HONING IN ON THE HOMELAND

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In 2006, Americans consumed 20.7 million barrels of oil a day, making the United States the world’s top energy user.

**BY CASSIE FLEMIN**

Mark Chrisp scoffs as his friend, Mike Fogerty, pumps gas into a 1965 mint-green Ford pickup at a Lincoln, Neb., gas station. Chrisp, 47 and unemployed, says he does not waste money on gas. And if people do not stop recklessly pumping gas, he says there will be consequences because the world is running out of oil.

“We are all going to die,” he says.

“Scam,” interrupts Fogerty, a 47-year-old Lincoln welder. “There is no shortage of gas in the world. There’s even lots in the U.S.”

Chrisp doesn’t buy it. “Just wait. All you oil-addicted crooks will see what it is like to live without it.”

Chrisp’s abstinence is unusual in a nation obsessed with using oil.

In 2006, Americans consumed 20.7 million barrels of oil a day, making the United States the world’s top energy consumer, using nearly three times as much as China, the world’s second-largest consumer. According to the Energy Information Agency, 70 percent of oil used in the U.S. is used to fuel vehicles.

To satisfy this craving, Americans are handcuffed to a few oil-rich nations. But as energy-ravenous
countries like China and India enter the global market and drink from the same oil reservoir, the supply evaporates and the price per barrel skyrockets. The high prices strain the U.S. economy and dump money into the fortresses of oil-rich foreign countries.

“None of us would write a check to Osama bin Laden, slip it in a Hallmark card and send it off to him. But that’s what we are doing every time we pull into a gas station,” said Mike Huckabee, former Arkansas governor and one-time Republican presidential candidate.

But, with alternative fuel, some believe hope is not lost. Many legislators, energy experts and Midwestern corn growers promise that farmers and their corn ethanol will usher the country into an era of energy independence. Others say the alternative fuel will be just one slice of the U.S. domestic energy pie, which includes solar, wind, coal and nuclear sources, as well as conservation efforts.

From President Bush touting ethanol as a savior to Midwest enthusiasts hailing corn as the country’s next fuel source, the ethanol industry has emerged as a partial cure for oil addiction. The message: Pump ethanol into the country’s gas tanks, and save the country from an oil-dependency crisis.

“Two years ago, ethanol was the industry that was heroically helping energy independence and environmental sanity, and they got extra props for standing up to the oil industry and the Arabs,” said Bill Kovarik, ethanol historian and professor of communication at Radford University in Maryland.

“National security is tied to the ethanol project,” said William Wolski of Energy Independence publications.

But at the Lincoln gas station, Fogerty did not select the ethanol-blended gasoline.

“Ethanol is an even more exhaustible resource than oil,” Fogerty said. “And my car can’t even run on it.”

“It’s a joke,” Chrisp said.

Many say ethanol is a transition fuel to be used only until a better oil alternative is discovered.

Yet no one knows when this better source will surface, making today’s energy choices pivotal, said Paul Fenn, founder and CEO of Local Power, a California-based sustainable power non-profit group.

“If we wait until it is a crisis, we are dead,” Fenn said. “We will fail to find a solution, and we will die.

“Oil was easy — easy to get and easy to use, and we got stuck on it,” Wolski said.

Sixty percent of U.S. oil comes from foreign nations — 20 percent from countries in the Persian Gulf and 40 percent from OPEC countries, according to Petroleum Supply Monthly.

“Oil-rich nations kept the price low for a while and prevented us from coming up with our own sources of energy,” Wolski said.

Sixty percent of U.S. oil comes from foreign nations — 20 percent from countries in the Persian Gulf and 40 percent from OPEC countries, according to Petroleum Supply Monthly.

“Oil-rich nations - including Iran, Iraq, Kuwait, Saudi Arabia and Venezuela — are expected to hold the United States on an increasingly shorter leash, supplying more and more of the country’s oil in the future, according to Ethanol Across America. Energy independence from these countries creates an array of problems for Americans. They spend more at the pump, they are subject to an uncertain oil supply because of political turmoil in oil-producing areas, and their need for oil holds them hostage to powerful oil regimes.

“Many oil-exporting countries are located in troubled regions and are politically and economically insecure,” said Scott Kleeb, a Democrat running for Nebraska's open Senate seat in 2008. “The oil spout could be corked anytime.”

