

Energy BTU tax will plunge U.S. into darkness

by Richard Freeman

From chemical production to steelmaking, from aluminum production to oil refining, from truck and rail traffic to airline travel, the energy BTU tax, announced by President William Clinton on Feb. 17, will cut energy consumption by 1-5%, and production potentially by a corresponding amount. It will slash 350-500,000 jobs from the U.S. economy, almost all of them in the goods-producing sector, while sparing the paper economy. It will cause a "de-energization" of America.

The tax will intensify the economic depression in America, caused by cancerous debt and speculative policies that have sucked real wealth out of the economy. For the last 30 years, the economy has been in economic and financial decay, and during the last 20 years, starting with the oil hoax of 1973-75, energy growth in the economy has been non-existent.

But a hard core of environmentalist fanatics and monetarist looters, centered around the office of Vice President Albert Gore, has set an agenda which led President Clinton to propose the energy BTU tax as one of the key elements shaping the U.S. economy and energy policy over the next decade or two, as well as making it the second largest revenue source for the U.S. government. Outside of the industry associations that will be most directly affected, there has been little opposition to the proposed measure. Unless such opposition soon materializes, the tax, which was adopted preliminarily during the last two weeks of March by both houses of Congress as part of the budget resolution package, will soon be the law of the land.

This report will look at the catastrophic effects that will result from the energy BTU tax. It will examine its background, first appearing as a proposed "carbon-based fuel tax" emerging from the rationale of the "greenhouse effect/global warming" hoax. It will then examine the tax's second-level effects, as it mixes in with the rotted understructure of a U.S. economy that has undergone 25 years of what former Federal Reserve chairman Paul Volcker called "controlled disintegration." It will show how the BTU tax will produce a non-linear unraveling of the



Shipping through the Port of Houston, Texas. Barge transport is the cheapest way to carry long-haul bulk goods, but the BTU energy tax will bankrupt many barge operators, industry spokesmen say.

economy. It will look at the additional costs the tax will bring on top of the nearly \$200 billion a year that environmentalist laws and policies already drain from the economy. Finally, it will prove that none of this has to happen; that with a rational energy policy, flowing from the policy package proposed by economist Lyndon LaRouche, America could be quadrupling its energy consumption by the year 2030, preparatory to and as part of the plan for the colonization of Mars.

This report will also look at the question of energy, not as some random interaction of particles producing friction and heat, as understood by Sir Isaac Newton, but as a directed flow, part of an economy moving ever upwards, negentropically, toward greater levels of perfection and development, in which man fulfills the injunction of the Book of Genesis to be fruitful and multiply, to subdue nature and extend man's dominion over it.

The selection of energy as a vulnerable point of attack is extremely important. Today, each American consumes 320.9 million BTUs of energy in a year. This is the energy equivalent of the combustion-processing of 2,324 barrels of oil, or 29,603 pounds of coal annually. Since the year 1800, energy consumption per American has tripled, and when the fuels that heat the home are omitted, *energy consumption per citizen has increased 500 times*. This energy per capita has nonetheless fallen during the last 20 years. Through the development of the heat-powered machine, over the last 200 years, man has revolutionized his existence. He has organized the raw throughput of energy to do work more effi-

ciently, extracting a greater output per industrial operative per unit of energy input, while also increasing the total flow of energy into the physical economic goods-producing process. Man's increase of energy correlates with and drives forward the development of civilization and the peopling of the Earth. Since the end of the Pleistocene Age 1 million years ago, man's increase in per capita kilocalorie consumption has increased population from a few thousand beings, living in primitive conditions and foraging for food, to the 5.4 billion souls living in the world today.

The energy BTU tax is not only the height of irresponsibility, it represents the height of desperation by the malthusian enemies of man, typified by Britain's Prince Philip and former World Bank president Robert McNamara, to stop that upward thrust of civilization. Instead, they would institute a civilization that rejects the Judeo-Christian concept of God, and replace it with a satanic worship of the earth-goddess, Gaia. They would replace modern technology, such as nuclear fission and the promise of fusion, with costly, ugly, and inefficient solar panels and tinker-toy windmill farms that not only kill unsuspecting birds, but represent a step backward of from 500 to 3,000 years in man's development, by resorting to energy forms of such primitive energy flux-density.

The mechanism of the energy BTU tax

The BTU tax will tax the British Thermal Unit heat content of energy. A British Thermal Unit is the amount of energy that is required to raise the temperature of one pound



Vice President Albert Gore is at the core of the "green" grouping in the administration, which led Clinton to propose the disastrous BTU tax as one of the key elements shaping U.S. energy policy. Gore is shown here on Capitol Hill in 1991. Greeting him is Norman Augustine, a representative of the aerospace industry—one of the sectors which will be devastated by the new tax.

of water by one degree Fahrenheit. The tax starts as a 25.7¢ tax per 1 million BTUs contained within coal, oil, gas, nuclear, and hydroelectric power. In addition, under the proposal, oil is assessed a second supplemental tax of 34.2¢, bringing the total tax on oil to 59.9¢ per million BTUs.

