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Energy Follies

By Richard W. Rahn

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Are you happy with the recent big increase in food prices? How about the big jump in gasoline prices? Do you enjoy being dependent on foreign oil? And finally, do you like seeing millions of acres of woodland and wildlife habitat being destroyed to make room for more corn production? The tragedy is none of it was or is necessary.

It has all been brought to you courtesy of the U.S. Congress. The majority of Congress has demonstrated again that it is incapable of thinking beyond stage one. (Given that most members of Congress were "educated" in public schools, it is no surprise they are not good with numbers or have an understanding of probabilities and tradeoffs.) Their constitutional job is to protect the American people, but instead they have put everyone more at risk and made the citizens poorer.

Is it really so difficult to understand that mandating a huge increase in corn production (with subsidies) for ethanol will result in less corn for other uses, less land for other crop production (and wildlife habitat), and hence higher food prices? Congress had the choice of opening only a couple of thousand acres of the barren tundra in the north slope of Alaska (ANWR) for more oil production, or insisting we all use ethanol.

The amount of land required to replace the gasoline the government will not allow to be produced on this tiny piece of land in Alaska by growing more corn in the Lower 48 (about 40,000 square miles) is larger than the total land area of Indiana or Maine. ANWR could produce about a million barrels of oil a day, which would translate into 7.7 billion gallons of gasoline a year. It would require about 3.9 million bushels of corn to obtain the same energy content from ethanol.

Some members of Congress, their economically ignorant green pals, and the farmers and ethanol refiners who benefit from the subsidies and restrictions on

competitive fuels argue we need ethanol production to give us "energy independence." Again, the numbers show the lunacy of this idea.

If all the U.S. cropland (371 million acres) were planted in corn to produce ethanol, it would provide 111 billion equivalent gallons of gasoline, but Americans currently consume more than 140 billion gallons of gasoline. So, if Americans imported *all* of their food (or starved to death), they still would only attain 80 percent of their gasoline needs if it had to come from domestically produced ethanol.

Simply put, renewable energy sources are, and will be, only capable of supplying a small part of our energy needs. Oil, gas, coal and nuclear will be the major energy sources for many more decades. However, the reason the U.S. depends so much on foreign oil (and gas) is that Congress will not allow drilling in ANWR and many other places. For instance, 85 percent of the potential offshore oil and natural gas development sites off the coasts of the Lower 48 states are now restricted by the government.

The environmentalists lobby against drilling in ANWR because they say it will interfere with the elk herds. The same cry was made when they built the Alaskan pipeline, yet the elk herds have increased threefold — some of the elk seem to like the warmth of the pipeline.

On the other hand, the great increase in land converted to corn production for ethanol will definitely cause habitat destruction for millions of whitetail deer and other critters living in the Lower 48.

Quite simply, those members of Congress who voted to keep ANWR out of production are causing the unnecessary deaths of millions of animals and increasing food and energy prices for every American — not smart.

The same can be said for the foolish restrictions on offshore drilling. The chances of any particular Florida (or any other Lower 48) beach being subject to a harmful oil spill are very small given the new technologies and procedures for dealing with such problems. The result is that every American family must pay much more for fuel, including gasoline, and food because there is a tiny chance a relatively few will not be able to use some Florida beach somewhere for a few weeks or, at most, a few months while a rare spill is cleaned up (and I say this as a Florida property owner and frequent beach walker).

North America has plenty of fossil fuel reserves in oil and gas, coal, tar sands in Canada, oil shale in Colorado, etc. to make the continent self-sufficient for generations. It is only dumb energy policies and restrictions from Congress that cause the U.S. to be energy dependent on unreliable foreign sources.

On the good news front, the great advances in battery performance (i.e., energy density) mean, within a very few years, almost all vehicles will be totally electrically powered. This will, of course, increase the demand for power plants (solar and wind power will only be able to make up a small portion of this demand). Technologies are now being rapidly developed to make nuclear even safer, to burn coal cleanly and to remove most of the carbon dioxide emissions from oil and gas combustion.

I predict that almost all energy production will be much cleaner and cheaper within three decades — unless Congress again decides to second-guess technologists and markets.

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