

Today's Notes:

1. PETROLEUM: THE POLITICS OF FEAR

The world is filled with uncertainties. How can politicians be so certain on the veracity of anthropogenic global warming? There is a large and persuasive body of scientific evidence that carbon dioxide is not the villain assumed in the Global Warming debate. Their naïve warming assumption is then compounded by the claim that man is the cause of the carbon effect. On both counts numerous scientific studies have countered to the opposite. Nevertheless both assumptions are regarded as fact today by the G20 political leaders. For example, in his recent speech to the United Nations President Obama said,

“The danger posed by climate change cannot be denied, and our responsibility to meet it must not be deferred. If we continue down our current course, every member of this Assembly will see irreversible changes within their borders. Our efforts to end conflicts will be eclipsed by wars over refugees and resources. Development will be devastated by drought and famine. Land that human beings have lived on for millennia will disappear.”

With so much evidence to the contrary, President Obama's statement reflects the politics of fear. It is the modality of change in politics today. If you frighten people with rhetoric enough legislators will vote for a bill that gives government more control. One aspect of the president's demeanor cannot be denied and that is his ability to speak with authority while ignoring half the world's scientific community.

I always reserve the right to change my mind. No state of nature exists in perpetuity. Change is constant. That's the way I feel about the energy debate this AM. I have long believed that if North Americans solved their addictive dependence on foreign oil the world would be measurably better off. Both Mexico and Canada are also addicted - to oil exports. Throughout history wars have been fought over supplies of dense, cheap energy such as oil. The First Gulf War is a more recent example. Today China is tying up all the energy and natural resource assets possible in Asia, Australia, Africa, and Canada. Russia's claim to Arctic energy sovereignty and her belligerent stance on shipments of natural gas to Western Europe are other examples of the powerful 'eco-politics' of oil and gas addiction. Venezuela's proposed shipment of gasoline to Iran is about petroleum geopolitics.

Nevertheless, the world's petroleum-based economy is winding down. Have no doubt. Despite President Obama's glib assurances to the contrary at the United Nations, the economic disruption will be significant and the transition will be longer than expected. It will not be as smooth as his UN talk. That is a real problem with the environmentalist program. Deep in my soul I am an environmentalist. But I am also a realist. More to the point I am a conservationist. You can talk all you want about environmentalism but no one can define it in rational application. If environmentalism is truly a global necessity (for example targeting Global Warming) why do Americans expect the copper mines in Chile to remain open (we import 37% of our copper from mines in countries like Chile) and why do

we continue to worry about the security of the Straits of Hormuz? Let's just do away with oil and petroleum. While we are in the process of environmental, self flagellation we might also do away with coal. A sensible person, for example Energy Secretary Chu, knows that **alternative energy sources** in their present form will supply only 25% of our energy needs by 2030. (See Energy Secretary Chu's May 15, 2009 Bloomberg Interview). It seems, from the President's speech at the United Nations, that he hasn't listened to what his chief energy czar and a world-renowned scientist believes.

To believe that humans are the cause of the polar ice caps melting is height of hubris. There is plenty of scientific evidence that climatic warming and cooling runs in long cycles. There is even more compelling evidence that CO₂ is a relatively minor greenhouse gas. In spite of this scientific evidence, Congress may pass exorbitantly expensive carbon cap and trade legislation. If the Senate does not pass this bill, President Obama's EPA will surely unilaterally declare carbon dioxide gas as a pollutant.

The basic question in my mind is whether man or God controls the weather. I wish to err on the side of God. But Washington, London and Brussels in their politicized-hubris believe that we can change the climate, eliminate environmental hazards, increase the overall human quality of life for billions and run a productive global economy on much more expensive energy - all in the short run. The truth is that today's alternative energy technologies are vastly more expensive than oil and gas and, yes, even coal. If I were a cynic I would suggest that the political motives are overriding common sense.

Peter Huber, Forbes November 27, 2006 makes a very good point. He claims that we are going to live with carbon and uranium for decades – perhaps only one or two or three (as Energy Secretary Chu suggests) but for many of us it will be a lifetime. The rest is simply the politics of fear – and boy how it is working. Huber notes,

“Most voters probably understand the tradeoffs between carbon and uranium, but few have a real grip on the realities that keep these fuels so dominant.”

Evidently our President fits into the category of bereft of the realities of dominant sources of energy. It is, therefore, fair to ask; what is a more realistic approach to address our energy addictions? There are three:

- 1) Develop a short term focus on energy addiction through **Conservation**. Within a decade the smart electric grid and smart appliances can conserve significant energy. Mass transit and hybrid vehicles will assist in this effort.
- 2) Develop an intermediate term plan (the next 10 to 15 years) to limit energy waste and **reduce foreign energy dependence**. Domestic natural gas for example is one plentiful source of **energy** that is relatively clean and will substitute for absurdly expensive bio-diesel and petroleum-based gasoline in the near term.
- 3) Spend as much energy R&D dollars as possible for a long term – 3 to 5 decades - solution. **Nuclear energy**, including uranium and thorium fuels, **MUST** be part of the long term solution if we are to be free from the blackmail and dwindling petroleum resources of foreign energy suppliers.

Perhaps the most important aspect of addressing the problem of North American energy addiction is to allow the commodity markets to determine the best solutions over the next decades. Not only are the claims of global warming (GW) and anthropogenic GW questionable, but so are today's proposed solutions. Wind and solar in their current form, as alternative sources will not replace petroleum. Ask anyone from Nantucket if they want their sea view littered with windmills. Not in their back yard! Nuclear, in the US, cannot get off the starting line. Senator Reid has helped President Obama kill funding for the nuclear waste repository planned in Nevada. Not in Senator Reid's back yard!

There are not many economical, carbon free alternatives remaining - no matter what the environmental lobby contends. The litany of compounding of errors that I have discussed brings Michael Crichton's comment to mind. In his book *State of Fear*, he said,

“Nobody believes a weather prediction 12 hours ahead. Now we are being asked to believe a prediction that goes out 100 years in to the future. And make financial investments based on that prediction? Has everybody lost their minds?”

Conservation in the very short run is achievable. Natural gas is plentiful and very, very cheap. Longer term nuclear is clean safer than it has ever been. Fourth Generation plants will burn all their nuclear fuel. It is time to make some hard and good decisions and stop tilting at windmills just to make excuses for more government intrusion into Everyman's life.