

The Energy Debacle

People don't count anymore. By Michael S. Coffman, Ph.D.

Americans were stunned in early summer by the \$4-a-gallon gasoline prices and the subsequent spiraling of prices of every product whose cost was heavily dependent on oil for its production or transportation. Yet Congress seemed oblivious to the problem. It tried to pass an expensive energy-related climate bill, and then refused to address the insistence of the people for offshore drilling. It seemed to many citizens that America's national politicians had crossed into the twilight zone where any perceived environmental problem must be protected at all costs, regardless of the cost to Americans.

A surprise early adjournment on August 1 of the House of Representatives was called for by Speaker Nancy Pelosi (D-CA) in order to cut off the debate over offshore drilling. The bill was sponsored by Joseph Lieberman (I-CT) and John Warner (R-VA).

Sen. Barbara Boxer (D-CA), chairman of the Environment and Public Works Committee, put all her political muscle behind passing S.2191, The Climate Security Act of 2008. She boldly stated on June 2 that now is the "precise time" to pass S.2191, even though it was estimated to cost the American people \$6.7 trillion. When challenged on the negative effect of S.2191 on the economy, Boxer shot back, "Why do this [bill] now? We're in a recession. Precisely because we're in a recession is why we should be doing this. This bill is the first thing that brings us hope."

Hope? Hope for what? Even higher gas

prices? Staggering home heating and cooling prices? Higher food prices? The Climate Security Act does all these things. Not according to Boxer's math, however. In what was a stretch even for Washington-speak, Boxer claimed with absolute assurance that S.2191 would be a "huge tax cut."

So how does Boxer's math result in a tax cut? She plans to give \$802 billion in tax relief to her constituents through 2050 in one of the biggest income redistribution plans ever conceived in Congress.

Boxer's socialist math doesn't pass the smell test, however. To get the \$802 billion in tax relief, S.2191 would have American taxpayers cough up a whopping \$6.735 trillion in the form of higher energy costs into the new bureaucratic system through 2050. "That's a return of only \$1 for every \$8.38 paid," warned Sen. James Inhofe (R-OK), minority leader of the Environment and Public Works Committee. "In reality," he continued, "the bill represents the largest tax increase in American history."

Fortunately, S.2191 was defeated when many Democrats crossed the aisle to vote no with the Republicans. But it is not dead. In spite of the defeat, Boxer and others assured reporters that a similar bill would be introduced next year. With both presidential candidates claiming they would support such legislation, Boxer and others feel confident that it will pass when reintroduced. If so, we had better understand what this legislation

would do.

A Congressional Budget Office (CBO) report warned that S.2191 would have effectively raised taxes on American families by \$1.2 trillion over the next 10 years alone. "Most of that cost," claimed the CBO, "would ultimately be passed on to consumers in the form of higher prices for energy and energy-intensive goods and services." The CBO also said the bill would devastate lower-income families, requiring entitlement spending to jump by \$1.3 trillion over the next 10 years.

The negative effect of the Climate Security Act was not limited to just raising the cost of living for all Americans. CRA International estimates it would also reduce the nation's Gross Domestic Product (GDP) in just seven years by \$322 billion a year in today's dollars. The EPA warns that in 2030, GDP would be reduced by \$983 billion and lowered further by as much as \$2.8 trillion by 2050.

This staggering hit to the U.S. economy is also accompanied by huge job losses. Within just seven years after enactment of S.2191, up to 1.2 million net jobs will be lost. Many of these will be going offshore, where restrictions on emissions are nonexistent, to countries such as China. Worse, by 2020 up to 3.4 million net jobs may be lost—most of them coming out of the middle class.

If all these awful numbers haven't already got your head spinning, the Energy Information Administration (EIA) determined gasoline prices would likely increase by more than a dollar a gallon, along with jacking up electrical costs 13 percent by 2020 and 20 percent by 2030. The EPA projections are even worse. It projects the costs of electricity and heating oil will spiral up by 44 percent by 2030.

Building new nuclear plants could offer a way out of the economic crisis created by the Lieberman-Warner bill. However, the bill only allows 15 new nuclear power plants to be built by 2030.

Fifteen new nuclear plants are not nearly enough. The EIA says we would have to build 150 new nuclear plants by 2030 to minimize S.2191's enormous economic damage. But that is physically impossible. Besides preventing new oil drilling and refinery construction in the U.S. for the past 30 years, the environmental lobby has forced a nuclear freeze in the United States. It is now impossible to build 150 nuclear plants within the needed time frame, even if the misguided environmentalists were to let the nuclear industry try. But, environmentalists have already served notice that they will stop the building of any new nuclear reactors.

