

Trump's energy dominance and the future of fossil fuels

February 20 2018, by Steve Cohen

The Trump Administration is doing everything it can to encourage drilling for fossil fuels on federal lands and everywhere else. They are reversing regulations on methane release, deep-sea drilling rigs and anything else they can think of to lower the cost of drilling and decrease its occupational and environmental safety. Trump and his folks want to achieve the global macho goal of being the biggest fossil fuel exporter in the world. Big oil exports, big nuclear button, big crowds—there seems to be a theme. In real terms, the policy of encouraging exports of fossil fuels is similar to one that was more quietly pursued as "energy independence" by the Obama administration. According to CNBC's Tom DiChristopher:

"In substance, [energy](#) independence and dominance are not so different. And while the Trump administration has sought to differentiate itself from the Obama White House, its position on U.S. energy exports is very similar in some regards... There is no doubt that Trump touts this revolution more stridently than Obama. But while the messaging is different, U.S. energy posture has not changed much between administrations... To be sure, the Obama administration tried to regulate greenhouse gas emissions from the oil and gas sector. It also stopped issuing leases for coal mining on federal land and scaled back plans for offshore drilling auctions following the 2010 Deepwater Horizon oil spill. But Obama also lifted a 40-year ban on exporting U.S. crude oil in 2015, paving the way for a surge in shipments. Oil and gas industry employment boomed under Obama's watch, until a protracted oil price downturn led to mass layoffs."

DiChristopher observed that promoting fossil fuels is seen as a positive by Trump's political base and seen as negative by the Democratic base; that accounts for the difference in emphasis. My view is that while there are similarities, Trump's complete disregard for protecting the environment stands in stark contrast to the approach pursued by the Obama administration.

But in both cases, our political leadership has pursued the short-term benefit of promoting fossil fuels. Since the election cycles in American national politics are two years long, it is not surprising that our elected leaders have been attracted to the short-term benefits of fossil [fuel](#) production. But no one should be under the illusion that this part of the economy is sustainable or even particularly important. According to the Bureau of Economic Analysis, America's GDP totaled nearly 1.9 trillion dollars in 2016, but fossil fuels contributed only 162.1 billion dollars to that number. Mining of all materials in the U.S. only comprises 1.4% of our GDP, while the service economy equals close to 80%. A focus on this tiny part of the economy at the expense of the health and well-being of everyone else can only be seen as short term, symbolic politics. As critical as energy is to every part of our economic, social and cultural life, any analysis of trend lines tells us that fossil fuels are slowly being replaced by renewable energy. Given our investment in machinery, vehicles and infrastructure that run on fossil fuels, the transition will take time. But discouraging the new renewable resource based economy and encouraging dying industries like coal mining will only weaken the United States' position in the global economy. Counting on fossil fuels for jobs, jobs, jobs, is a futile fantasy.

The Trump policy is to dominate a dying industry. I know it is not dying quickly, but the fossil fuel business is a couple of technical breakthroughs away from the start of a long slow decline. Long and slow might take 50 years, but it could happen in 10 or 20 years too. Its end could be hastened by capital flight that could be devastating to an

industry as capital intensive as oil and gas drilling and transport.

If you are holding stock in [fossil fuel companies](#), it would be wise to keep an eye on the growth of electric vehicles. When they begin to replace the internal combustion engine it will only be because the market has determined they are less expensive and more reliable than the century old technology they are replacing. The market share of electric vehicles is a good operational indicator of the displacement of technology reliant on fossil fuels by technologies that can run on any fuel. We are already seeing more electricity generated by renewables, and in the future a growing amount of energy will be stored in advancing storage technology. At a time that cannot yet be predicted, a tipping point will be reached and the stampede away from [fossil fuels](#) will begin. Think of smart phones replacing land lines, streaming video replacing DVDs, electronic photography replacing film. The diffusion of new technology is difficult to predict, but when it starts it can happen with breathtaking speed.

Energy "dominance" must be seen as a political strategy rather than an economic one. Much of President's Trump base was formed by an explicit appeal to an imaginary past. "Make America Great Again" is about the good old days: When African Americans, women, and foreigners were second class citizens and white males ran the place. The good old days when we drove around in gas guzzling autos with big fins and no seat belts. The days when "a man's home was his castle". For people frustrated by a rapidly changing economy that has brought them downward mobility and a fear of the future, the only message anyone seemed to be directing explicitly to them was nostalgic nonsense communicated by a master pitchman. Trump's base continues to support him because he continues to monopolize political communication with his potent combination of symbol, bombast and constant repetition. At least we now know what collusion is, or if we don't know we know that Trump's campaign didn't do it.

If you are fearful for the future and if your work is no longer valued by companies you once worked for, dominating something seems like a worthwhile goal. Trump tries to communicate that "we are not helpless victims of the global economy, but capable of "dominating" that economy. As a sales technique, I'm reasonably sure that our customers would rather not be dominated, but encouraged to use our products. But if we view energy dominance as a national political strategy rather than a global economic strategy, the use of this language is more easily understood.

The difficulty with the drive for energy dominance is that it is divorced from the reality of the global energy market and the decreasing importance of commodities in the generation of wealth. Reality is not a deep concern for the Trump Administration's approach to public policy. Its infrastructure plan features a meager and unfunded federal investment and makes unrealistic assumptions about state, local and private resources that might be leveraged. Its immigration policy features a symbolic, expensive and largely ineffective "wall", and is unrelated to this nation's labor requirements. Its policy on mass shootings is to pretend that guns are not lethal, and so the number of mass shootings continues to rise. I could go on, but the point is that energy dominance is no different than the Mexican-funded wall, the president's first two executive budgets and nearly all the policies articulated by the Trump administration. It is more symbol than substance. Unfortunately, we live in the real world, not a reality TV show. There are no alternative facts, just facts. We have a presidency and an energy policy that is seeking to achieve fossil fuel dominance at the very moment that the rest of the world is desperately working to replace those fuels with renewable alternatives. To quote Emma Gonzales, an incredibly articulate high school senior from Marjory Stoneman Douglas High School in Parkland, Florida: "we call B.S." I think President Trump will soon be learning the difference between reality TV and reality.

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