Biden Is Breaking His Climate Promises. What Are The Consequences?

Robert Pollin

Although the war in Ukraine has put climate action on the back burner for many policy makers, the global climate crisis is spinning out of control. Various climate records were smashed in 2021, and greenhouse gas emissions are on course to hit record levels in 2023. In the face of such dramatic developments, political inaction on the climate front could portend an imminent environmental catastrophe.

In the interview that follows, world-renowned progressive economist Robert Pollin discusses the latest developments on the climate crisis, starting with Biden's broken promises to provide leadership in the fight against the climate emergency, and the problems of soaring energy costs and inflation. He also refutes the arguments in favor of nuclear energy, as well as the claims that there is very little we can do to stop the burning of fossil fuels. Pollin is distinguished professor of economics and co-director of the Political Economy Research Institute (PERI) at the University of Massachusetts at Amherst, where he has authored many climate stabilization projects for different U.S. states. He is also the author of many books, including *Climate Crisis and the Global Green New Deal*: *The Political Economy of Saving the Planet* (co-authored with Noam Chomsky).

C.J. Polychroniou: Bob, why did Biden break his promise on no new leasing on federal lands? Aren't there other ways to fight soaring energy costs besides a

"drill, baby, drill" policy? And will record high gas prices actually be solved by drilling more?

Robert Pollin: The Biden administration announced last April 15 that it would lift the executive order it had established in January 2020 that imposed a temporary ban on auctioning off federal lands for oil and gas leasing. This is despite the fact that, as a presidential candidate, Biden pledged, "And by the way, no more drilling on federal lands, period. Period, period, period." So much for even Biden's most emphatic campaign promises.

One excuse that the administration has given for Biden's flip-flop is that a federal judge in Louisiana had struck down the January 2020 executive order. However, Biden could have easily delayed the awarding of new drilling permits indefinitely by fighting the judge's order in court. Biden chose not to do this. The administration's excuse here is that, in the immediate, Biden has had to focus on pushing down energy prices and overall inflation. The administration claims that opening up federal lands for drilling will increase oil and gas supply and thereby counteract the sharp oil and gas price increases that have prevailed since over the past year.

Specifically, the average retail price of gasoline has risen nearly 150 percent over the past year, from an average of $1.77 per gallon over May 2021 to $4.23 from May 1–23 this year. This spike in gasoline prices, along with rise in heating oil prices, has, in turn, been the single biggest driver causing overall U.S. inflation to rise by 8.3 percent over the past year, the highest U.S. inflation rate in 40 years.

Without question, we face serious problems with surging oil and gas prices and overall U.S. inflation. But it is also obvious that expanding drilling on public lands will have precisely *zero impact* on oil prices over the next year or two, if at all. This is because any supplies that could be produced through new drilling on federal lands will not become available in the retail energy market for at least 1 to 2 years. In addition, the amount of new oil and gas supplies that could *ever* come onstream from these projects would be minuscule as a share of the overall global energy market.

The Biden administration certainly must know all this. Their policy reversal is therefore all about optics — they want to convey the impression that they are taking strong measures to fight high gas prices, even while, in fact, they are doing

no such thing. This Biden strategy is especially damaging since, rather than straining now so ineptly to manipulate public opinion, they could instead get serious to enact effective measures that can both fight climate change and protect people's living standards against the vagaries of the global oil market.

Getting serious has to begin with the recognition that if we are going to have any chance of meeting the goals of the Intergovernmental Panel on Climate Change (IPCC) for climate stabilization — i.e., a 50 percent reduction of carbon dioxide (CO_2) emissions by 2030 and zero CO_2 emissions by 2050 — then we have to maintain a hard commitment to phasing out fossil fuel consumption every year, with no backsliding permitted — i.e., "period, period, period." This is because burning oil, coal and natural gas to produce energy is by far the largest source of CO_2 emissions globally and therefore the biggest driver of climate change. At the same time, the world now depends on fossil fuels to meet 80 percent of global energy demand. We should therefore assume that short-term crises will regularly emerge in which, similar to the current situation, the imperatives of climate stabilization will appear less pressing than keeping energy supplies abundant and prices low. We need to be prepared to meet these inevitable short-term crises without ending up, each time, clinging to our current dependency on fossil fuels.

