



The Daily Dish

# Markets and Clean Energy

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On Tuesday Treasury Secretary Steve Mnuchin said that foreign investment is a “critical part” of funding the president’s \$1 trillion infrastructure plan. The White House hopes that the U.S. will only need to foot \$200 billion of the \$1 trillion to cover the cost of President Trump’s plan. While there are reportedly a number of foreign nations looking to invest in the president’s proposal, the White House is hoping to encourage even more.

Yesterday President Trump hosted a meeting focused on tackling cyber threats which aim to attack the U.S.’s power grid. In the meeting, the president stressed the importance of the continuation of public and private partnerships in the fight against cyber threats in the energy industry. Cybersecurity appears to be a priority of the current administration. In May the president signed an executive order directing an assessment of the nation’s emergency preparedness and ability to respond should a major cyberattack occur and result in an extended power outage.

## *Eakinomics: Markets and Clean Energy*

For years, the phrase “clean energy” evoked in conservatives visions of rigid production mandates, highly distortionary subsidies, and tax-based favors to the well-connected. So it is interesting that Reuters is reporting that “Major U.S. corporations such as Wal-Mart Stores Inc (WMT.N) and General Motors Co (GM.N) have become some of America’s biggest buyers of renewable energy, driving growth in an industry seen as key to helping the United States cut carbon emissions. Last year nearly 40 percent of U.S. wind contracts were signed by corporate power users, along with university and military customers. That’s up from just 5 percent in 2013, according to the American Wind Energy Association trade group.”

Does this reflect the success of command-and-control green regulation and big government intervention? No. It is the flip side to the market-driven decline in coal usage and can be traced to a powerful incentive: lower energy bills. As Reuters puts it “Costs for solar and wind are plunging thanks to technological advances and increased global production of panels and turbines. Coupled with tax breaks and other incentives, big energy users such as GM are finding renewables to be competitive with, and often cheaper than, conventional sources of electricity.”

Conservative analysts have long argued that energy policies like efficiency standards and misguided subsidies have actually impeded the growth of clean energies. The broad elimination (currently underway and phasing out over time) of a patchwork of energy tax subsidies — including those for wind and solar — will let market forces have a greater impact on the U.S. energy portfolio. It is precisely this approach that has permitted the U.S. to dramatically reduce its greenhouse gas emissions.

Market forces are the most powerful way to generate prosperity — and meet environmental objectives.