



Energy Should be Job One for Congress

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Our economy was built on and our lifestyles depend upon relatively inexpensive, abundant, reliable sources of energy. Looking just at the fossil fuels oil and natural gas, they are critical for transportation and, increasingly for electricity, but they also serve as feedstock for plastics, pharmaceuticals, fertilizers, lubricants and construction materials.

With this in mind, there are many steps Congress could take to improve the reliability and reduce the costs of energy:

First, Congress should be to halt the EPA's climate regulations in their track.

The EPA is moving forward with rules that will raise energy prices and put people out of work as we struggle to come out of the lingering economic malaise.

The vast bulk of independent research indicates that allowing the EPA to move forward with the agencies climate rules would make energy more expensive. Indeed, the American Council for Capital Foundation estimated that in 2014, the EPA's greenhouse gas rules alone could lead to a decrease in investment of more than \$301 billion – as large as the entire decline in U.S. investment since the beginning of the recession in 2007.

Congress and Congress alone is given the Constitutional authority to regulate interstate commerce and unless and until Congress decides to take action, the EPA should not be allowed to go forward with its power grab.

A frontal assault on the rules — for instance, a law prohibiting the EPA from regulating greenhouse gases — seems likely to fail since President Obama has indicated he would veto such a bill.

Instead, Congress should develop a bill that prohibits the EPA from expending any resources or funds, enacting or enforcing greenhouse gas regulations unless and until Congress itself writes a law specifically addressing greenhouse gasses. Then, it should attach this bill as a rider to every must pass piece of legislation it takes up. It is doubtful that the President would veto an increase in the debt limit, for example, or funding bills for various agencies, just because it contained language halting the EPA climate regulations.

Second, Congress should end its love affair with so-called green energy and the misplaced belief in the myth of green jobs. Research shows that these subsidies kills more jobs than they create. For instance, a 2009 study from Madrid's King Juan Carlos University found that for every green job the government "creates," 2.2 jobs are lost in competing industries as factories lay off workers to cover the higher energy costs of the green technology or move their plants overseas. In addition, only 10 percent of those green jobs were permanent.

In Denmark, about 28,400 people were employed in the wind industry, but only about 1 in 10 were new jobs — the remaining 90 percent were simply positions shifted from one industry to another. Worse, Danish gross domestic product was about \$270 million less than it would have been if the wind industry work force were employed in other sectors.

The 112th Congress should look at these subsidies anew and treat all energy sources equally by ending subsidies for them all, including those for ethanol. The House should follow suit. Tax deductions for capital investment and depreciation schedules should be the same for all energy sources so as not to skew the market or favor one source over another. Under that scenario, all other things being equal, the least expensive, most reliable energy sources will dominate the market.

The EPA and some environmental and public health advocates argue that combined these requirements protect public health and will save money in the long run. However, Joel Schwartz an adjunct scholar with the National Center for Policy Analysis has examined these claims and found that most of the claims that new regulations will improve public health are based upon observational studies that confound correlation with causation and ignore contrary, more comprehensive, evidence.

According to Schwartz, a constant stream of alarmist studies and air pollution warnings maintains unwarranted anxiety that air pollution is causing great harm. Furthermore, omission of contrary evidence on air pollution and health is common among researchers, journalists, activists and regulators, causing claims of harm from air pollution to appear more consistent and robust than suggested by the actual weight of the scientific evidence.

None of this would matter if air pollution could be reduced for free. But reducing air pollution is costly. Attaining the federal standards will cost tens to hundreds of billions of dollars per year. These costs are ultimately paid by people in the form of higher prices, lower wages and reduced choices. In short, for environmental lobbyists, public health scolds and regulators, there is a bias towards studies that posit even the remote possibility of harm from an activity — especially when the response is expanded regulation.

Facing rising energy costs, some businesses will cut jobs, meaning people will lose their health insurance and fall into poverty. Poverty and the lack of access to good nutrition, medical care and the basics of life all of which require energy to produce or transport, results in thousands of cases of premature death each year. Thus, to the extent that current and proposed regulations increase regulatory costs, they indirectly contribute to premature mortality.

There is never a good time for bad policy like the EPA greenhouse gas regulations or the continuing subsidies for green jobs, but there are better and worse times and in the present economic situation is among the worst for this type of pandering to the big green lobby.

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