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Inflation Reduction Bill Uses Public Finance to Stoke Energy Investment.

Billions in public financing would keep investment flowing into energy sector despite interest rate hikes.

A surprise deal by Democrats on tax reform, climate investments, and health care features new ways of using public finance for clean energy.

The Inflation Reduction Act (IRA) breathed new life last week into President Joe Biden's climate agenda, which had been pronounced dead earlier in July. A variety of tax credits would help consumers buy technologies that are less prone to price spikes. One set of rebates would encourage drivers to buy electric cars. Another would help households install heat pumps, as Japan did after the 1970s oil crisis.

Beyond tax incentives, the bill directs new streams of public finance to rally private energy investment. It gives authority to the Department of Energy to issue up to \$250 billion in loans, and creates a \$27 billion national green bank.

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