The tax translates into a \$5.57 price increase per ton of coal, which now costs \$21.46 per short ton. Likewise, it translates into a \$3.47 price increase per barrel of crude oil, which now costs \$16.50 per barrel, and a \$0.26 price increase per 1,000 cubic feet of natural gas, which now costs \$2.11 per 1,000 cubic feet. The prices quoted are all the raw, unprocessed cost of the fossil fuel energy source. The price increase on nuclear works on a formula that taxes nuclear essentially on the amount of heat output nuclear generates, calculated on the standard thermal efficiency-conversion ratios of power plants. The tax comes out to a 26% increase in the price of coal, 21% for oil, and 12% for natural gas. Thus, it is an energy sales tax, applied on the production use side, of 12-26%.

However, the reader is warned: This is the bare minimum price increase that will occur, for two reasons. First, the economic consulting firm that helped the Clinton administration design and conduct economic model test-runs for the energy BTU tax, the Cambridge, Massachusetts-based Data Resources, Inc., is predicting substantial inflation-adjusted price increases for fossil fuels. These are separate from the price increase effect of the energy BTU tax. The DRI consulting service, which is closely tied to British geopolitical

circles, is predicting that the price increase of basic fossil fuels by the year 1997 is the following: oil, 41%; coal, 8%; and natural gas, 14%. Combine that with the increase generated by the energy BTU tax itself, and one has 62%, 34%, and 26% increases for oil, coal, and natural gas, respectively.

Second, the moment that Americans succumb to the energy BTU tax, the proponents of the tax will start devising ways to institute the much harsher carbon-based fuel tax. That tax would place a tax on coal of \$55-500 per metric ton, which is just slightly less for the smaller short ton of coal. Such a price increase of 200-2,000%, with comparable, though smaller increases in oil and natural gas, are what America is looking at, if it knuckles under to the energy BTU tax. The consequences will be beyond belief. An August 1992 study by the Brookings Institution of Washington, D.C. entitled "The Global Costs of Policies to Reduce Greenhouse Gas Emissions," ran a simulated economic model scenario, using a "moderate" carbon-based fuel tax, which predicted that by the year 2011, *American coal production would plummet by 50%, and the production of oil and gas by 10%*. The proponents of this tax may wait a few years before pushing it, it is so extreme.

Not that the energy BTU tax will do that much less damage. The energy BTU tax will be phased in over three years, in one-third increments starting July 1, 1994, and be fully applied by the third year. The fully implemented tax revenue take will be \$33 billion annually. It will potentially drain a stunning \$297 billion from the economy over the first 10

years. According to its authors, because it is a punitive tax and will reduce energy consumption, there will be less to tax, and revenues may fall some.

Furthermore, the handling of the pivotal question of nuclear power not only exposes the tax proponents' feigned concern about the environment, but is a devastating critique of the entire energy BTU tax. The tax is supposed to be applied to reduce CO₂ emissions. But who in his right mind would put a tax on nuclear energy, *which produces no carbon*, if he wanted to increase the number and output of energy sources that *do not emit carbon*? The environmentalists claim that nuclear power plants are unsafe. But in one week, more people die in the "environmentalist" hangouts in Hollywood from drug overdoses, than have died from the effects of nuclear power in all of American history.

First-level effects

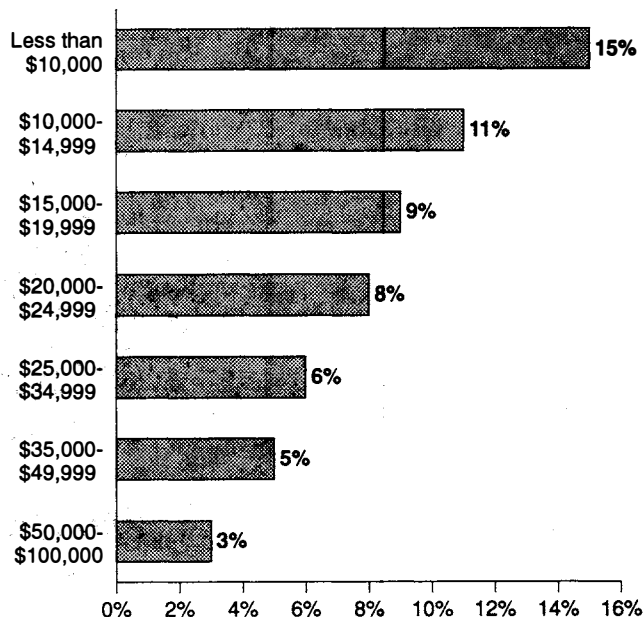
The panorama of the first-level destruction that the energy BTU tax will bring extends into every part of the real economy. Financial services, real estate, insurance, and the speculative side of the economy will be virtually untouched, while 350-500,000 jobs, mostly in goods-production, will be axed, turning America deeper into a post-industrial society. Manufacturing production, in some sectors, will fall 1-5% initially over three to five years.