Within this context, any measure now to push fossil fuel prices back down would be moving us in the wrong direction, since lower fossil fuel prices will encourage greater fossil fuel consumption. Rather, on behalf of saving the planet, we actually need all fossil fuel prices to remain high, and indeed, if anything, to increase still further. This is because high prices for oil, natural gas and coal will discourage consumers from buying fossil fuels to meet their energy needs. High fossil fuel prices will also incentivize efforts to build a new energy infrastructure, whose two pillars will be high efficiency and renewable energy, in particular solar and wind power. A high-efficiency renewable energy-dominant infrastructure will, among other things, deliver cheaper energy than our current fossil fuel-dominant system. But that cannot happen in an instant. In the meantime, we cannot allow working class and middle-class people to experience cuts in their living standards right now through high fossil fuel prices while oil companies' profits explode. How can we effectively address these equally valid, though competing, considerations?

For the immediate, the federal government should provide people with energy tax rebates to compensate them against the impacts of any temporary spikes in energy prices. One specific proposal along these lines that has been introduced in

both the U.S. Senate and House of Representatives is a "windfall profits tax" on the oil companies' current levels of outsized profits resulting from the price spikes. Under the Senate version of this measure introduced by Sen. Sheldon Whitehouse, the oil companies would be taxed at half the difference between the current retail oil prices and the average pre-pandemic price between 2015 and 2019.

The average price of gasoline between 2015 and 2019 was $2.37 per gallon. Based on the average market price of $4.23 per gallon between May 1-23, the Senate version of the tax would amount to 93 cents per gallon (i.e. ($4.23 – $2.37)/2 = $0.93. This calculation assumes no further adjustment for inflation). Over a year, the tax would generate a total of roughly $130 billion based on current gasoline consumption levels, according to my calculations. These revenues would then be channeled into compensating consumers for the spike in their energy bills. Every U.S. resident would receive nearly $400 if revenues from the tax were distributed equally to everyone. A family of four, including, for example, an infant and a grandma, would therefore receive almost $1,600 in rebates.

A still more basic solution here would be for the government to take over the U.S. fossil fuel industry. Under a nationalized fossil fuel industry, the necessary phaseout of fossil fuels as an energy source can proceed in an orderly fashion. The government could then set fossil fuel energy prices to reflect the needs of both consumers and the imperatives of the clean energy transition. At present, the U.S. government could purchase controlling interest in the three dominant U.S. oil and gas companies — Exxon/Mobil, Chevron and Conoco — for about $350 billion. This would be less than 10 percent of the $4 trillion that the Federal Reserve pumped into Wall Street during the COVID crisis. More generally, these costs should be understood as trivial because nationalization would end these corporations' relentless campaign of sabotaging the clean energy transition.

The economic and ecological logic of oil nationalization are straightforward. But clearly, the politics of actually pulling this off now are nearly impossible. By contrast, the windfall profit tax approach is within the outer reaches of current political feasibility.

The war in Ukraine has generated interest in nuclear energy. In fact, the EU has opted to label nuclear, as well as gas, as green energy investments. While it takes

a bizarre leap to label an energy source associated with risks as sustainable, what about nuclear energy's economic aspects? Are there economic benefits?

In terms of advancing a viable climate stabilization project, nuclear energy does provide the important benefit that it can produce electricity in abundance without generating CO2 emissions or air pollution of any kind. But even allowing for this benefit, we need to first consider the risks you mention with nuclear energy. Because these risks are so severe, addressing them must supersede any economic considerations.

These risks were brought into sharp focus in the early phases of Russia's invasion of Ukraine. That is, in one of its first offensive operations on February 24, the Russian military seized control of the Chernobyl nuclear power plant, which is located about 60 miles north of Kyiv in Ukraine. In 1986, when Ukraine was still part of the Soviet Union, Chernobyl was the site of the most severe nuclear power plant accident in history. An explosion blew the lid off of one of the plant's four operating nuclear reactors. This released radioactive materials into the atmosphere that spread throughout the region. Despite this disaster, the other three reactors at Chernobyl continued operating until 2000.

The other three reactors did cease operating in 2000. But the site still houses more than 20,000 spent fuel rods. These rods must be constantly cooled, with the cooling system operating on electricity. If the system's electrical power source were to malfunction, the spent fuel rods could become exposed to the air and catch fire. This would release radioactive materials into the atmosphere. Once released, the radioactive materials could again spread throughout the region and beyond, as they did in 1986. This is low-probability but by no means a zero-probability scenario.

