

Oil, Policy, and the Future

There are two potential oil policy directions: alternative fuels and conservation.

1. Alternative Fuels. All of the alternative fuel options reviewed were problematic, but that does not necessarily mean alternative fuels should not be aggressively pursued.

- Research. In the 1960s, President Kennedy dedicated this country to going to the moon. It galvanized the scientific research community, and it inspired a generation of Americans to become scientists and engineers. A similar effort could be made on energy alternatives.
- Ethanol could be promoted as an oxygenating fuel additive, but Missouri needs to be skeptical of the craze that portrays ethanol as a barrel-for-barrel substitute for oil.
- Policy could focus on helping Missourians adapt to the fact that gasoline may be available in the future, but it will be very expensive and will have a high environmental cost. Thus, it is unlikely to be able to support our current lifestyle.
- Missouri could develop its oil reserves for the purposes of economic growth, knowing that they will not make a substantial contribution to the oil shortage.

2. Conservation. The cheapest, easiest, and most environmentally benign way out of the oil crunch is simply to use less. Even a 10% reduction would ease the supply tightness and reduce the cost of oil significantly. If we were able to reduce our demand substantially, it would significantly improve the potential for meeting the demand with alternative fuels.

- Supporting education into energy and energy uses is one policy possibility. It could be part of the science curriculum to which every child is exposed.
- Supporting affordable and usable public transportation is another possible direction. This doesn't have to be light rail – less expensive options are available. Busses could run on dedicated streets, or in dedicated lanes on existing streets.
- Alternative transportation methods are a possibility. Cities could have pedestrian only zones, as do many European cities. Around the world, bicycling is the personal transportation alternative to cars. It could be encouraged here.
- Leaders could encourage carpooling. Carpooling lanes are one example. Preferential parking for carpoolers is another. On the flip side, we could figure out a way to discourage long daily commutes involving single persons alone in a car.
- A policy that encourages driving cars that have high mileage and that penalize gas guzzlers could be considered. One possible way would be through property tax provisions that vary according to mileage. Another possibility could involve tolls along some roads that vary according to gas mileage. Yet another could involve shrinking roads, lanes, and parking spaces to best accommodate only small cars. The idea would not be to make large gas guzzlers impossible, but to degrade the driving experience to make them unpalatable. Many European cities are like this, e.g. Paris.
- Higher gasoline taxes could be considered. An even better alternative would be a carbon tax that would tax the carbon content of all energy sources, not just gasoline. To make the tax increase palatable, it would need to be offset. The additional revenue could be used to decrease income taxes, to fund mass transit, or to fund health care initiatives. Taxes also have the effect of internalizing the true cost of oil, which up to now has been an externality (White Paper 1 defines an externality).

Policies could be developed that discourage urban sprawl.



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