US Senate stalls on corporate-driven energy bill

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The US Senate stalled Thursday on a Democratic Party-sponsored energy bill amid disputes—many within the ranks of the Democratic Party itself—over almost all of its major provisions. Despite leading Democrats' environmentalist phraseology in the run-up to the November elections, the bill includes no mention of a nationwide carbon tax or cap. The main points of dispute in the bill amount to conflicts between the profit interests of different sections of corporate America.

As it stood on Thursday, the Senate bill would cost the federal government between $140 and $205 billion in corporate handouts, tax preferences, and loan guarantees. Debate stalled on the Senate floor over two of the bill's provisions: alternative energy mandates and an attempt to raise minimum fuel efficiency (CAFE) standards for automobiles. At the same time, the White House threatened to veto the bill unless its token criminalization of gasoline "price gouging" is eliminated. A parallel bill is also being considered in the House.

The bill includes language for a nationwide renewable energy standard requiring utility companies to generate fifteen percent of their power from renewable energy sources, such as solar and wind power, by 2020. This is in fact an extremely weak proposal considering the fact that California, the most populous state in the union and by itself the world's 8th largest economy, already derives 11 percent of its electricity from renewable sources.

However, the measure has encountered Republican opposition in the Senate and was the main reason for the bill's stalling. Democratic and Republican leaders in the Senate are currently negotiating a compromise, and there is every reason to believe that this language will be watered down.

Republican Senator Pete Domenici of New Mexico has proposed an amendment that would categorize nuclear power as a type of renewable energy and would allow states to opt out of the federal standards. Senate Majority Leader Harry Reid is helping to negotiate a compromise between Dominici and Democrat Jeff Bingaman, the bill's main sponsor and the other senator from New Mexico.

To mollify the concerns of utility companies, leading Democrats have proposed to hand out $13.7 billion in tax breaks to energy companies that invest in clean technology.

The efficiency standards portion of the bill has aroused the most controversy among Democrats themselves. The section calls for an increase in minimum car and truck efficiency standards to 35 miles per gallon by 2020, with annual increases of four percent from 2021 to 2030.

This has elicited a livid response from the auto industry, which, in keeping with precedent, has launched a furious campaign denouncing any imposition of higher fuel efficiency standards. Toeing the line of the big three automakers, Michigan Democratic senators Carl Levin and Debbie Stabenow have sought to water down the bill's provisions: they call for a minimum 36 miles per gallon for cars and 30 for trucks and SUVs, both by 2022 and without further prescribed increases. Presidential hopefuls Hillary Clinton and Barak Obama have pledged to support the original version, but on condition that the automakers are subsidized to offset the costs of higher fuel efficiency standards.

The proposed changes must be seen in perspective. The Ford Model T, unveiled nearly one hundred years ago, was able to travel 25 miles on one gallon of gasoline. By contrast, the 2007 Ford Explorer gets about 17 miles on the same amount. Furthermore, the proposed 35 miles per gallon minimum, to be realized within thirteen years, is lower than the 2007 standards of several European countries.

If passed, the bill would represent the first stiffening of CAFE standards in over 20 years. During this time, the American auto industry has successfully lobbied against any increase in nationwide fuel efficiency standards.

Last week the big three automakers struck a counterblow when John Dingell, a Democratic Representative from Michigan, put forward a bill in the House that would bar California and other states from implementing their own—more stringent—fuel efficiency standards, despite the fact that the Supreme Court recently upheld their right to do

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The Senate bill also mandates the annual use of 15 billion gallons of biofuels by 2015 and 36 billion gallons by 2022. At least initially, most of this fuel would consist of ethanol produced from corn grains.

Ethanol is a gasoline-like liquid fuel that can be derived from various sources, but in the US comes mainly from corn. The main driving force behind ethanol production is US agribusiness, which stands to make billions from increased ethanol use. The Senate bill includes provisions for a greater use of ethanol derived from other materials than corn, including switch grass, wood chips, and agricultural waste.

From the standpoint of global warming, the production and use of ethanol is not the no-emission process that its proponents claim. A study conducted in 2005 by Dr. David Pimentel, a professor of ecology and agriculture at Cornell University found, "In terms of energy output compared with energy input for ethanol production ... corn requires 29 percent more fossil energy than the fuel produced; switch grass requires 45 percent more fossil energy than the fuel produced; and wood biomass requires 57 percent more fossil energy than the fuel produced." As such, the production and use of one gallon of ethanol emits more greenhouse gasses than does the same amount of gasoline, if one takes into account the fossil fuels burned in ethanol production.

Currently, federal law requires that motorists use 7.5 billion gallons of biofuels, including ethanol, by 2012, but this target will be surpassed within a few months as more refineries, enticed by already generous subsidies provided to the industry, come online.

The provision has aroused opposition in the livestock sector, as well as companies who use corn-based sweeteners such as Coca-cola, PepsiCo, Kellog, and J. H. Heinz, who fear that government regulation favoring ethanol production could drive up corn prices and cut into their profit margins.

The other headline "alternative" source of energy under discussion is liquefied coal, which would utilize America's plentiful coalfields to generate a diesel-like fluid usable as a motor fuel. Coal generates even more toxic emissions and greenhouse gasses than other fossil fuels, with some estimates claiming the technology in question emits twice as much carbon dioxide as would a comparable amount of gasoline. The coal industry has raised the goal of "energy independence" in order to push the liquefied coal proposals.

The current bill includes amendments providing $10 billion in loans for coal liquefication plant construction, price floors guaranteeing a certain level of profit, and a tax credit of 51 cents per gallon. These handouts have been championed by Congress members—Democrat and Republican alike—from the major coal-producing states, with Senate Democrats Nick Rehall of West Virginia, Rick Boucher of Virginia, and Barak Obama of Illinois casting their lot with House Republicans Mike Enzi of Wyoming and Jim Bunning of Kentucky.

These alternative fuel policies represent an amalgam of "green" posturing and shameless corporate handouts—to agribusiness in the case of ethanol and mining companies in the case of liquefied coal.

The bill also includes token section that criminalizes "price gouging," but only during periods when the president declares a "state of energy emergency." This section has also come under fire from Republicans, with the White House threatening a veto if the language is not removed.

What characterizes the debate over the energy bill more than anything else is the complete subordination of all discussion to the interests of different corporate interests. A June 12 article in the *New York Times* noted that discussion of the bill has spawned "an epic lobbying war by huge industries, some of them in conflict with one another: car companies, oil companies, electric utilities, coal producers, and corn farmers, to name a few." The newspaper noted that "industry groups have raced to sign up influential lawmakers" to back their different proposals and interests.

The competing interests of these different corporate sectors guarantee that no measure will be passed that would seriously address any of the pressing energy-related problems confronting the population in the US and internationally.

Despite its billions of dollars in corporate subsidies, the bill does next to nothing to address the current near-record high fuel prices and does not put forward a national policy to combat carbon emissions. In fact, many of the bill's headline policies would actually increase greenhouse gas output.

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