but policy is also very important. I think policy is at the top of the heap. Some would say the United States really doesn't have an alternative energy policy. The president still talks in terms of oil: drilling on the outer continental shelf, up in ANWR, maybe oil shale, this sort of stuff. But what policies do we have in place, if any, right now to help foster the growth and usage of alternative energy in this country?

**Ed Mitby, senior research analyst, Van Eck (Mitby):** The current policy for energy in this country is basically nonexistent across the board. It's not good. It's basically led to a dependence on oil that is a finite resource and is running out - whether it runs out in 20 years or 30 years or 50 years - it's definitely running out. There needs to be a long-term fundamental policy hopefully that the government can institute at some point to help private industry come about and develop these technologies.

**Norman:** You said you were at a conference recently in Washington, D.C., where you heard a lot of bigwigs and policy wonks and people from the Defense Department speak on this very subject. It was at a critical stage; tell us about that.

**Mitby:** Basically the oil energy problem has become not just an environmental issue, it's become a national security issue. The U.S. is dependent on Third World countries that are not exactly favorable toward the U.S. They are subject to random weather patterns, they are subject to dictatorships. The oil-producing countries, several of them, are not...

**Norman:** We've seen it, like Russia, Venezuela, places like that, where even if our producers find oil, they nationalize it, they take it away.

**Mitby:** Right. And you've also got an issue where U.S. foreign policy is being undermined at this point by its inability to convince other nations not to do business with nations that produce oil. China, for example, needs oil, and they will do business with Iran, they will do business with Darfur [in the Sudan]. It's becoming a major foreign policy issue.

**Norman:** So let me ask you this: Do we need a Manhattan Project? You remember when John F. Kennedy said we're going to put a man on the moon by the end of this decade, and it was partnership between government that funded a lot of the primary research and development and private industry. Do we need something like that? And if we do, the way I see it, every time you talk about some public planning, it's perceived as socialism.

**Mitby:** What we need in this country is a levelized playing field for the people that are

trying to develop these technologies. There's been a huge venture capital boost into developing these technologies in the last few years, and they are progressing. But it would be a huge boon to the entire world actually if they would have some help between the tax incentive or visibility into what the tax structure is going to be [long term]. A big purchaser of any kind of energy product would be a utility, and they need to look at the future six or seven years out. It's very hard for them to plan at this point when they don't know what the funding or tax policies are going to be.

**Norman:** Now do you feel that those policies will fall into place perhaps after the election?

**Mitby:** Both candidates propose their own agendas on the subject. It remains to be seen. It seems much more favorable than anything that's happened in the past, and that has nothing to do with which administration it was or that type of thing. But this type of politicking has been going since the '70s really. So maybe it comes to such a critical juncture at this point that there will be enough incentives to look at this from not just an environmental standpoint but also a national security standpoint.

**Norman:** All right. Two questions I want to ask you quickly. First of all, how do we stack up against some other countries; who's in the lead when it comes to this? And secondly, what companies - if I'm thinking like an investor - what companies here in the United States are the ones best poised to take advantage of this trend?

**Mitby:** Well, the European countries I think have done a really good job of fostering these emerging industries with pretty lenient subsidy structures; Germany and Spain for example - they've really gotten the solar industry going there. Wind has done very well in Europe; some countries over there get about 20 percent of their electricity from wind at this point. The Department of Energy has done a study where they would like to see the U.S. have potentially 25 percent of its energy coming from wind by about 2030.

**Norman:** All right; well, let's hope so, definitely. Folks, you've got to stay tuned to this Web site. We're going to have a lot more of our interview series right here on [HardAssetsInvestor.com](http://HardAssetsInvestor.com). Thanks for watching. I'll be back next time. Take care; bye

bye.

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