PUBLIC DOMAIN



The use of corn and soybeans to produce ethanol as an additive for gasoline is rapidly losing favor. Ethanol production is not only very expensive, but has also driven up food prices and created near-famine conditions in some parts of the world.

It is clear environmentalists do not want any new energy except for renewable energy. Not surprisingly, S.2191 also called for developing renewable energy, including biofuels. Niche opportunities do exist for wind, biomass and solar power generation, but they are not an answer and never will be. Renewable energy is very expensive and every legitimate analysis shows that it can never supply more than a few percentage points of our energy needs. The national target of producing 16 billion gallons a year of corn-based ethanol

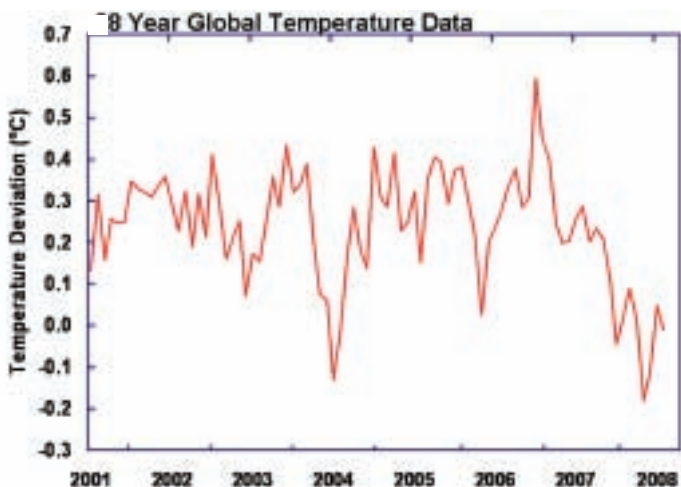
both leaders have faced an increasingly angry citizenry. Both are back-peddling now, fearful that the electorate will throw them out on their respective ears.

Increasing numbers of U.S. politicians have found fault with Boxer, including many Democrats. Why? Obviously, the price tag is too high. But that's not all. There are growing reservations whether legislation is even needed. The earth has simply stopped warming. There has been no statistical increase in the earth's temperature since 1998, even though

carbon dioxide concentrations in the atmosphere have continued to increase.

Even worse for the doomsayers, the earth's temperature declined since early 2007 by 0.6°C (1.0°F). This is exactly the opposite of what should occur if man were responsible for the warming. So what has caused

the decline in temperature? Scientists are becoming increasingly concerned that the sun has become very quiet—something that is highly correlated with cold global temperatures in the past. With lessons like this, you would think that the Democrats would have been listening to their constituencies. Apparently not. Sixty-seven percent of the U.S. electorate wants offshore drilling to reduce dependency on expensive foreign oil. In spite of the very real need for debate, Speaker Pelosi arrogantly adjourned the House of Representatives on August 1 to prevent any discussion on offshore drilling. When asked why she adjourned the House without any discussion of this critical issue, she nobly proclaimed, "I'm trying to save the planet; I'm trying to save the planet." It seems that the needs of people play second fiddle compared to the misguided agenda to save Mother Earth.



has already been shown to be a failed policy. It has been linked to skyrocketing food prices and starvation in impoverished nations.

It is worth noting that Europe has already implemented S.2191-type legislation which has failed miserably in Europe. Europe's efforts have led to corruption that put their citizens in an economic vice grip. Germany's Chancellor Angela Merkel and Britain's Prime Minister Gordon Brown both campaigned on strong global warming legislation similar to S.2192, which was quickly enacted after their respective elections. As reality set in,

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PHOTO COURTESY DUAL FREQ.



Illinois wind farm west of Interstate 39 exit 82, in southeast Lee County, Illinois. Wind farms are limited in their ability to provide supplemental electricity because they cannot produce electricity consistently, they are noisy, and they pose a threat to birds.

PHOTO COURTESY STEFAN KUHN



Nuclear power plant in Cattenom, France. France produces 80 percent of its electricity from nuclear power plants compared to 20 percent for the United States. Nuclear power offers a solution to the energy crisis in America, but the nuclear freeze by Congress has prevented any new plant construction for decades. It would take 150 new plants to offset U.S. coal-fired power plants, but the nuclear engineers and infrastructure to do so no longer exist. The environmental lobby is committed to preventing even one from being built.