



[The Commerce Department's decision to levy tariffs on Chinese solar panel imports](#) has been in the news for a couple of days, but should receive more attention for environmental policy wonks than it has so far. The Obama Administration has basically decided to impair clean energy production with its decision, even if [the tariffs are relatively minimal](#).

From an environmental policy standpoint, if China wants to subsidize Americans to use cleaner energy by subsidizing solar panel production, then that's all to the good. Of course, from one trade perspective (more specifically the perspective of US solar producers), it is bad for the American economy because it is an unfair trade practice. But that is only from a very narrow perspective:

First, tariffs on Chinese solar panels raises costs for US solar panel installers and servicers. In the long run, the American economy will depend more on domestic service industries than competing around the world with lower-cost Chinese labor. So it makes little sense to favor the latter rather than the former.

Second, American policymakers have long complained about China's supposed refusal to do something about climate change. Now, China has figured out a way to help its domestic economy while also reducing carbon emissions. So we complain when they won't do something and complain when they will do something.

Third, it's not obviously clear than a "subsidy" to solar panel production is a "subsidy" is precisely the same way that we understand the term. Given that the carbon-reduction benefits of solar power production are externalized to other countries, it seems that public subsidies to that production are at least relatively benign: if costs are externalized then it is efficient to tax them and if benefits are externalized, then it is efficient to subsidize them.

Obviously, a lot of this is a combination of election year politicking and straightforward protectionism. But that doesn't make it right.

