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Black Gold—a Series About Oil

Subsidizing the oil economy - Peter Carter

There is much hot-air being written about global warming and the Kyoto Protocol. Some fresh air is provided by Guy Dauncey in his book *Stormy Weather: 101 Solutions to Global Climate Change*. Here are some revealing stats from the book:

- Percentage of world's carbon coming from burning oil = 33.3 %
- Daily subsidy given by US government to oil, coal and gas industry = \$50 million
- Estimated daily world-wide subsidy given to fossil fuel industry = \$643-\$959 million.
- IPCC estimation of reduction in CO₂ emissions if subsidies were removed = 4%–18%.

Effect of Eliminating Subsidies

Why isn't the WTO calling for the elimination of oil subsidies? According to free market economics and economic globalization domestic subsidies should be eliminated, and many third world countries are being pressured by Europe and the US to eliminate their subsidies. But what about oil and gas?

The fact is that if subsidies were phased-out alternative non-polluting, non-greenhouse gas emitting technologies would become economic and be developed to replace much of the current oil and gas energy production. This would both extend the life time for oil production and conserve oil for the manufacture of useful petroleum products.

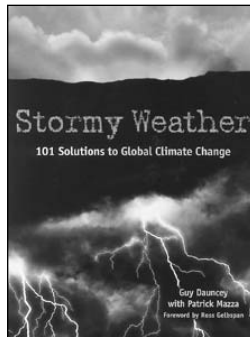
Could It Be This Simple? Yes and No

The low price of gasoline in North America (half what Europeans pay) is being enforced by political pressure from the consuming public who have been thoroughly brainwashed by the oil and automotive industry into believing that the freedom to pollute the planet and degrade the biosphere is a natural God-given right on which their lifestyles depend.

If the oil subsidies were removed, the price of gas at the pump would rise. We are told, and many people may believe, that Kyoto (or removal of oil subsidies) could harm the economy. *But it could only harm the oil economy—it would be good for the wind, solar, tidal, and hydrogen fuel-cell economies!*

Dauncey is right. We have to move ahead. Progress is in these other economies. The oil economy has had its day and is holding development back. It is only by economic cheating that it continues to dominate the energy sectors and people's minds.

Better to start phasing out oil subsidies now (maybe under WTO rules) than wait till it's either too late to contain disastrous global warming, or to have to suffer the painful dislocation of switching economies precipitously. ✓



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