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Busting the Myths Around Public Investment in Clean Energy.

Critics have opposed clean energy public investment by claiming that governments must not pick winners, green subsidies enable rent-seeking behaviour, and failed companies means failed policy. These arguments are problematic and should not determine the direction of energy investment policies.

A slew of recent studies has made clear that the pathways to net-zero greenhouse gas (GHG) emissions by 2050 demand significant re-gearing of the global economy — which will require major governmental funding across the world1,2,3. These public investments need to go beyond research and development — and support technology demonstration, manufacturing, and deployment as well as energy efficiency and the build-out of electricity infrastructure at scale.

Public finance focused on climate change has grown significantly over the last decade (Fig. 1) and is currently accelerating further. The European Union's Green Deal, the Biden Administration's climate change investment plans, South Korea's green spending, and other government initiatives reflect this shift. To put this trend into perspective: The European Green Deal includes €503 billion for clean energy over the next ten years4, compared to €30 billion of climate spending in the 2008/09 stimulus response over two years5.

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