



Debunking the Right's False Notions of *Energy, Environment, and Economics*

The American Legislative Exchange Council (ALEC) has been quietly operating in the statehouses of America for years pushing the agenda of some of the nation's largest corporations, including Enron, ExxonMobil and Phillip Morris.

Name the issue and corporations have created public-spirited sounding research front groups and astroturf lobbying outfits to aid the legislative onslaught. And ALEC is there to help coordinate and bless their lobbying efforts through their legislative network. Progressive States Network's [*Governing the Nation from the Statehouses*](#) outlined how ALEC has acted as a front group for corporate lobbying outfits like the American Tort Reform Association (ATRA), a coalition of more than 300 major corporations and trade associations working for "tort reform" restrictions on consumer rights or on behalf of groups like the National Association of Home Builders and others in fighting for corporate urban policies and lower wages for working people.

In the case of energy policy and climate change, ALEC has been the handmaiden of big oil companies, receiving a whopping \$712,000 from ExxonMobil along during the 1990s. Dupont, Dow and Edison Electric are among other companies that have paid millions to support ALEC's campaign to dismiss global warming as an unimportant problem. The unsurprising result is ALEC's [*Energy, Environment, and Economics*](#), which claims to be "A Guide for State Legislators" but is really an instruction manual for obstructing needed clean energy reforms.

A Prescription for Corporate Deregulation, Not Reform

ALEC's National Chairman states upfront the organization's real agenda, "As state Policymakers, the best way to encourage innovation is to allow the free market work and to remove regulatory barriers that encourage disincentives for progress." This deregulation agenda continues when the document promises, "Free markets already lead to 'de-carbonization' of the economy without crippling regulation." (Section I, p. 61)

While ALEC defines a free market as "a market economy based on supply and demand with little or no governmental control," ALEC clearly doesn't want a pure free market, since they advocate for accelerated capital cost recovery, giving tax breaks for capital investment, and never advocate for removing the subsidies and tax breaks given to oil and gas companies—which amount to up to \$30 billion each year for the energy sector.

If you look at ALEC's "energy policy", what you end up with are a series of exaggerations, flat out false statements, and at times completely ridiculous stories and statistics. In case, anyone is tempted to take the document seriously, the following will highlight just a few examples of ALEC-style propaganda at work:

Exaggerations

- “A range of credible macroeconomic models showed that reducing CO2 emissions to the Kyoto Protocol level (7% below 1990 levels by 2010) would reduce U.S. GDP by 2% to almost 4% annually.” (Section V, p. 44)
- “The Kyoto Protocol will inevitable be replaced by a new framework for addressing climate change; one that encourages economic freedom and economic growth that will lead to gradually reducing carbon intensity per unit of output and overall carbon emissions.” (Section V, p. 44)
- Robert Crandall stated in 1999 that economic estimates of the costs and benefits of reducing emissions to 1990 levels that are in the literature are not particularly supportive of going ahead immediately with any policy of abatement.(Section V, p.46)

What ALEC does not take into account are the costs of *inaction* on climate change. A [study](#) released in 2007 from the University of Maryland points to economic impacts that will be felt in every part of the country from inaction on climate change:

- increased storm impact, already costing over \$560 billion,
- increased frequency and flooding on the coasts can result in even a single event costing between \$2 billion to \$6.5 billion,
- increased frequency and severity of flooding and drought will cause billions of dollars in damages to crops and property,
- increased drought causing economy-wide losses predicted at \$6 billion,
- Changes in precipitation patterns and snow packs are likely to increase the risk of forest fires, the increased cost of fire suppression and property damages will run into the billions.

Furthermore, nowhere does ALEC measure the increased jobs and growth from building a stronger renewable energy development. [A recent report](#) by the Apollo Alliance lays the gains from greater energy efficiency measures:

- According to the [U.S. Department of Energy](#) for every \$1 million invested in weatherization programs, 52 jobs are created in those communities.
- Renewable energy technologies were a \$40 billion global industry in 2005. The industry is projected to quadruple in size over the next ten years,
- Solar projects create 22.4 total jobs/ MW, wind projects create 6.4 total jobs/ MW, and geothermal projects create 10.4 total jobs/ MW.

Plus, clean energy jobs created are good jobs that pay well, give apprenticeship opportunities, establish training programs, and create stable jobs in communities across the country.

False Statements

- Jonathan Shore, “If we believe the majority of environmentalist rhetoric, one would think we were losing forest in the U.S. But forests are a renewable resource that were flourishing long before Earth Day came into being.” (Section III, p. 32)

While forests are a renewable resource, Mr. Shore ignores the rate of renewal versus the rate of destruction. According to the [US Forest Service](#), total forest area in the United States is **projected to decrease** by approximately 23 million acres by 2050, a 3-percent reduction from the 1997 forest area. Trees can only grow so quickly and if they are cut down faster than they are planted, whether or not they are “renewable” will be pointless.