Keep in mind, that with the continuation of the Federal Reserve dictatorship over the U.S. economy, and the deregulated state of the monetary markets, the tax will mix with other deadly policies, intensifying the combined, cumulative destructive effect of all such policies. By itself, the tax will smash almost any growth plan or vision that President Bill Clinton may otherwise have for the economy.

At a Feb. 24 hearing of the Senate Energy and Natural Resources Committee, Sen. Mark Hatfield (R-Ore.) reported that the Pacific Northwest has for the last seven years, along with California, experienced a drought. Since the Pacific Northwest depends heavily on hydropower, energy prices have been pushed up. "So [what] we're talking about right now," Hatfield said, "is up to a 15% increase in energy rates this year before the energy tax. You already have a layoff of 28,000 from Boeing. You have an aluminum industry [layoff] of 10,500. . . . The economy of the Northwest would collapse. . . . We would be devastated."

At the same hearing, Sen. Richard Shelby (D-Ala.) stated, "A study done by Data Resources asserted that a BTU tax that would raise \$10 billion annually would cost the United States 300,000 jobs. President Clinton's proposal will raise revenues at possibly three times that annual rate—so all you have to do is multiply" to calculate the number of jobs lost. Shelby stated, "There can be no doubt that this tax will affect the price of manufactured goods through increased electrical and transportation costs all over America." As for Alabama, Shelby said, "68% of the entire state's electricity generation is from coal."

FIGURE 1
Estimated energy expenditures
(percent of personal income)



Source: Energy Information Administration, *Studies of Energy Taxes*, U.S. Department of Energy, Washington, D.C. (April 1991).

To the extent that the tax is passed through from industry to households, or is part of the residential energy bill, it hits working and lower-income families five times harder than upper-income families. Lower-income families will now be pushed to the wall. **Figure 1** shows "Estimated Energy Expenditure as a Percentage of Income." It was released in April 1991 by the Energy Information Administration of the Department of Energy. A family that earns less than \$10,000 per year spends 15% of its income on energy. The costs are non-deferrable, i.e., the family must pay the fuel bill, or buy gasoline for the car, if it is necessary to drive to work. Such a family already pays nearly half of its income for food and shelter; now its energy bill will go up. To counter this, the whiz kids at the newly created National Economic Council of the White House have stated that the President is pumping some credits into the economy for the poor which will offset the income-depressing features of the energy BTU tax. Yet, some of these credits are for programs such as food stamps, which are really to blunt the impact of the depression in general, not to stop the effects of the BTU tax.

Agriculture and industry hit hard

Let us look at the effect of the energy BTU tax on some of the major economic sectors, from agriculture, to heavy manufacturing, to transport infrastructure.

- **Agriculture.** According to a secret working paper in

circulation at a branch of the U.S. government, 7% of the costs of agriculture go for energy. Agriculture will be pummeled at every end, from the cost of electricity; to fuel for the tractor; to the cost of water, which requires pumping; to the cost of energy-intense fertilizer, which is not supposed to be taxed by the energy BTU tax, but some of whose inputs are taxed at an earlier stage of production.

In the April issue of the *Farm Bureau News* in Virginia, state Farm Bureau Vice President C. Wayne Ashworth reported that, nationally, farmers stand to lose \$1 billion. The American Farm Bureau has estimated that the increased costs imposed on a farm of 430 acres of corn are "more than the average Virginia farmer can afford to stay in business." Farmers are already battling the banks and the environmentalists who are attempting to forcibly convert millions of acres of farmland to wetlands, i.e., wastelands. As well, environmentalists in California are withdrawing 8 billion gallons of water yearly from farm use in order to "preserve" endangered species, and across the country are attempting to ban vital pesticides and fumigants, escalating the costs of farming onto which the energy tax is now added.

● **Manufacturing.** The cost of energy (purchased fuel and electricity) as a percentage of all manufacturing costs (labor and materials), on average, can be anywhere from 2.5-6%, depending on who is making the estimate. Energy is less than 1% of the cost of operations for some manufacturing sectors, while for others it is a staggering 10-20% of costs.

