Truth and consequences -- oil, gas and the economy

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Recently, the media have been awash with stories on the price of gasoline going down from a recent high of $4.67 in California on Oct. 9 to $3.72 a gallon Dec. 4, and the Saudization of America; that is, America's evolution into the world's leading oil producer.

Simultaneously, articles have appeared in newspapers and journals concerning Europe's difficulties in accessing its large supplies of natural gas due to the fear of fracking. Global warming stories have become popular again, particularly related to its possible relationship to weather-related disasters. Perhaps only the clairvoyant among us would suggest a precise link between gasoline price decreases, difficulties in drilling for natural gas and global warming. But I suspect there is a relationship, if we look hard enough.

Oil production in the United States is growing, but the nation is not about to become oil independent. Unlike Las Vegas, where what happens in Vegas stays in Vegas, what results from drilling oil may not stay in the U.S.

Producers will seek the highest price they can get per barrel and export a large amount of oil to Asia and Europe. Further, the oil boom may be short-lived as drilling for tight oil or oil from shale proves too expensive. Gas prices seem only peripherally related to oil production or supply. Rather, prices appear based more on weakness in demand tied to the economy, changes in auto technology and, as Sen. Dianne Feinstein suggests, possibly a good deal of price management and obfuscation on the part of producers, refiners and distributors.

Natural gas has become a U.S. and European asset. Its increased use to power electric utilities has kept prices lower for electricity and has produced visibly reduced greenhouse gas emissions.

But increased concern over fracking is visible in the U.S. and Europe. A "not in my backyard" syndrome has delayed proposed natural gas projects.

To assure a predictable supply of natural gas as an alternative fuel to oil and its derivative gasoline, the general public and public interest groups must be assured there are no major environmental and health risks associated with fracking. Fortunately, collaborative public, nonprofit, university and private company efforts are under way to minimize the possible negative effects of fracking.

Global warming appears to have a second life. While scientists are not yet able to say with certainty that individual storms, as well as specific droughts, flooding and forest fires, are caused by global warming, a preponderant number of respected scientists agree the increase in carbon emissions has caused an increase in the Earth's temperature. They conclude that this has negatively affected weather patterns and increased the probability of disasters like Hurricane Sandy, severe flooding and extended droughts.

If emissions continue to stay at high levels, Laguna Beach residents should worry about a rising ocean. New Yorkers should worry about lower rental prices for condos in Lower Manhattan and the decline of tax-paying businesses because of a fear of floods. Tourists and businesses should worry about the future lack of snow at ski resorts. All of us should worry about slower economic growth and a rise in environmental problems.

The flurry of media stories on gasoline, natural gas and global warming highlights a range of related policy on imported oil is bad for the economy and U.S. security. Assume, again, that oil and gasoline defy exact prediction relative to future costs. Finally, assume what most environmentalists know, that gasoline is a dirty fuel and emits the largest proportion of greenhouse gas.

If you agree with these assumptions, ask yourself: Why aren't alternative fuels allowed to compete with gas on an even playing field? Why should archaic federal regulations grant gasoline a free ride in the transportation fuel market? Fostering competition, governed by reasonable environmental criteria, would help slow global warming, reduce the $300 billion we spend annually on oil imports and mute gas spikes as well as gas price increases. Consumers would have lower fuel costs and the economy would have received billions of dollars of private-sector stimulus.