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Fall 12-20-2017

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Cutsor, Jackson, "Fossil Fuel Subsidies in America" (2017). *Op-Eds from ENSC230 Energy and the Environment: Economics and Policies*. 75.

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ENSC 230. Energy and the Environment: Economics and Policy
12/11/2017

Fossil Fuel Subsidies in America

Two of the most controversial topics in American politics today are climate change and the federal budget. Subsidies for energy generation fit into both categories.

Subsidies given to the energy industry artificially decrease the price of energy and electricity. Low energy prices help stimulate the market, however, the negative externalities like the social cost of carbon and political corruption are not taken into consideration.

Subsidies can come in many forms including: failure to impose external costs, tax breaks, and low interest loans. Even without imposing the social cost of carbon a removal of fossil fuel energy subsidies can have a net benefit for Americans.

"The Organization for Economic Cooperation and Development has counted 800 ways that rich industrial nations use taxpayer money to support fossil fuel producers." -New York Times

The current and past subsidies for fossil fuels were likely justified because of increased economic activity. Electricity prices are expected to significantly increase over the next few decades regardless of how much energy generation is subsidized. This is due to the aging grid infrastructure and the rise of distributed generation under current regulations.

If the government wants to capitalize on economic activity due to low power costs, they should be increasing subsidies for transmission infrastructure.

The Trump administration's newest proposal under Rick Perry has been calculated to cost the American taxpayers \$10.6 billion. Bipartisan analysis has suggested most of this funding would go to old, dirty coal plants that are nearing the end of their lifetime.

Subsidizing fossil fuel energy sources that are detrimental to the environment is absurd. Taxpayers should not be paying for something that does not benefit the public and was once competitive, but no longer viable on the market.

This proposal should not come as a surprise considering the fossil fuel industry has a significant influence on who gets elected and how they vote. The Citizens United Supreme Court case allows for unlimited campaign contributions from fossil fuel interests. During the 113th Congress, fossil fuel interests spent more than \$42 billion on campaign contributions.

Elected officials should represent their constituents, not their campaign donors and these donations can sway major decisions.

One of the main contributors to the inaction towards climate change has been political gridlock and corruption at all levels. The technology exists to get the economy to near zero emission, but the lack of political will and unfavorable market forces are preventing implementation. To accelerate the

adoption of renewables through policy, state and federal entities should slowly remove fossil fuel subsidies over a few years.

A gradual decrease allows time for changes that need to be made to keep the grid stable and affordable. Decreasing federal spending while increasing efforts to mitigate climate change should warrant enough support from both sides of the political spectrum.

Renewables are competitive without subsidies in many areas of the United States. As renewable energy costs plummet more regions will become lucrative for development.

The gradual removal of fossil fuel subsidies would provide enough time to start investing in different options for affected regions. Since natural gas, wind, and solar are likely the cheapest and quickest implementation option, utilities and independent power producers around the country will consider these first.

The US should be creating climate change solutions, not avoiding them. Eliminating policies that support fossil fuels will reduce federal spending and greenhouse gas emissions while accelerating the adoption of renewables.

“We have to stop using government funds to support the industry that is causing the problem. That would seem to be the low-hanging fruit of solving climate change: When you’re in a hole, stop digging.” -Stephen Kretzman