

Trump plans to use national security powers to prop up uneconomic coal and nuclear plants. Rick Perry says the government is trying to figure out the cost of this effort – but he doesn't seem to care what that cost would be. After all, he [says](#), “You cannot put a dollar figure on the cost to keep America free, to keep the lights on.”

As I explained in an earlier [post](#), the legal and policy justifications for this plan seem shaky at best. Judging from the response of grid operators and energy regulators, the factual justification also seems dubious. Trump may think that waving the national security flag gives him a blank check or at least super-deferential judicial review. He may well think that his victory in *Trump v. Hawaii (the travel ban case)*, means that courts won't take a hard look at his claims of national security. That would be a mistake. Chief Justice Roberts cited a number of factors in upholding Trump's third travel ban: the fact that the statute was worded extremely broadly, that immigration is a traditional area related to foreign affairs where the President's powers are especially strong, and that the countries involved had already been identified by previous Administrations as posing security problems. The statutes that are being used to justify the bailouts of old coal and nuclear plants are not as broad. More importantly, rather than controlling something at the border, where the President's independent powers are great, this is an effort to intervene in the U.S. domestic economy. That's the primary domain of Congress, not the President.

Suppose the courts do uphold this effort. What will the effects be? We don't know yet exactly how the bailout will be structured. Keeping nuclear plants in operation reduces air pollution and carbon emissions, which might offset the effects of propping up coal. A *Bloomberg* [report](#) even suggests that the effect of the bailout might be to reduce emissions. That seems overly optimistic, but there should be at least some offset from nuclear. Moreover, the plan will inevitably raise electricity prices, which could reduce demand, depending on how big the price effect will be.

At least in the short run, the biggest effect of the plan is probably to limit the use of existing gas-fired plants and discourage new construction. That's why the oil industry has strongly opposed any bailout for uneconomic generators, [calling](#) it “unprecedented and misguided” and threatening litigation.

Renewables will also be affected, but less so, because they were protected by state mandates in many states. And once they're built, their power is very inexpensive, making it hard to push them out of the market.

What about the longer-run? It's hard to see how this kind of bailout will have staying power. Obviously, you can prop up an uneconomic industry for some time, but ultimately, it is hard to keep out more efficient producers. State regulators, and consumer groups are all going to be opposed because it raises prices, and the national security excuse is pretty clearly a pretext. And companies know that sooner or later, there will be a Democrat in the White House, who will immediately rescind the bailout. So they're going to be very reluctant to make long-term investments based on this temporary market intervention.