

The Joke is on Us

Friday, April 04, 2008, 7:07 pm // Craig Mayberry

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Response: John Lesow

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Craig,

I appreciate your scholarship and activism on a variety of issues. Ditto for Tip Johnson and Doug Karlberg.

Your post was coincident with the latest Time Magazine cover story, "The Clean Energy Scam". The article roundly criticizes biofuels and is surprisingly incisive for the left-of-center Time. It also reaffirms what many have been saying for years--ethanol production increases global warming, destroys forests and resource land and inflates food prices. Governments have no business subsidizing biofuels, but do so for purely political purposes. The Time article would resonate even louder if it had been published before the Iowa caucuses, but this is, after all, an election year and Time has to sell magazines.

Still, the Time images of the strip mining of Brazilian rain forest for soybean production are compelling--nearly a million acres in the last 6 months. Plus the revealing stat that the corn needed to fill the tank of an ethanol-fueled SUV would feed one person for a year. A fact worth pondering the next time you're canvassing for famine relief.

If we properly dismiss the notion that biofuels are viable substitutes for oil, how do we cope with the perceived oil shortages and increased demand?

Sorry, but I don't agree that increasing CAFE standards and subsidizing mass transit are responsible solutions. As a former Chrysler executive, you are well aware that there are limits to producing 60 mpg automobiles with average weights of 3000 lbs. and the capability of transporting passengers in a safe and efficient manner. 30 mpg is about all you can expect from an internal combustion engine. Slightly more for hybrids, but it's tough pulling a trailer with one. Since 30% of the greenhouse gases produced by an automobile over its lifetime are incurred in it's production, the environment would take a large hit if everyone went out and purchased a new hybrid tomorrow.

Due to the use of batteries, a Prius has a larger carbon footprint than a Hummer, in terms of environmental cost of production. My 2006 Ford gets 20 miles per gallon. It is comparable in weight, horsepower and performance to my 1967 Ford, which gets 16 miles per gallon. So in 41 years, we have seen an increase of 4 miles per gallon in a very standard, utilitarian automobile. Progress? The suspension and brakes in my 2006 are better, but the '67 has more legroom, no cupholders and large ashtrays.

EPA ratings and car ads notwithstanding, most new cars don't get much more than 25 miles per gallon, as any owner can attest. Raising CAFE standards will not bring down gasoline prices or increase production. The foreign and domestic automakers have plenty on their plates--like the unsettling prospect that consumers will not discard their cars after a few years and buy a new one. More government regulation is not the answer. Governments don't build cars or drill for oil.

The comments attached to Doug Karlberg's post are true. We have plenty of oil. And we are lucky that a lot of that oil is right here in North America--particularly Canada. The key is price. At \$100 a barrel, it is profitable for energy companies to extract oil products from oil shale and oilsands.

There are more hydrocarbon deposits in Alberta and Saskatchewan than in Saudi Arabia. Plus, both provinces have lots of liquid petroleum and huge untapped reserves of natural gas. If you enjoy the warmth of your home on a chilly evening, you can thank your neighbors to the north for providing the fuel to make it so. And to the Creator for a continent that is rich in untapped hydrocarbons.

Gasoline in my neighborhood is presently \$3.85 a gallon. Analysts say it will hit \$4 a gallon by Memorial Day. Across the border, Canadian gas is about \$5 a gallon. I drive a lot. I can tell you that these recent "spikes" in the price of gas have done nothing to reduce driving or traffic congestion. When U.S. gas hits \$5 a gallon, some motorists will likely reduce their driving. Most will not. Any more than they reduced their consumption of bottled water when the price in your neighborhood convenience store hit \$2 a quart. \$5 for a gallon of gas-- a wasting asset that is millions of years old and takes a myriad of processes to extract, refine and deliver from a distance is a bargain.

The only sure thing is that we are not going to see Clinton-era gas prices of 90 cents per gallon. 90 cent gas is an economic artifact from a previous century. I don't see a reduction in unnecessary driving, which all of us do, as a particularly bad outcome as a result of higher gas prices.

How many own a vehicle that runs on alternative fuel? Our station wagon was converted to natural gas in 1987 and still purrs along on this cheap, non-polluting and plentiful fuel. If government was really serious about reducing dependence on "foreign oil" they would mandate natural gas pumps at every service station in the U.S. For those unfamiliar with natural gas fuel, it is a dual system; you can switch back to gasoline by flicking a switch on the dash as the car is traveling down the road.

Food prices will increase because of the higher cost of diesel fuel (now more per gallon than gasoline) and the attendant costs of fertilizer and fuel for farm machinery. This is not necessarily a bad thing. Since 1978, food prices have dropped 38% relative to the prices of other goods and services. Since the late 70's, men and women have increased their daily food intake by 180 calories for men and 360 for women. Food has gotten cheaper and people are eating more. As a result, a lot of us are fat. In a culture that is struggling with epidemic obesity, an increase in food prices may not only be manageable, but desirable.

One way to reduce upward pressure on food prices is to cease production of ethanol from corn. Once government subsidies to the ethanol industry are removed, the biofuel industry will collapse and we can use resource lands to product a product with an inelastic demand and increasing value. Food.

Mass transit is appropriate for larger cities with established grid patterns. Buses and trolleys may be popular in Eurocentric Bellingham, but subsidizing them through increased gas taxes will not play well with voters in a rural county where every other registered vehicle is a truck. If you want to see a fresh alternative to the automobile, check out ridek.com.

The future of urban mobility is in personal electric cars. Lots of people just won't ride the bus, for a variety of reasons. Nothing, including high fuel costs, will force someone to do something he doesn't want to do.

John Lesow
Point Roberts