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# Energy Costs and the Consumer

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# Energy Costs and the Consumer

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There are many factors to consider when analyzing energy consumption. In terms of cost, the factors may be quantified both in terms of monetary costs and environmental costs. These overall costs can be measured by the consumption of the individual, a region, an industry, a nation, and the entire planet. It is also clear that these costs are related. They may not be directly proportional to one-another, but they unequivocally impact each other and also influence energy consumption. However, it may be argued that monetary costs of energy usage have a greater impact upon energy consumption than the environmental costs. Whether the consumer of energy is the individual, region or industry, their willingness to use energy in large quantities will decrease as the monetary cost of energy increases. Thus, the most effective approach to lowering the environmental costs of energy consumption may be through manipulation of the monetary costs of energy, but the consequences of energy cost manipulation must be weighed against the immediate economic affects of such tactics.

Ultimately, the environmental costs associated with energy usage are a global problem that impacts the world today, and will surely affect the health of the planet and all of its inhabitants in the future. These environmental costs are the result of pollution in forms of air pollution due to carbon dioxide output from burning fossil fuels, water contamination from the retrieval and transportation of fossil fuels, and a global depletion of resources because traditional sources of energy are not renewable. According to Jennifer Weeks, author of article "Energy Policy: Should the U.S. Use More Clean-Energy Sources?", "[American] Democrats say a failure to pursue alternative energy sources will heighten global damage from climate change, make the nation increasingly beholden to unstable foreign oil producers and hurt the economy" (Weeks). Undeniably, clean renewable energy is the desirable, and arguably necessary, energy alternative to the use of fossil fuels. However, there are political and philosophical differences that may be impeding the development of renewable sources of energy in the U.S.

Today, renewable energy may not be promising enough to fully replace fossil fuels, but instead should be the focus of research and development for governments and industries. Furthermore, "renewable and other new technologies, which together supply only about 8 percent of the nation's energy demand, can't begin to substitute for oil and coal in handling the nation's energy needs" (Weeks). Incentive appears to be the largest obstacle preventing the development of clean alternative energies.

If today's energy sources are affordable and the environmental impacts do not seem large enough to force consumers to make a change, will there be enough incentive to quickly develop clean energy? Bracken Hendricks, a senior fellow at the Center for American Progress, claims, "Renewable energy projects often are seen as more risky ventures, so they have higher costs. Also, fossil fuels don't pay for the environmental harms they cause. We underestimate risk and overestimate benefits of fossil fuels, and do the opposite for renewables" (Weeks). Ultimately, it is Hendricks' claim that supports the philosophical perspective of the common consumer who would prefer to pay less today for the fuel they consume, rather than pay more to develop a cleaner fuel for tomorrow.

Forcing energy consumers to care through manipulating the price of energy may be one solution to this problem, but it may also have devastating economic effects. Those who support this

philosophy for the U.S. "argue that only the government's artificially raising the price of gasoline—as some countries in Europe have done—will make people finally cut back on oil use for good, requiring that governments around the world commit major resources to researching newer means of energy production" (Price of Gasoline). Conversely, this may also impact the economy in devastating ways. If the American economy struggles, there will ultimately be less financial resources available for both governmental and commercial research and development in renewable energies. President Obama addressed the impact of high gas prices in a speech on America's energy security at Georgetown University on March 30, 2011:

> In an economy that relies so heavily on oil, rising prices at the pump affect everybody -– workers, farmers, truck drivers, restaurant owners, students who are lucky enough to have a car. Businesses see rising prices at the pump hurt their bottom line. Families feel the pinch when they fill up their tank. And for Americans that are already struggling to get by, a hike in gas prices really makes their lives that much harder. It hurts. (Whitehouse.gov)

The economic impact of artificially inflating the gas price will surely raise prices on all consumer items, including food. It might be practical for those who have the financial means to pay extra for energy to do so, but it will hurt Americans at or below the poverty line much more. It might seem like a simple solution to raise energy prices through taxation, but there might be a more devastating effect upon the quality of life for average Americans today.

On the other hand, not forcing change today through the means of price manipulation may endanger the quality of life for everyone in the future. Republican Senator Lindsey Graham argues, "I think $5 a gallon gasoline is the best incentive I know to find a rational energy plan that would create jobs, make us more energy independent, [and] clean up the air" (Weeks). The Senator is not alone in his thoughts. In fact, "many politicians see the need for higher gasoline taxes, but avoid calling for them because to do so would be politically unpopular" (Gasoline Taxes). Furthermore, any form of price manipulation would have to establish a dramatic impact to force a change in consumer behavior. Dramatic changes are not likely to be welcomed by the American public, and such efforts may result in a negative public sentiment towards the clean energy agenda.

Ultimately, the government's role in furthering clean energy production might be most effective through subsidies to the private sector and an increased investment in research and development in the public sector with minimal price manipulation. The challenge for the U.S. government will be to convince the American tax payers, the energy consumers, that this is a valid use of tax dollars. An overall bipartisan effort to embrace the scientific data stating that renewable energy is essential to the health of the planet and the U.S. economy will be necessary for the nation to progress into an era of clean renewable energy.

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