

[How to get cheap energy and clean air](#) [1]

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Last week the Legatum Institute assembled a panel of experts to speak on energy security. On the one hand, politicians concern themselves with providing affordable energy. On the other hand, prices apparently need to be kept artificially high for environmental reasons, and the energy industry supposedly needs to be subsidised and insulated from foreign competition so that Britain does not become overly reliant on buying energy from countries with bad intentions or human rights records.

Politicians believe they can find the right balance, but the nature of government would suggest otherwise. After all, artificially keeping energy prices high is a dispersed cost, and one which governments can more easily remedy with things like the Winter Fuel Allowance: the political pay-off is much higher for a policy with obvious, concentrated benefits. Meanwhile, all consumers suffer higher prices, along with the added taxes levied to mitigate them.

Similarly, subsidising existing national industries leads to state capture by special interests. Bjorn Lomborg in his film "Cool It" cites how the nuclear industry put a stop to the use of cost-efficient wave power. Even supposed environmentalists may oppose the introduction of new fuel alternatives: the renewables they have invested in are heavily reliant on subsidy, so the arrival of an energy source that is actually cost-efficient and clean is a threat. Government involvement therefore means the consumers again suffer from higher prices, and the environment is damned along with them too!

As for security concerns, it's baffling to think why any country would want to lose customers for its exports, no matter how dodgy. So long as trade is unrestricted, the UK will always choose to buy whatever is cheapest, irrespective of source. Instead, vested interests now appear to use environmentalism as their trump card. Strict environmental standards act as barriers to trade, benefiting domestic industries, raising energy prices and adding political tensions with trading partners.

But do worries about climate change demand that we keep the price of energy high in order to reduce consumption? Consumers would suffer, and innovation to solve climate change is best promoted by leaving us all the richer to concern ourselves with it, and without vested interests using the state to block and crowd out effective alternatives. A free market in energy allows it to be affordable and available. It is also our most powerful tool to find a solution to climate change.

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