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Eliminate Department of Energy Loans and Loan Guarantees

Heritage Recommendation:

Eliminate Department of Energy (DOE) loans and loan guarantees, leaving only funds available to deal with the associated costs of outstanding commitments.

Rationale:

The federal government should not be involved with investment decisions that are better left to the private sector. The government's intervention in the market decreases the incentive to innovate, and increases the incentive to use the political process to lobby for handouts. Federal loans and loan guarantees promote cronyism that rewards political connectedness over market viability. Market-viable technologies should not need financial support from the taxpayer. Whether a company that receives a DOE loan is profitable or not, the program is misguided. Rather than seeking to improve and reform DOE loan and loan-guarantee programs, policymakers should eliminate them.

Additional Reading:

- Nicolas Loris, "Green Energy Oversight: Examining the Department of Energy's Bad Bet on Fisker Automotive," testimony before the Committee on Oversight and Government Reform Subcommittee on Economic Growth, Job Creation, and Regulatory Affairs, April 24, 2013, <http://www.Heritage.org/research/testimony/2013/09/green-energy-oversight-does-bad-bet-on-fisker-automotive>.

Calculations:

Enacting this option would reduce taxpayer exposure, but no specific savings amount is assumed for enacting this proposal.