

REF

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Press Release

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Huhne Unrealistic about Green Economy says REF

Responding to today's speech by the Secretary of State for Energy and Climate Change, the Rt Hon Chris Huhne, Renewable Energy Foundation observed that government was failing to come clean with the public on the cost and fundamental economics of contemporary renewables.

Mr Huhne pointed to £1.7bn of investment and 9,000 jobs in the last financial year, but did not explain that this is artificial growth and entirely dependent on subsidies to renewables that are already costing consumers more than a billion pounds a year at present, and by 2020 will rise to somewhere between £6bn and £10bn a year.

REF observed that not only are subsidised jobs fragile, but the cost of their creation reduces employment in otherwise intrinsically viable parts of the economy. In this connection it should be noted that in 2009-2010 each of the 9,200 (full-time equivalent) jobs in the wind industry cost consumers £57,000 in subsidy, roughly twice the UK median income.

Dr John Constable, REF's director, and author of *The Green Mirage: Why a low-carbon economy may be further off than we think* (Civitas: London, 2011) said:

“You can't create real, organic economic growth in the renewables sector just by snapping your fingers, making an upbeat speech, and spraying investors with subsidies. In fact, corporate welfare on this scale is actually counterproductive, since it provides no incentive for the green industries to grow up, drive down costs and improve technologies. Mr Huhne may mean well, but this is an economic disaster in the making.”

Dr Constable continued: “Mr Huhne does not seem to recognise that while the gross effect of his subsidies to renewables may be positive, the net economic effect will almost certainly be negative.”

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Notes for Editors

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