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Bill's Perspective XVI

Energy is a component of every good and service imaginable.

Today (05/10/2023), it was announced that the CPI is 4.9% annually. The term “**core**” **basis** strips out the effects of energy and food prices. Are there any two measures more fundamental to the cost of *living* than energy and food?

It is my perspective that inflation will persist until energy prices “also” come down. As more employer’s demand that their employees return to the office instead of working from home, I believe that this will put upward pressure on the price of petroleum.

Bringing the economy into a recession will slow down demand for goods and services across the board which will put pressure on energy prices too *unless there is a supply disruption*. In recent weeks Iran has seized oil tankers and the US has also seized oil tankers.

The US Energy Secretary Jennifer Granholm announced recently that the US Strategic Petroleum Reserve would be buying oil to replenish the reserves it had depleted during the time leading up to the 2022 mid-term elections. (*They will be competing directly with the American consumer.*) It may take years to replenish the SPR per Granholm¹. Currently the levels in the SPR are at levels not seen since 1984. It should also be noted that Congress had mandated the sale of 26 million barrels of oil from the SPR to help offset the Federal Budget costs².

Prior to 01/20/2021 the USA was not only energy independent-meaning that we produced more than we used, but we were also a net-exporter. We were exporting to other nations, which brought those revenues into the USA instead sending it to our adversaries!

On day one, the 7th official act of Joe Biden was to cancel the Keystone XL pipeline. The environmental impact of a pipeline is *far less* than that of shipping by rail or truck and this certainly does not make sense economically either. The government taking sides as to which fuel and technologies will succeed goes against a *free-market-economy*.

The environmental impact of the green energies has not been adequately weighed. The research of the disposal of spent lithium batteries, depleted solar panels and broken wind turbines is inadequate. Subsidies make green energy more affordable to the consumer. But taxes are the source of the subsidies - essentially taking money from one tax payer and handing it to another etc..

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Currently the USA has proven reserves of over a 100-year supply of natural gas. Natural gas while not perfect, produces less environmental impact than coal and oil. (Coal being the #1 source to produce electricity in the USA.) Shouldn’t we take advantage of what we “already” have while we wait for technology to make green energies more competitive???

US energy policy needs to be “re-thought” and politics removed from the decision-making process. It is time to do what is “best” for our country and way of life!

FOOTNOTES:

1 Investopedia.com - "US to Take Years to Refill Its Strategic Petroleum Reserve", Lyle Niedens

2 Reuters.com - "U.S. to sell 26 mln bbls of oil reserves as mandated by Congress", Timothy Gardner

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