● **Chemical industry.** The energy BTU tax will take \$1.2 billion per year from the chemical industry. An economy cannot exist without chemicals; from industrial chemicals, to fertilizer for agriculture, to medicine. The chemical industry is very energy-intensive: Energy costs are equal to 10% of the chemical industry's output. In 1992, chemical manufacturers consumed an amazing 5.69 quadrillion BTUs (a quadrillion equals a million million), which is 7% of all energy consumed by the United States. The chemical industry consumed 1.93 trillion cubic feet of natural gas, or 34% of all natural gas consumed by manufacturing. It consumed 119 billion kilowatt-hours (kwh) of electricity, or 17% of all electricity consumed by manufacturing.

Half of the chemical industry's energy use will not be taxed: that portion that goes into feedstocks, mainly crude oil and natural gas products. But the other half will be taxed: the power and electricity consumed in the course of production. The chemical industry's 1992 energy bill totaled \$22.6 billion. The energy BTU tax will add a whopping \$1.2 billion per year to those costs.

Moreover, 10,000 chemical industry jobs will be slashed, according to predictions of the Chemical Manufacturers Association. The actual number could go much higher. Chemical workers earn \$623 per week, or 33% more than the average manufacturing employee, and thus contribute more in taxes. The chemical industry is the nation's biggest export

sector, larger than agriculture. In 1992, it produced a trade surplus of \$16.2 billion. Its exported products will be taxed in the United States, competing at a disadvantage with chemical products of other countries, whose host country will not tax them. The states in which the chemical industry is concentrated that will be hit hardest are California, Illinois, Michigan, Louisiana, New Jersey, Texas, North Carolina, and Ohio.

● **Aluminum industry.** The energy BTU tax will pile on a huge 5-10% increase to the aluminum industry's cost of doing business. Aluminum is a vital, lightweight metal, extracted from bauxite ore, used in everything from the skin of airplanes to food and beverage cans. A Prudential Securities analyst put energy use at 28% of the average U.S. aluminum production cost. The aluminum industry is the nation's largest industrial user of electricity per ton of output. The aluminum industry in the Pacific Northwest consumes huge amounts of hydropower, but in other parts of the nation it relies heavily upon coal. In the Pacific Northwest, the industry has already suffered plant closings and 10,000 layoffs. At the Intalco Aluminum plant in Ferndale, Washington, plant officials estimate that the BTU tax would increase electricity costs by \$10 million, adding 11% to the cost of production.

● **Oil refining.** Forty percent of all energy used in America is from petroleum; most of it has to be refined to be utilizable, and the tax could bankrupt this critical industry. On every barrel of oil they refine, oil refiners make about \$1 in profit. The energy BTU tax will add \$3.47 to the cost of a barrel of oil. This would wipe out the oil refiner's profit, and plunge the company into loss, unless the cost is passed on. In many parts of the country, it will be nearly impossible to pass the full tax on, because, as John Hall, the chairman of Ashland Oil Co., the nation's largest independent oil refiner based in Ashland, Kentucky, states, "The markets aren't any good right now." The industry may go through another ratchet of plant closings, particularly of independents in the oil patch of Louisiana, Oklahoma, and Texas.

● **Primary metals.** This industry includes the production of copper, nickel, lead, but above all, iron and steelmaking. From ancient times, when iron was produced in caves in the sides of mountains, with manually operated billows built into the side of the mountain, aiding the natural drafts of air passing through the caves and thus increasing the heat-intensity of the fires, to the Bessemer steel process, to the basic oxygen process, iron and steelmaking has advanced as a result of the increase of the heat-intensity that could be concentrated inside the furnace itself. It is the immense increase of the energy concentrated per cross-sectional volume of furnace where heat is being applied, per unit of time, which represents the concept of *energy-flux density*. The process of increase of energy-flux density in this and other forms represents the history of *breakthroughs in heat-powered machines*. Lower that machine below a certain energy-flux density, and it does not function in a modern and efficient way. Today, production has regressed.

The primary metals industry consumed 39 million tons of coal in 1988, primarily for use in the coking process, where carbon is reinvigorated back into iron, which is indispensable in the iron and steelmaking process. The steel industry also consumes 21% of all the electricity used in the manufacturing sector, making it the biggest absolute manufacturing consumer of electricity (150 billion kwh). The energy BTU tax will add \$5.57 to the price of a short ton of coal. This will add an annual \$217 million to the bill of primary metals-making, principally steel. Can the steel industry handle it? Such a tax is a bad joke. Laden with the huge costs of smokestack scrubbers to remove sulfur pollutants, and heavily indebted otherwise, much of the steel industry has been hemorrhaging red ink on its balance sheet.

