Germany's Incoherent Energy Policy

By Alex Berezow, PhD — July 13, 2018

Every relatively wealthy country on Earth could be energy independent if it chose to be. That's because, unlike foreign policy, countries can "go it alone" on energy.

Here's how: Build nuclear power plants. Yes, energy policy really is that simple [2]. Any deviation from that simple formula is a needless distraction. Unfortunately, there's a lot of money to be made in distracting people.

Far from being a free market, the energy sector is a radically distorted behemoth of bizarre subsidies and regulations. We demand, for instance, that gasoline contains renewable fuel [3], which we accomplish by destroying perfectly good food and converting it to ethanol. The solar industry openly brags [4] about manipulating the government to force people to buy their panels. Crony capitalism is great, as long as you're one of the cronies.

However, as dysfunctional as America's energy sector is, it pales in comparison to the inept and incoherent energy policy adopted by Germany.

America, Don't Let This Happen to You

Germany is a case study in how to do everything wrong in energy policy. At the recent NATO summit, President Trump scolded Germany for agreeing to import yet more natural gas from Russia [5]. This is a position the U.S. has held for quite some time, going back to the Bush-43 administration. Several Eastern European countries are also opposed.

Why? Because Germany should not be reliant on a hostile foreign power for its energy needs. Russia is not beyond turning off the gas supply [6] whenever it feels like it, as Ukraine and other countries learned in 2006. And 2009. And 2014. Why a country would willingly make its energy
infrastructure so vulnerable to a man like Vladimir Putin is inexplicable.*

Even more inexplicably, Germany decided to shut down its nuclear power plants after the catastrophe at Fukushima, despite the fact that Germany is prone neither to earthquakes nor tidal waves. Even though the latest generation of nuclear power plants physically cannot melt down, there seems to be no interest in developing these.

So what did Germany do instead? It cranked up electricity production from coal power plants, or as Foreign Policy [7] aptly puts it, "Germany is a coal-burning, gas-guzzling climate change hypocrite." Indeed, Germany's bizarre decisions -- from embracing more Russian natural gas to burning more coal -- means that it won't even come close [8] to meeting its greenhouse gas emission targets for 2020.

The upside of all this? Germans are paying record high electricity prices [9].

America, look to Germany as an example... of how not to do energy policy. Don't let this happen to you.

*Note: Gregory Feifer's book Russians [10] explains how Angela Merkel opposed the U.S.'s plan to put Ukraine and Georgia on the path to NATO membership after the latter was invaded by Russia in 2008. German foreign policy absolutely will be influenced by its reliance on Russian natural gas.