

The NY Times reports that [Japan](#) and [France](#) are phasing out their reliance on nuclear power. As an environmentalist, should this make me happy? It doesn't. How confident are you that renewables such as wind and solar can replace nuclear power at roughly the same cost? In the short run, GHG emissions in both of these nations will rise as they are likely to substitute to natural gas for a larger share of electricity generation. If the price of electricity increases in both of these nations, what are the macro effects on economic growth? Now, I will be happy if these governments respond to their self imposed restrictions of electricity sources by engaging in [critical peak pricing of electricity](#). I have often argued that a silver lining of scarcity is to encourage the efficient use of resources and introducing [dynamic pricing](#) would go a long way to reduce the risk of future blackouts.

Many non-economists discount the evolutionary nature of capitalism to reinvent itself as scarcity signals trigger innovation and experimentation. I am hoping that the French and Japanese experiment induces such innovation. If these nations simply fall back on relying on existing fossil fuel generation of electricity then there will be nasty unintended consequences of their "Greenpeace" efforts.