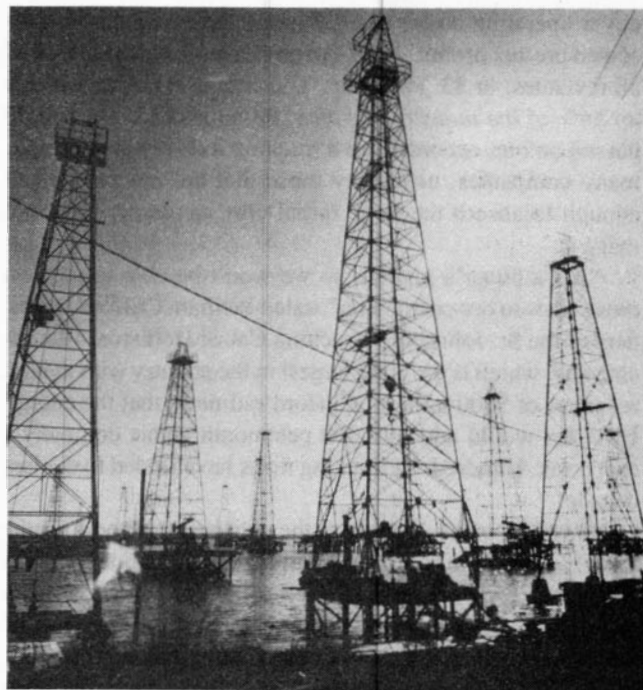
Consider the effect of insane policies toward the steel industry already. Annual production of raw steel has plummeted from a high of 160 million tons in the mid-1970s to 95 million tons last year, a loss to the nation of 41%. The energy BTU tax will wreck the internal functioning of the industry, razing to the ground even more vital capacity. The areas that will be hurt are California and the steel belt of the Midwest, encompassing the states of Pennsylvania, Ohio, Illinois, Michigan, and Indiana.

Transportation infrastructure

The Clinton administration's vision of expanded transportation infrastructure will be smashed.

- **Airlines.** The airline industry accounts for 72% of all non-auto commercial passenger travel in America. Under the energy BTU tax proposal, the average price of jet fuel and gasoline will rise by approximately 8¢ per gallon. In 1992, the airline industry consumed 15 billion gallons of jet fuel. The tax will represent, at minimum, an increased expenditure of \$1.2 billion. However, on March 30, an Air Transport Association spokesman pointed out two developments. First, in 1990, the Congress increased the excise tax on airline tickets from 8¢ to 10¢ paid on the value of the ticket, as a tax on the industry specifically geared to reduce consumption of jet fuel. That tax cost the airline industry \$1 billion. The industry now expects Congress to rescind that earlier 1990 tax. On the other hand, the industry expects that oil refiners will pass on the energy tax more lightly to industries that can switch from oil to other fuels, but more heavily to industries, such as airlines, that can only use oil-based fuels. The airline industry thus expects to pay closer to \$1.4-2.1 billion for the energy BTU tax. While the airline industry will be relieved of the previous 1990 increase in its excise tax, the BTU tax must still be paid out of operating revenues.

The industry will attempt to pass the cost on to the consumer, which the administration has stated it wants the industry to do, but it may not be able to do so. A spokesman for the industry said that since 1988 there has been a "saucer-shaped recovery," a euphemistic way of saying that the country has not come out of the depression. In 1988, the industry



Oil rigs on the Texas-Louisiana coast. The energy BTU tax will add \$3.47 to the cost of a barrel of oil, wiping out the oil refiner's profits, or passing the increase along to the consumer.

carried 454.6 million passengers; in 1992, it carried 459 million passengers. That is, no growth in four years. Higher costs will further discourage airline travel. "If the economy doesn't grow, and we cannot pass the cost on to customers, we're going to have to eat the cost ourselves," said the industry spokesman. In the last three years, the airline industry lost \$6 billion. Three major airlines have been liquidated in the last three years: Eastern, Pan American, and Midway; others are in bankruptcy.

- **Personal automobile travel.** Individual automobiles consume approximately 45 billion gallons of fuel per year, mostly gasoline. The energy BTU tax of 8¢ per gallon will add an extra \$3.6 billion to that cost.

- **Trucking, barge traffic, and railroads.** This hits the heart of American transport infrastructure. Trucking, barge, and rail account for 78% of the domestic intercity ton-miles hauled in the United States: rail, 37%; trucking, 25%; and barge traffic, 16%.

