

Price of oil: Misdirected anger

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President Obama on June 3 reportedly expressed “upper-level outrage” at the situation in the Gulf of Mexico, where a runaway British Petroleum oil well has spilled millions of gallons of oil. The rest of the nation’s outrage is perhaps only beginning, since the impact of the spill has just started to be felt onshore, where the oil will foul beaches, destroy tourism, devastate the seafood industry, disrupt communities and undermine delicate habitats.

The spill will eventually be stopped. The crucial question is whether the outrage and disgust—on the part of the president and the public—will be channeled into a meaningful political response. The disaster at the Deepwater Horizon oil rig will be further compounded if it doesn’t spark a move toward an alternative energy policy and away from dependence on oil.

The need to burn oil to meet our energy needs sends tons of carbon into the atmosphere, which raises global temperatures and acidifies the oceans, which in turn, scientists tell us, sets in motion a chain of environmental disasters. The need to burn foreign oil—since domestic production can supply barely half of what the U.S. consumes—skews U.S. foreign policy and shapes U.S. military interventions. “Drill, baby, drill” is an unsustainable approach for the global environment and a shortsighted approach to long-term national interests.

But despite this crisis, even the modest energy reform bill introduced into the Senate seems destined to go nowhere. Not one Republican senator has signaled support for the bill, which aims for a 17 percent reduction in 2005 levels of carbon gases by 2020 (a goal so tepid that it is ridiculed by environmentalists). The Senate bill would achieve that goal by limiting carbon emissions in certain industries—a step back from the economy-wide “cap and trade” provisions of the House version of the bill.

The harsh truth is that the only way to create an economic incentive to invest in alternative fuels and decrease dependence on oil is by imposing a tax on carbon emissions, whether through the cap-and-trade approach, which allows companies to

pay for their pollution, or—what would be even more effective—a direct tax on carbon consumption. Almost all plans for a carbon tax include tax cuts in other sectors, so that the net effect is not to hurt consumers or producers but to redirect investment.

New York Times columnist Thomas Friedman reported recently that China makes 50 percent of the solar panels produced in the world, and that the world's largest center for solar energy research and technology was just opened—in China. If the U.S. won't invest in clean energy technology, others will.

Nobody likes to pay more for energy. That can be one more thing for voters to be angry about. But the anger should be directed at leaders who fail to transform our energy policy to make it environmentally sustainable, economically efficient and strategically secure.

There is no better time for Obama and other leaders to argue for such a transformation. For the next few months, they will have a great visual aid as a backdrop—beaches and creatures covered with oil and thousands more gallons of it spilling into the gulf.