

Editorial

Bad science, bad economics

President Clinton's proposal for an energy tax based on caloric equivalent (British thermal units, BTUs) will compound the disaster of the Clean Air Act which his administration has inherited. The most serious fallout, should it be passed, will not be the further immediate pall this tax will put on U.S. industry, nor the ensuing job losses; it will be the incentive to continue the slide into technological backwardness.

There is a school of thought in the United States that energy, labor productivity, and economic growth can be decoupled. This was born out of the Carter-era anti-scientific attack on nuclear energy. Despite careful research which proved beyond doubt that energy growth, and in particular growth in available electric power, was essential to the health of an economy, the Carter administration tried to suppress energy investment while seeking to develop chimeras such as solar power to replace nuclear power.

This was followed by the fallacies of Bush/Reaganomics, in which nuclear power was virtually priced out of existence, and the financial bubble grew. The end-result of more than 10 years of disastrous economic miscalculation and mismanagement is that speculative investment flourished, energy-dependent real investment lagged, and the productivity of U.S. workers sank below that of their German and Japanese counterparts.

As the history of mankind demonstrates, we have progressed from a scanty 10 million Stone Age hunters to nearly 5 billion people, precisely because each man, woman, and child on this planet now has orders of magnitude more energy at his or her disposal, both as consumer and as productive worker.

To put America back on track means a massive investment in precisely the kinds of technologies which are most energy-intensive, such as plasma steel-making, laser machining and welding, the introduction of high-speed trains, and, in the near future, magnetically levitated transportation systems. We must be able to move from nuclear energy to fusion power. We must make outer space habitable to mankind and to available for expanded industrial production.

What is needed is an energy policy which encourag-

es rapid development of nuclear energy, puts the U.S. mass transit system back on track, provides a healthy infusion of funding into basic research of both hot and cold fusion, and provides for the development of a safe and economical hydrogen fuel replacement for gasoline.

With proper economic policies, and a government dedicated to fostering the development of energy-related science and technology, we could be on the verge of a revolution which would allow us to easily support 10 times as many people over the next 50 years, while eliminating poverty and much disease. Under these conditions, the life-span of man could increase to 120 years. It is such a future which the philosophy behind the BTU tax denies.

Not only does Clinton's BTU tax run counter to these objectives, but the tax will accomplish none of the things claimed for it. While proponents of the tax claim that it is needed to deal with the so-called energy crisis, Clinton's BTU tax would tax clean energy such as nuclear power and hydropower. Nor will it be a revenue source, because it will cause further erosion in the tax base. An early estimate of the effect of the tax is the loss of 600,000 jobs to the economy and price rises across the board.

This tax burden, in itself, might be borne, even by the staggering U.S. economy. The problem is that the U.S. economy is indeed staggering. The BTU tax will do absolutely nothing to improve the situation, to bring money into government coffers, to improve the productivity of industry, and to help in the imperative task of rebuilding the collapsing infrastructure of the United States.

Only those fools who believe that financial manipulations which produce paper profits are equivalent to real economic growth, can believe that energy growth can be unlinked from economic growth. President Clinton inherited a sick economy, and even with the best of policies there is no quick fix on hand. As it is, however, he seems hell-bent on compounding the policy blunders of the last three administrations and in fact precipitating just the kind of devastating economic collapse which he fears.