Fuel is approximately 16% of the operating cost of the nation's trucking companies. According to a spokesman for the American Trucking Association, the trucking industry bought 36 billion gallons of gasoline and diesel fuel last year. The energy BTU tax is an approximately 8¢ increase for the price of gasoline and diesel fuel. That will cost the trucking industry a staggering \$2.88 billion, or perhaps slightly less. To put that into perspective, in 1991, the latest year for which figures are available, the trucking industry registered \$283 billion in revenues. Some 97.14% of those revenues went to

cover operating costs, and 2.86% of those revenues represented pre-tax profits. After-tax profits represented 1.18% of all revenues, or \$3.34 billion. The energy BTU tax *will eat up 86% of the industry's profits*. Some of the costs will be passed on but, according to a trucking industry spokesman, many companies, especially those that are not capitalized enough to absorb the large initial cost increases, "will not make it."

"It's a buyer's market, so we won't be able to pass on those costs to our customers," stated William Clifford, president of the St. Johnsbury Trucking Co. of Holliston, Massachusetts, which is the tenth largest in the country with annual revenues of \$300 million. Clifford estimates that the energy BTU tax would add \$90,000 per month to his company's fuel costs. Hundreds of trucking firms have folded in the last decade.

Barge transport represents the cheapest method to carry long-haul bulk traffic. Barges haul 16% of the nation's freight ton-miles. They are especially efficient along the enormous Mississippi River system, which extends from the Gulf of Mexico to the Great Lakes, linking many industrial arteries in the U.S. industrial heartland. The barge industry has been targeted not only with the energy BTU tax, but a users fee, which combined would be larger than the industry's annual \$200 million profit (see *EIR*, April 9, p. 23). It appears that the Congress will knock back some of the "free enterprise" user fee monstrosity. But energy is 45% of the barge industry's operating costs, and the BTU tax will bankrupt many barge operators, according to an industry spokesman.

Some 6% of the costs of the railroads are for energy. When fully implemented, the energy BTU tax will annually add \$44 million to the costs of the Burlington Northern Railroad, \$45 million to the costs of the Union Pacific, and \$24 million to the costs of the Norfolk Southern.

Environmentalist excuses

The environmentalists are caught in their own lie. They cannot deny that the energy BTU tax will do damage, nor that the tax will reduce energy consumption. But they cannot tell that to the public; they say that the damage will be "moderate," and give two excuses. Unfortunately, many in the Clinton administration believe them. First, the environmentalists say that if 10% of an industry's costs are energy, then only that portion of its costs is affected. A 30% price increase in energy that constitutes only 10% of an industry's overall costs represents only a 3% overall final product price increase. Second, they say, the price increases will be passed on by industry to the final end-user, the consumer. The magical concept of "price elasticity" is invoked.

Both excuses miss the mark. First, the energy BTU tax will not only directly raise the energy bill for a company, but it will increase every other cost as well, from the cost of transporting the goods to and from the factory, to the price of non-energy raw materials which have been processed by energy,

to the cost of purchased capital goods, which embody energy, and so forth. The price increases are passed up and down the production chain. As a percentage, the price increase of the energy portion of a company's bills will be larger than the increase associated with these secondary items.

Second, in a depression, costs cannot be passed on. This shows up even in the demand-side model that the proponents of the tax employ (which model is inherently flawed). What if the final end-user, the consumer, cannot afford to make purchases, whose prices have been raised by the energy BTU tax, because wages have fallen relative to inflation and because of widespread wage-slashing in industry? The maker of final end-products tells the maker of intermediate or primary products that it cannot afford the higher cost of their goods. It cuts back its orders, causing a cutback in orders and layoffs all along the production chain. Worse, although the Keynesians can't conceptualize this, price increases in primary capital goods products' costs fundamentally distort those industries, even before one reaches the final stage of the consumer.

Program for genocide

Aside from the revenues involved, the environmentalists justify the energy BTU tax as needed to stop "global warming," allegedly caused by the pollution of fossil-based fuels. But their real goal is population reduction on a scale which would exceed the genocide of Adolf Hitler.

Publicly, the environmentalists are screeching about the "greenhouse effect," but they don't know what they are talking about. The greenhouse effect refers to the capacity of certain "greenhouse trace gases" and water droplets, concentrated in the troposphere (the volume of the atmosphere up to 8-9 miles above the Earth), to let in some of the heat/energy directed from the Sun to the Earth's proximate surface, while opaquely blocking other parts of that energy from reaching the Earth's surface. These greenhouse gases also trap and re-radiate downward radiant energy generated upward from the Earth, including by man's activities. *This greenhouse effect is one of the pre-conditions for all life on our planet.* Moreover, one of the greenhouse gases most singled out by the environmentalists, carbon dioxide (CO₂), is indispensable for photosynthesis of plants, which leads to the greening of the Earth and the production of oxygen, which sustains man.

