Why we need to kill solar power subsidies right now [1]

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I've never been very taken with the arguments in favour of subsidising various forms of renewable energy. I've qlways far preferred the idea that if we really do have an externality in the form of CO2 emissions then the answer is a Pigou Tax on that externality and that will sort everything out over time. However, given the joy with which governments like to pick losers that wasn't an argument that was really going to work.

So, we've had subsidies for solar power. The argument being that they need a boost to get the prices down and then, eventually, solar will be cost competitive with other forms of power generation and we can abolish the subsidies. Which allows me to bring you tidings of great joy. The day to abolish those subsidies is today. Right now, immediately [3]:

> Two German solar energy developers are planning to build photovoltaic plants in southern Spain [4] that will earn a return without government subsidies.

There we go, solar is now cost comparable with other forms of energy generation. Thus we could and should stop the subsidies immediately. For even if you do buy the arguments of the greenies, that a boost was needed to get the bandwagon rolling, well, it is rolling now and thus we can stop wasting money on those subsidies.

However, as Milton Friedman said there's nothing so permanent as a temporary government programme, so I seriopusly doubt whether anyone is going to take the success of the technology as a reason to stop subsidising the technology. Despite the point that we've already managed what the subsidy set out to achieve.

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