- Oregon would lose jobs and tax receipts due to greenhouse gas reduction targets. (Section V, p.44, 47)

Oregon is definitely a leader when it comes to greenhouse gas reduction targets. Oregon did not just pass a greenhouse gas reduction mandate. It passed a [series of bills](#) together: one addressing greenhouse gas reductions, one that helps mitigate the impacts of climate change, and one that creates more pathways for renewable energy development.

As we listed above, renewable energy development has huge economic potential, with huge savings in energy use, water use, and material consumption. Plus, the [Oregon Renewable Energy Action Plan](#) points out that using renewable sources helps stabilize electricity prices because they do not have to rely on swings in fossil fuel prices.

Renewable energy benefits also include:

- A net *increase* of 1,250 new jobs with each \$100 million investment in renewable energy resources,
- Additions to the rural tax base and opportunities for local economic development,
- Income diversification in rural areas, which helps preserve family farms and ranches,
- Generate energy from within the state,
- A healthy environment helps attract and retain businesses and is necessary for the tourist industry.

Flat out Ridiculous

- Anti-price gouging laws provoke civil unrest. (Section IV, p. 47)

Anti-price gouging laws vary in specifics but basically are meant to prevent suppliers from charging “unconscionable prices” for necessary goods and services and engaging in market manipulation during times of emergency, such as a natural disaster. It’s hard to see how protecting consumers against massive and rapid increases in energy prices would cause civil unrest. In fact, it seems more likely that *not* implementing anti-gouging laws is more likely to cause unrest.

The top 10 refiners of gasoline together [control 83 percent](#) of the US market. The five largest refineries, ExxonMobil, Valero, ConocoPhillips, Shell, and BP have recorded \$228 billion in profits since 2001. In 1999, refiners made 23 cents for every gallon they processed. In 2004, they made 41 cents per gallon, and their share of the price of a gallon of gas has no doubt increased with the skyrocketing price of gasoline-- even as working families are struggling to deal with gasoline prices topping \$3 per gallon.

- Brian Mannix, currently at the EPA, writes how climate change policy could create a “carbon cartel” that would aim to control all coal, oil and gas on the planet. In fact he states, “Despite its diplomatic demeanor and green garb, the carbon cartel is perhaps the greatest threat to freedom and prosperity that looms in the 21st Century. In resisting it, President Bush has taken the high ground. Everyone who cares about the fate of the planet should help him hold it.” (Section V, p. 54)

First, it is troubling that someone like Mr. Mannix, so wired into the oil company apologist camp, is at the Environmental Protection Agency. Second, such hyperbole is hard to take seriously as one would argue that terrorism, homeland security, and global climate change would displace so-called “carbon cartels” as the greatest threat to freedom and prosperity.

Further, there is already a “carbon cartel.” Saudi Arabia, a close ally of the Bush Administration, is the world’s largest net oil exporter and provides the U.S. with 1.4 million barrels per day of crude oil. As stated above, 10 refineries control over 80 percent of the US market. Only a few companies control the natural gas pipelines that provide that resource, again leaving the market extremely vulnerable to gas hikes. It’s hard to imagine how encouraging domestic, renewable energy production, likely to be produced by a far wider range of supplies, could be more threatening than leaving the bulk of our oil consumption in the hands of unstable, non-democratic countries.

- With regards to RPS, requiring that a certain percentage of electricity come from renewable energy resources, ALEC writes, “They also set a dangerous precedent where the government controls the fundamental resources of energy production.” (Section VI, p. 62)

This statement is confusing on several levels. First, encouraging renewable energy development and its use is hardly a “dangerous precedent,” since government has long encouraged all kinds of energy production, usually in the past to the benefit of the oil and gas industries. The only complain ALEC seems to have is that the clean energy jobs created under current proposals would be beneficial to a wider range of local companies not under the control of the big oil companies. ALEC is also trying to confuse legislators, since electricity is generated through a variety of means under state and federal regulations. All RPS would require is that utilities diversify the sources of energy produced, resulting in more stability in terms of meeting customer’s needs, reducing stress on the environment, creating local jobs and stabilizing prices.

- “Transferable credits (under cap and trade) corrupt the politics of U.S. energy policy.” (Section I, p. 63)

Last year, big oil’s lobby contributed \$29 million to political campaigns and the payoff was \$16 billion in tax loopholes and royalty relief. Entergy Corporation, the operator of a nuclear facility, has [spent over \\$3 million](#) in campaign contributions and lobbying on the New York local, state and federal levels. It’s hard to imagine that allowing businesses to trade emissions credits could corrupt the politics of U.S. energy policy anymore than existing big energy companies have.

In fact, it would seem that shifting the emphasis onto renewable energy would decrease the influence of big oil and big energy companies, ultimately benefiting consumers. On the other hand, if those companies had less money to spend on lobbying, they might not be contributing as generously to groups like ALEC. Which no doubt explains the organization’s vigorous, if not always truthful, advocacy in defense of oil and gas industry interests.