

VOICE OF THE LEFT

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July, 2007

Ten Dollars a Gallon Gasoline? – We're Already There

While most working Americans flinch these days every time they gas up at the pump, few of us realize what the true cost of a gallon of gasoline actually is. Well...it's time to get educated.

Terry Tamminen, former director of the California EPA, has recently completed an exhaustive study on the true cost of our oil-addiction. (Hope you're sitting down.) The overall cost of our oil dependence? \$807 billion a year. Now that might not mean much to you. After all, most of us don't deal in billions. So, let's put it in simpler terms: \$2,700 for every U.S. citizen. OK...let's drill down a bit further. If all the hidden costs that Americans currently pay for oil were reflected in the price at the pump, **GASOLINE WOULD COST MORE THAN \$13 A GALLON**. Bottom line, taxpayers and consumers are giving the oil industry a subsidy of \$10 for every gallon of gas sold in America.

Here's the implication of this harsh reality.

If we eliminated all the subsidies for Big Oil and created a truly free market, renewable sources of energy would beat oil – as well as nuclear power and coal, which also receive equally grotesque subsidies. Yes, my fellow Americans, it is only through these giant Republican-sponsored subsidies that gasoline has a prayer (pardon the pun) of competing with alternative sources such as biofuels and wind, both of which produce energy far more cleanly and efficiently – and at far less cost.

So what's the solution?

The free market! I know that some of my Republican friends out there are now in shock (especially those who believe their own talking points about Democrats being socialists), but the free market... if such a mechanism will be allowed to function within the energy industry... will be what will lead us out of this quagmire.

Guess what? It's already happening.

Back in May, a number of our nation's top business leaders, including CEOs and leading venture capitalists, met at a resort in California's Napa Valley to discuss ways to end America's fossil-fuel addiction -- and save the world from global warming. Ha Ha Ha! No, that wasn't exactly the purpose of the gathering. In reality, they had come to make money for their companies – and that may turn out to be what saves us in the end.

For three days, the executives listened as their colleagues and business rivals described how they are using new technologies to wean themselves from oil and boost profits at the same time.

Considerable progress has already been made.

DuPont has cut its climate-warming pollution by seventy-two percent since 1990, having slashed \$3 billion from its energy bills, while at the same time increasing its global production by nearly a third. Wal-Mart has recently installed new, energy-efficient light bulbs in refrigeration units that will save the company \$12 million a year, and skylights that will cut utility bills by up to \$70,000 per store.

Yes, business logic, not government intervention, is driving savvy companies to cut energy costs and invest in new fuel sources. And in contradiction to the Gospel of Bush-Cheney, we don't have to wait for futuristic, pie-in-the-sky technologies to cut our reckless and environmentally harmful consumption of oil and coal.

Of course, Big Oil and King Coal love to pretend that their industries dominate the energy sector because their products are cheaper and more efficient than alternative fuels, thus giving them a competitive advantage in the free market. This is a joke... albeit a cruel one. The dominance of fossil fuels is the direct result of corporate welfare and crony capitalism, the likes of which would shame a Banana Republic. To be specific, subsidies to Big Oil (everything from loan guarantees and research support to outright tax breaks and waived royalty fees) amount to as much as \$17 billion a year.

In a nutshell, taxpayer money is distorting the marketplace and artificially lowering the price of gasoline, making it difficult for other fuels to compete. Little wonder the oil industry racked up more than \$137 billion last year.

Then again, hidden subsidies to the industry are even higher than the direct benefits it receives from our government. One recent study shows that oil pollution causes at least \$4.6 billion annually in damage to crops, forests, rivers, buildings and monuments – destruction for which Big Oil is not held liable. The industry also fails to pick up the annual tab for the nearly \$55 billion that Americans pay to treat the host of debilitating illnesses caused by oil pollution. In addition, taxpayers spend as much as \$100 billion each year to defend the industry's infrastructure around the world, maintaining bases in the Middle East and providing military escorts for oil tankers bound for America. And that does not include the more than \$90 billion per year that the Pentagon has spent in Iraq since the war began – another expense that should appear on the ledger for Big Oil.

The global climate crisis is the result not of an orderly free market, but of a distorted market run amok. A truly free market is the planet's best friend. Free markets promote efficiency. And what is efficiency? The elimination of waste – and pollution is waste.

RFK Jr. says it best:

“The pollution that is catastrophically heating the Earth is the result of market failure; the incapacity of a poorly designed marketplace to place a proper value on an essential asset – the atmosphere. That market failure has brought us to the brink of a planet-wide environmental collapse.”

The good news is that there is no shortage of technology and innovation waiting to be unleashed and put to use by the market. We already possess the high-performance plastics, ultra light steel, and carbon-fiber composites needed to reduce the weight of cars and trucks – a move that would cut fuel consumption in half while improving auto safety.

No, this is not Wizard of Oz stuff here. Opel has already produced a prototype carbon-fiber roadster that does 155 miles an hour and gets as much as 94 miles per gallon. And within the next five years, Toyota and General Motors are expected to market "plug-in" hybrids that will enable drivers to travel at least 150 miles on a single charge. "It's a no-brainer for most drivers," says former CIA director James Woolsey, who views global warming and energy dependence as the number-one threat to America's national security. "And the only infrastructure you need is an extension cord in your garage."

In closing, I would like once again to quote RFK Jr.

“The truth is, we have designed a perverted market system that rewards oil companies, carmakers and other polluters for bad behavior, allowing them to dispose of their wastes into the publicly owned air for free. But new technologies and materials and the mounting anxiety over global warming give more cause for hope than ever before. With a little tinkering, we can reconfigure and rationalize the market so that it punishes bad behavior (releasing carbon dioxide and other greenhouse gases into the atmosphere) and rewards good behavior (reducing pollution and conserving energy). Such a move would unleash the extraordinary entrepreneurial energies of our nation so that every American could profit by devising and implementing one's own solution to combat global warming. With a rational marketplace, new materials and technologies would allow us to rapidly rerun the playbook strategies that nearly liberated us from oil in the 1980s. Within two decades we could get off imported oil completely – this time for good.”