The environmentalists dishonestly argue that man's use of energy, his burning of fossil-fuels which contain carbon, has produced such an *overabundance* of CO₂ and other greenhouse gases associated with man's industrial activity, such as methane (NH₄) and nitrous oxide, cause too much heat to be trapped in the troposphere and radiated back to Earth. They shout that the earth will die a heat death, the polar ice caps will melt, and a searing heat will scorch man's crops, his cities, and all life. Indeed, were that scenario true, then during the last 100 years of industrialization, the temperature of the Earth's proximate surface would have had, by the theory's premises, to rise by 2-4° C (3.6-7.2° F), with most

of that temperature increase occurring since World War II. But it has increased a net 0.5° C (about 1° F), with most of that net increase accomplished before World War II. The scenario is a deliberate lie.

The hard-core environmentalists do not believe the global warming hoax themselves. In the 1970s, when the Earth's temperature appeared to have been cooling for the preceding 15 years, the environmentalists warned that man's industrialization and "pollution" were causing the Earth to freeze, which they called "global cooling." In 1971, a book was published, *Global Ecology: Readings Toward a Rational Strategy*, which featured the following bold assertion: "The continued rapid cooling of the Earth since World War II is also in accord with the global air pollution associated with industrialization, mechanization, urbanization, and an exploding population" (emphasis added).

The co-editor of the volume was Paul Ehrlich, a biologist from Stanford University, who today rails about global warming. The conception underlying such global cooling/warming scenarios is genocide. Ehrlich coolly and methodically states in his most notorious book, *The Population Bomb*, the grisly thesis that drives forward every environmentalist theorem, including the energy tax: "A cancer is an uncontrolled multiplication of cells; the population explosion is an uncontrolled multiplication of people. . . . We must shift our efforts from the treatment of the symptoms to the cutting out of the cancer. The operation will demand many brutal and heartless decisions" (emphasis added).

Ehrlich has demanded that the population of the globe be reduced by several billion, and that the population of the United States be reduced to 135 million people. Currently, the population of the United States is 256 million. This is the explicit genocidal rationale behind the energy BTU tax.

A second or third price shock

The disastrous effects described above are based on price increases, triggered by the energy BTU tax, of 26% for coal, 21% for oil, and 12% for natural gas. But that will be only the first round of energy price increases. The price of energy is scheduled to skyrocket much higher.

As reported above, Data Resources, Inc. is predicting real price increases above the rate of inflation and quite apart from the effect of the energy BTU tax. DRI is predicting that by 1997, real oil prices will rise by 41%, coal prices by 8%, and natural gas prices by 14%. If those projections come to pass, then, combined with the quantifiable effects of the energy BTU tax, the price of oil, coal, and natural gas will rise by a staggering 62%, 34%, and 26%, respectively, intensifying the destruction of the economy.

Second, the environmentalists' real preference is for a carbon-fuel tax, for which the energy BTU tax is just a foot in the door. Instead of taxing the energy BTU content, the carbon-based fuel tax would tax the carbon weight of the various fossil fuels. The price increase would be astronomi-

cal: 200-2,000% above the current price of coal. As reported earlier, a Brookings Institution study of the effects of moderate levels of carbon-fuel taxes predicted a meltdown of the economy. By the year 2011, the level of coal production in America would plunge by 50%, and oil and natural gas output would decline by 10% each. The energy-starved economy would disintegrate.

All the major environmentalist groups are signed onto this carbon-based tax. The World Wide Fund for Nature of Britain's Prince Philip attempted to coordinate a stampede behind the tax with the 1990 publication of its book *Carbon Emission Control Strategies*. In 1991, the Department of Energy published a 600-page, two-volume work called *Limiting Net Greenhouse Gas Emissions*, which promotes the tax. The World Resources Institute (WRI) produced an August 1992 report on "The Right Climate for Carbon Taxes: Creating Economic Incentives to Protect the Atmosphere." The genocidalist Robert McNamara, who as president of the World Bank in the 1970s said that the major threat to the world was population growth, is on the WRI board.

Setting tax policy

Shortly after President Clinton announced the energy BTU tax, Roger Dower, one of the co-authors of the WRI report, gleefully confided, "The energy BTU tax is not the carbon fuel tax. Nonetheless, this starts restructuring [of the economy]. This is the first time in American history that environmentalist concerns have been used to set tax policy."

Two weeks before the energy BTU tax was announced on Feb. 17, eleven environmentalist groups held a private meeting with President Clinton and his staff. The environmentalists are working through a strong faction of green-thinkers whom the financial interests who control the Democratic Party placed into the Clinton administration. They are led by Vice President Gore, whose best-selling book *Earth in the Balance: Ecology and the Human Spirit* champions every environmentalist scheme which will lead to deindustrialization. Gore's former top assistant when he was senator, Kathleen McGinty, now heads the White House Office on Environmental Policy, which is the old Council on Environmental Quality. But the new office has been given broad new powers: McGinty sits on the National Security Council as well as the newly created National Economic Council. Other top greens include Interior Secretary Bruce Babbitt; Thomas Lovejoy, the chief science adviser to the Interior Department; Environmental Protection Agency head Carol Browner; Energy Secretary Hazel O'Leary; and White House Science Adviser John Gibbons, a former energy conservation director for the Carter administration. Both Robert Rubin, the head of the National Economic Council, and Roger Altman, the number-two man at the Treasury Department, helped shape the energy BTU tax.