OPEC’s 1973 oil embargo disrupted 5 percent of the U.S. oil supply. The country imported 30 percent to 40 percent of oil then. Today, it imports 60 percent.

“If a conflict erupts overseas, we won’t have access to this petroleum,” Wolski said. “It will crush...
our entire economy.”

The U.S. spends an estimated $39 billion to $98.5 billion annually to secure the production and transport of oil from politically volatile regions, according to a 2005 report from the International Center for Technology Assessment.

Additionally, Wolski said, American, international and foreign oil companies are spending an increasing amount of money searching for new places to drill; they are coming up empty-handed.

Peak oil is the point where world oil production hits a maximum and begins to decline. The Cambridge Energy Research Associates puts peak oil after 2020. Others say peak oil was reached in 2005.

When demand exceeds supply, prices increase. “You won’t see oil as low as $40 a barrel ever again — even if that is what the Saudis, for example, want,” Wolski said. “The reality is they’ll run out of it, and they know it.”

Current defense expenditures and the fear of an energy peak frighten U.S. leaders.

In 2003 congressional testimony, former Secretary of Energy Spencer Abraham said, “Failure to meet increasing energy demand with increased energy supplies, and vulnerability to disruptions from natural or malevolent causes, could threaten our nation’s economic prosperity, alter the way we live our lives and threaten our national security.”

Enter: Ethanol.

“The price of oil kept rising, and you got ethanol,” said Ernie Goss, a Creighton University economist. “A lot of people think the idea came from Al Gore, but, no, it was the price of oil.”

Because corn-based ethanol is the easiest form of alternative energy to produce, it was seen as a way to wean the country off oil, said Fenn of California’s Local Power.

“A few years ago, it was the darling of environmentalists,” Fenn said. “Hippies were saying, ‘We’re running out of oil, and oil is bad. Let’s grow it and put it in our car.’”

Then the government and even those in the oil
business began touting ethanol as a way to diminish the oil addiction.

M.E. “Bus” Whitehead, founder of Lincoln’s Whitehead Oil, has been on the Nebraska Ethanol board for 10 years. He was the first distributor in Lincoln to offer E10 and, more recently, E85.

“I always felt that it’s smart to look for alternative fuels,” he said.

Most ethanol enthusiasts see corn ethanol as a bridge toward other alternative-energy solutions—a sort of transition fuel, Wolski said.

“The best role for ethanol is probably as a short-term way to stretch out our current energy supplies,” he said. “We mix some ethanol into our petroleum, and it saves that little bit of oil, buying us more time to figure out the future of energy.”

Ethanol holds the possibility of allowing Midwest corn-producing states the ability to ease regional dependence on oil, Fenn said.

“As we look for alternatives to oil, we need to look to Nebraska,” Kleeb said. “We have a wealth in ethanol.”

continued from page 49
Because the Midwest is rich in biofuel resources, Fenn said, “it is naïve” to ignore ethanol as part of the energy-independence remedy.

“But it’s only part of the remedy,” Fenn said.

The negative consequences of energy dependence can be stalled by a variety of new discoveries and new efforts, Wolski said.

“The reality is, if we can discover alternative energies, the down slope after peak oil isn’t as steep,” he said. “But we will have to get all the sources we can get our hands on.”

Late in 2007, Nebraska State Sen. Annette Dubas of Fullerton, in east-central Nebraska, held a meeting in her district about alternative energies.

“All kinds of people were there — solar, wind, coal, nuclear, ethanol and even people talking about methane,” she said. “There are so many solutions, so many ideas. It was really good dialogue. Everyone knows it’s important to look at everything.”

Similar discussions are happening nationwide, with claims that each form of alternate energy will usher the United States into an era of energy independence. But each solution has its own limitations.

Wolski, of Energy Independence publications, said he believes electric cars will be a familiar sight in two years and 50,000 electric cars will be hitting the pavement daily by 2023.

Economist Ernie Goss is doubtful about this energy cure.

“When I was kid, everyone was talking about battery-powered cars,” Goss said. “But even today we don’t have one.”

In France, nuclear power is used for battery-powered cars, Wolski said; and some scientists say this is the best route to go.

Whitehead said because electric cars are so expensive, the gas-fueled internal-combustion engine is superior.

“It’s the best way to drive cars,” he said.

The U.S. has not scratched the surface of domestic oil, the founder of the Lincoln oil-distribution
Independence and Security Act of 2007, which set the goal, limits corn-ethanol’s share to 15 billion gallons.

