

[No subsidies for renewables!](#) [1]

Written by [Tim Worstall](#) [2] | Friday 11 January 2008



As we know there's a lot of screaming and shouting going on about how Gaia is about to kill us all and that in order to appease her we should be burning taxpayer's money at the shrine of renewable energy sources. Given that in the day job I might benefit from such sacrifices made by you all I thought I'd better check in with Jeremy Leggett, the doyen of those running companies which would benefit from subsidies and also calling for greater such. Sadly, I find that his arguments actually prove that I shouldn't get rich at your [expense](#). [3]

Second, subsidies for renewables, or their policy equivalent, are not needed for long. Costs for renewables are generally falling, just as the costs of traditional power are rising. When the two trends cross for a particular technology, in a particular market, a mass market will emerge, and dynamic new industries with it. The timing for this is measured in years, not decades.

Hmm, OK, so renewables are going to be directly price competitive in the very near future (even earlier than Bjorn Lomborg said!) so there's no real need for subsidies at all. It's a gonna happen anyway so why spend money on it? Jeremy has thought of that one:

The issue is whether UK plc will be a player, with strong domestic industries and domestic job creation, or miss out, having to import everything and support overseas jobs. As things stand we are set to miss out.

We're going to miss out are we? Miss out on what? Lessee. We'll miss out on producing our own renewables instead of buying them from Johnny Foreigner and we'll miss out on creating lots of jobs at home....sorry, I've been listening to too many politicians again. "Creating" lots of jobs at home is of course a cost to us, we lose whatever else it is that those people would have produced instead. Making the machines instead of buying them from others is also a cost to us: there's no guarantee at all that we would have an advantage in their production (indeed, given that most silicon fabs are elsewhere in the world, along with the associated expertise, it's most unlikely that we would). For remember, in trade, it's the imports that make us richer, not the exports. And by waiting a year or two we also allow J. Foreigner to pay all of the subsidies needed to make the process economically attractive rather than having to do so

ourselves.

Mercantilist arguments for public subsidy were never going to make someone at the Adam Smith Institute all that excited but even when I might be a beneficiary of them I still need to point out that they actually prove the opposite, that we should stop all such subsidy immediately.

Sigh, I'll just have to find another way to shake you all down, won't I?

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