On March 3, the Russian miliary also took control of the Zaporizhzhia nuclear plant, the largest in Europe. According to a March 11 report on *NPR*, "Russian forces repeatedly fired heavy weapons in the direction of the plant's massive reactor buildings, which housed dangerous nuclear fuel." All military actions at or near the plant create further danger of the plant's operations becoming compromised. As with Chernobyl, this could then lead to radioactive materials being released into the atmosphere.

Nuclear disasters at both Chernobyl and Zaporizhzhia are therefore active threats

right now. In addition, the war is compromising the security systems that operate to protect both sites. The fact that both sites have become combat zones means that they are more vulnerable to attacks from non-state actors, including terrorist organizations of any variety. The aim of such organizations in breaching security at Chernobyl or Zaporizhzhia would almost certainly include gaining access to materials that would enable them to produce homemade nuclear weapons. At the least, they would be positioned to threaten the release of radioactive materials.

Even given these unavoidable dangers, we still might want to prioritize nuclear energy as an alternative to fossil fuels if the economic benefits were overwhelming. In fact, according to the U.S. Energy Department, the costs of generating a kilowatt hour of electricity from nuclear energy are now more than twice as high as those from solar panels or onshore wind. Moreover, the costs of renewables, especially solar, have been falling sharply over the past decade, with further large cost reductions likely. By contrast, nuclear is on a "negative learning curve" — i.e., the costs of nuclear energy have been rising over time. This is mostly because minimizing the risks with nuclear as much as possible requires spending billions of dollars on safety provisions for a single average-sized reactor. This is why the huge multinational firm Westinghouse, which, for decades, had been the global leader in building nuclear plants, was forced to file for bankruptcy in 2017.

In short, there is no viable economic case in support of nuclear energy as an alternative to building a new global energy system whose foundations are high efficiency and renewables. There are significant challenges to address in creating a high-efficiency and renewable-dominant system, starting with the problems created by solar and wind intermittency — i.e., the fact that wind doesn't blow and the sun doesn't shine all day at any given location. But none of these problems are insurmountable, and certainly none of them create anything like the existential risks that we inevitably face with nuclear energy.

There are certain scientists out there who contend that it is unrealistic for the world to expect to halve emissions by 2030, as the latest UN climate report states that we must do if we are to avert catastrophic global heating. Is this really an unrealistic goal, as someone like Vaclav Smil claims it is? And what about the argument, made by Smil and others, that if we abandoned the use of fossil fuels, we would end up with a global energy crisis?

The New York Times recently published an extensive interview with the environmental scientist Vaclav Smil titled "This Eminent Scientist Says Climate Activists Need to Get Real." By "getting real," Smil argues that climate activists, and everyone else, need to face the fact that we will never hit the IPCC's emission reduction targets — the 50 percent CO2 emissions cut by 2030 and reaching zero emissions by 2050. This is because, as Smil puts it, "People will eat pork bellies and drink a liter of alcohol every day because the joy of eating pork belly and drinking surpasses the possible bad payoff 30 years down the road." And further: "There are billions of people who want to burn more fossil fuel. There is very little you can do about that. They will burn it unless you give them something different. But who will give them something different?"

Smil's perspective gives no credence to at least two huge and obvious points, which makes it especially odd that the *Times* would give his views such prominence. The first is that the IPCC's emissions reduction targets can hardly be considered as in any way analogous to lifestyle choices like eating pork bellies and drinking alcohol. The IPCC established these targets based on the body of scientific evidence, which concludes that the targets must be achieved for us, the human race, to have any chance of avoiding the most severe consequences of climate change. With daytime temperatures in parts of India and Pakistan currently reaching 120-1240 Fahrenheit, do we need any more reminders of what we are facing right now with climate change?

The second point is that advancing a global clean energy transformation is certainly technically and economically feasible, as we have discussed at length many times.

It can be accomplished within a viable global Green New Deal project that can also deliver expanding decent work opportunities, rising mass living standards, and dramatic reductions in poverty in all regions of the world. It is true that we cannot eliminate fossil fuels immediately, given that they currently supply 80 percent of all global energy needs. But we can eliminate fossil fuels entirely within 20 to 25 years through the global Green New Deal. It is simply a matter of political will. To build that political will, we cannot be distracted by empty pronouncements from the likes of Vaclav Smil, just as we cannot permit politicians, starting with Joe Biden, to toss aside their promises on climate action whenever such promises become temporarily inconvenient.

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