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An Undeniable Cost

by Valentina Guarino

(Chemistry 1552)

Energy is one of the most central aspects of our universe. Unfortunately, in the daily lives of people across the world, energy is oftentimes underappreciated. However, without it, nothing would have the ability to move, change, or live. With the increasing use of energy worldwide, the core challenge lies in meeting the growing demand in a manner that is environmentally, economically, and socially responsible. Throughout time, the monetary cost of energy has fluctuated. In 2008, the price of gasoline rose above $4 a gallon ($200/barrel). Just seven years later, the price of a barrel has plunged to approximately $50. Initially, the thought of momentary, cheap energy seems appealing, but is it worth it in the long run? This spirited question has raised a vehement debate among Americans, who both argue for and against a world of “cheap energy”.

From one side of the discussion, Americans argue that inhabitants of the world would generally benefit in the long run from energy being cheap in the short term. This consensus is drawn around the idea that cheap energy directly aids the consumer. According to the Wall Street Journal, “The [recent] drop in gasoline alone is worth an extra $125 billion in [American] consumers’ pockets on an annualized basis” (Jakab). With about 220 million daily drivers in the United States (75% of the population), that is approximately $600 of extra cash in the pockets of each driver per year, exactly what a sluggish economy needs. This claim is also valid in relation to countries around the world. Economic logic states that saving money by paying less for a good is a universal notion that applies to all regions of the globe. A general increase in available finances improves productivity and funds education. Most notably, it helps meet basic needs such as food and shelter, allowing people to focus on a more complex hierarchy of needs including work, family, and self.

Furthermore, the benefits of cheap energy extend further than just middle class individuals and families who drive gasoline-powered cars. Allies for cheap energy argue that increased accessibility for all is a key benefit. Cheap energy works hard to improve third world countries, while being “the friend of the poor housewife, of the poor farmer, and of poor people around the world” (Ricochet). With cheap energy, village clinics can afford refrigeration for vaccines and medicines to improve and lengthen lives. Farmers are able to afford electricity to power machines to grow crops, and people are able to cook efficiently and feed their families (Ricochet).

For those who argue that cheap energy is an inclusive, long term benefit, do so by claiming that a higher accessibility of energy improves the quality (and quantity) of life worldwide by providing economic, educational, medical advancement opportunities.

However, as in any debate, there are strong adversaries of this opinion. Opponents of cheap energy do not deny that low energy prices give rise to higher accessibility; instead, they focus on the negative effects that this availability brings about. According to *OnEarth*, the magazine of the Natural Resources Defense Council, “Between 2000 and 2008, average miles per gallon moved in almost perfect lockstep with the price of gasoline. As pump prices rose steadily, U.S. consumers demanded more fuel-efficient cars, and manufacturers responded. If gas prices stay low, history suggests that the opposite could happen. People might replace their sedans with Hummers or move farther away from where they work. These sorts of changes build long-term increases into oil consumption” (Palmer). The additional cars, travel times, and overall consumption of energy lead to devastating environmental effects. The Conservation and Research Foundation states,

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> "The production of energy from fossil fuels creates a series of pollution problems. The combustion of coal is an important source of the air pollution responsible for acid rain, which is impacting the health of the forests, lakes and streams in the eastern states. The consumption of nuclear energy creates another set of problems centering the dangers posed to health by exposure to radiation. Due to the extremely slow decay of a number of the radioactive isotopes produced by nuclear reactors, no safe repository has yet been found for the disposal of radioactive wastes" (CRF).

Ever-increasing pollution and harmful emissions are irrefutable consequences of frequent use of non-renewable energy. Opponents of cheap energy believe the cheapest, cleanest and most reliable energy is the energy we do not use. Because of the malicious penalties of bearing this "low-hanging fruit" of cheap energy, many people argue that the rewards of energy do not surpass the apparent environmental and health damages.

Additionally, people claim that low energy costs hinder the drive to search for energy innovations. In their 2013 *Energy Economics* article titled, "The influence of energy prices on adoption of clean technologies and recycling: Evidence from European SMEs", Angela Triguero, Lourdes Moreno-Mondejar, and Maria A. Davia argue that changes in energy prices and regulation influence innovative activities, known as the "induced innovation" phenomenon. The "induced innovation" phenomenon exemplifies that "A rise in prices of raw materials can foster environmental innovation through substitution of less costly ones" (Davia, Mondejar, Triguero). The author's study shows, "that attributing importance to current energy prices (current and expected) contributes to explaining increased recycling than other types of environmental practices. The conditional probability of purchasing cleaner technologies increases by nearly 4.3 percentage points when firm managers report serious concern about [high] energy prices" (Davia, Mondejar, Triguero). The authors and millions of others worldwide, claim that high oil prices would force governments, corporations, and consumers to find another way to power the world, while cheap energy releases a false sense of security. When energy is cheap and accessible, consumers assume that oil is abundant enough to contain society. Although that may be the case momentarily, there is still only a limited amount of total oil and natural resources. The skewed perception of the abundance of natural resources that is associated with cheap energy allows consumers and producers to become content, thus hindering the innovation process and leaving people unprepared for an unfortunate future.

Evidently, energy is an integral aspect of all life; it surrounds us, drives us, and sometimes puzzles us. The principal challenge lies in meeting the growing demand for energy in a manner that is environmentally, economically, and socially responsible. Despite opposing viewpoints on the rationality of cheap energy, "the fact remains that nearly 90% of the American economy are energy buyers" says chief investment officer of BMO private bank (Zuckerman). In the midst of it all, there exists one idea that cannot be debated; energy comes with an undeniable cost.

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