The ethanol industry’s many problems, including a lack of retail locations, a high need for water and other environmental concerns, capital-intensive plants, decreasing amounts of financing and increasing import costs, raise questions about ethanol’s ability to alleviate dependence on foreign oil.

“Now it is more common to see ethanol supporters vilified as ‘Children of the Corn’ for spreading the gospel of gasohol,” Kovarik said. (“Gasohol” was a term coined in the 1970’s for a blend of 10 percent corn ethanol and 90 percent gasoline).

Corn ethanol is a small source on the road toward energy independence, and it is costly, said Amory Lovins, chairman and chief scientist of the Rocky Mountain Institute.

“Two hundred new ethanol plants are planned to be under construction by 2009, but 1,000 ethanol plants will be needed to meet Congress’s energy-security goal of 36 billion gallons of ethanol from many sources by 2022, Wolski said. The Energy Independence and Security Act of 2007, which set the goal, limits corn-ethanol’s share to 15 billion gallons.

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Government may be another obstacle facing oil alternatives.

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should lead the way toward energy independence. By their investment choices, private companies will dictate the best way to end energy dependence. If ethanol ceases to receive private investment, it cannot possibly be the cure.

However, the government must have some role in reducing demand for foreign oil, others say. Specifically, the government can spearhead conservation practices.

“The government is like institutional acupuncture,” Lovins said. “It can stick a needle in where business logic isn’t working.”

Lovins’ examples of government intervention include stimulating demand for very efficient cars, scrapping old “clunkers” and designing energy-efficient military and government fleets.

Reducing demand is the cheapest solution, Fenn said, naming as key goals technologies that increase energy efficiency and conserve and store energy.

Still, the government can go only so far. Nebraska State Sen. Don Preister said the state legislature has considered bills requiring all manufacturers to use ethanol.

“But the manufacturers opposed it stringently,” the Bellevue senator said.

Wolski said he is confident that advancing alternative energy sources will always require government help.

“Taking out government is like gouging our eyes out,” said Fenn, founder of California’s Local Power. “Our eyes are the government.”

Healing the energy addiction needs to involve a comprehensive approach, with both the government and business; yet it must be done at the local level, Fenn said.

“The problem with the oil industry is that it is a colossal system,” he said. “This will be the problem with the coal, nuclear, hydrogen and ethanol industries.”

Nothing will completely replace oil, but each region should produce a portion of its own supply of fuels, he said. This means ethanol should be used where corn is already grown.

“To grow a plant and then ship it to another part of the country is insane,” Fenn said about using corn-based ethanol across the nation. “The places with lakes, use algae; the places with corn, use corn.”

In the wide-ranging debate over how to reach energy independence, many options are available.

“People want to make energy independence work,” Wolski said.

But Jerry Loos, who worked in the energy business for 30 years, said past trends show people have a poor track record for using less foreign oil.

“We’ve been wed to oil for 100 years. I would like to think we can move beyond that,” said Loos, the public information officer of the Nebraska Energy Office. “But history shows the opposite. I am not optimistic.”

“Failure to meet increasing energy demand with increased energy supplies, and vulnerability to disruptions from natural or malevolent causes, could threaten our nation’s economic prosperity, alter the way we live our lives and threaten our national security.”

Spencer Abraham
Former U.S. Secretary of Energy

FACTS

- Americans consumed 20.7 million barrels of oil a day in 2006, making the United States the world’s top energy consumer ahead of China.
- Seventy percent of oil used in the U.S. is used to fuel vehicles.
- Energy Information Agency
- Sixty percent of U.S. oil comes from foreign nations- 20 percent from countries in the Persian Gulf and 40 percent from OPEC countries.
- Petroleum Supply Monthly
- Oil-rich nations are expected to hold the U.S. by an increasingly shorter leash, supplying more and more of the country’s oil in the future, according to Ethanol Across America.
- The U.S. spends an estimated $39 billion to $98.5 billion annually to secure the production and transport of oil from politically volatile regions.
- International Center for Technology Assessment
- Peak oil is the point where world oil production hits a maximum and begins to decline. One report by the Cambridge Energy Association puts peak oil at 2020. Others say peak oil production was hit in 2005.
- Construction plans call for 200 new ethanol plants by 2009, but five times this amount will be needed to meet the energy-security goal of 36 billion gallons of ethanol by 2022.
- William Wolski, Energy Independence publications