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OPINION

TERRENCE BARNICH

Kerry energy plan would challenge laws of nature



The Kerry energy plan reads like a new-age feel-good tome. Its specifics are alternately self-contradictory or dependent

on legislation to repeal the laws of economics, chemistry and thermodynamics.

John Kerry claims it will make the U.S. independent of Middle East oil, lower energy bills, create jobs, clean the environment and be "revenue neutral"—Washington-speak for "free." But he has committed to keeping federal spending other than health care and education below the rate of inflation. He also supports adding 40,000 troops to the ranks. Because he can't keep both commitments and have an energy program that requires lots of new money, Monsieur Kerry says, "C'est une solution miraculeuse! Free money!"

Of course, it's not free. It costs \$30 billion. He claims it's free because he'll lower the government's electricity bill by that amount.

The plan's centerpiece is a \$20-billion Energy Security Trust Fund, made up of royalties the federal government collects from leasing federal property to oil and gas

developers. Ten billion dollars of that goes to the auto companies to subsidize hybrid cars. And \$5 billion will pay for a \$5,000 tax credit for folks buying these PC rides.

Why the slush fund? If hybrid cars make economic sense, the Big Three automakers would find the doors to the capital markets wide open to finance the investment. Michigan's 17 electoral votes are important, but about \$600 million apiece borders on the excessive.

Today, oil and gas royalties go into various government accounts. About \$440 million a year is distributed to state governments. If Mr. Kerry's plan fails to permit him to repay the royalties, some governors will be left with gaping budget holes. For example, New Mexico takes about \$197 million a year. A sheepish President Kerry may have to explain to Gov. Bill Richardson why New Mexico is subsidizing Detroit and Stuttgart. And I can only imagine the headlock Gov. Schwarzenegger might put on Mr. Kerry if he stiffed California out of its share.

But the Kerry plan nears fantasy in its over-reliance on renewable sources of energy as replacement for "Middle East oil." Here the laws of nature come in conflict with Mr. Kerry's vision of energy independence and lower

consumer energy bills.

Mr. Kerry's plan makes a huge commitment to vegetation-based petroleum substitutes. But the laws of nature dictate that converting vegetation to oil substitutes is a net-negative-energy proposition. More energy is used or lost making these fuels than is generated by them. Overall, renewables will cost the consumer more at the pump and at home.

Mr. Kerry is also confused about coal. He is firmly committed to reducing carbon dioxide emissions, yet says that coal is central to the energy solution. Problem is, when you burn coal, you get carbon dioxide; it's in the textbooks. He can only have it both ways if Congress repeals the laws of chemistry or spends billions more subsidizing clean coal technologies.

Possibly the plan's most dangerous part is its unequivocal rejection of the permanent high-level nuclear waste depository at Yucca Mountain in Nevada. The bulk of credible science says this site is safest. The consequence of cancellation: All high-level waste will stay stored in pools at nuclear power plants—pools that in states like Illinois reside near drinking-water tables.

It's high time to get sensible about an energy policy. Mr. Kerry hasn't.

Terrence Barnich, president of Chicago-based research firm New Paradigm Resources Group Inc., is a former Illinois Commerce Commission chairman.

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