The enviro-fascist advocates of the energy BTU tax state that the price of energy must become exorbitant, in order for

another of their pet schemes to work—shifting the economy to “environmentally sound, non-polluting” energy sources, such as biomass, solar reflectors, and windmills. Now, these energy sources are not “price competitive” with conventional fossil fuels. A 1993 study by the Electric Power Research Institute of Palo Alto, California reported that the price of fuel in the future, expressed in a price per barrel of petroleum equivalent, would have to reach at minimum \$79 and up to \$140 per barrel, for the crackpot alternative energy sources to become “price competitive.” This price is an astounding 4.5-8.5 times greater than the current price of a barrel of crude petroleum, which is \$16.50. This indicates the stratospheric level that prices will be pushed to. In the meantime, conventional energy sources will be shut down, with nothing on the horizon to replace them. This is a deliberate policy of energy starvation and wrecking of the economy.

However, the prospect gets even worse, and brings us to the second level of destruction of the energy BTU tax. The energy BTU tax will be folded in upon 30 years of depression in the real physical economy and on top of a burgeoning financial crisis which has slashed cash reserves for many companies to zero. It will produce a non-linear collapse of the sort which no one in or out of the Clinton administration or the Congress has even a glimmer of.

What is energy?

Once an economy is plunged below a critical threshold—through a *permanent lowering* of the ratio of energy input into the physical economy, as well as a downward ratchet in the energy-flux density in the internal ordering of machines—it passes a point of no return.

The environmentalists, while talking about energy, nature, and the economy, have no understanding of any of them. The environmentalist notion of energy is the flawed notion of Sir Isaac Newton and James Clerk Maxwell: *entropy*, an increased statistical random motion of particles, producing interactive friction and heat. Such an entropic conception assumes that the universe is winding down, heading toward greater and greater disorder. This is the conception of energy taught on college campuses today.

But economist Lyndon LaRouche has successfully demonstrated that the universe is not winding down at all. Indeed, the Creator is organizing the universe *negentropically*, that is, it proceeds transfinitely, toward greater self-organization, greater order, and toward higher and higher levels of growth and development. This growth is consistent with the geometrical ordering of the Golden Section. On Earth, God’s highest creature, man, is the instrument for the further negentropic self-development of the universe. In this view, energy is not an increase in randomness, nor is it a fixed substance as such. The same lump of coal will yield different levels of energy, depending on how the economy has been organized through science to utilize that coal.

Energy’s principal use is that it sustains life and allows

man to do work. It is a transformation and upshifting of nature, especially associated with the tuning of the electromagnetic spectrum. As man advances his economy, he organizes a greater throughput of energy flows. But past a certain point, great gobs of energy that are not highly organized are simply wasteful. Man organizes energy negentropically to achieve greater energy efficiency—a machine, for the same energy input, yields a greater product output, per industrial operative.

This principle is exemplified in the evolution of the steam turbine at the central station power plant, the major source for electricity generation. The first central station to provide electric lighting service was Thomas Edison’s Pearl Street Station in New York City in 1882. It provided power for 1,284 direct current lamps of 61 candle-power, approximating a 72 kilowatt total load. Similar plants followed in other cities, but the thermal efficiency of the initial power plants was in the range of 1%. That means that for one unit of energy output, in the highly concentrated form of electricity, 100 units of energy input were needed. Turbine design improved. Higher temperature and higher pressure were built into the turbine. By 1915, the thermal efficiency rose to 10%. Further improvements in turbine design, including reheat cycles and so forth, increased the thermal efficiency. Today, it is 32-34% for most turbines. Were magnetohydrodynamic (MHD) plasma technology adopted, things would improve again. In an MHD converter design that can be applied to today’s coal-fired plants, the process produces an ionized gas, which when passed through a magnetic field generates electricity. It produces almost no pollution. It operates at a 60% thermal efficiency.

Such increases in energy-intensity and energy-efficiency of the economy correlate with and lead to an increase in the *relative potential population density*. This is the capacity for man to support per square kilometer, through man-altered increased fecundity of the soil and improved technology of the manufacturing process, an increased density of population, in which each person is of an improved quality over preceding generations. LaRouche’s concept of relative potential population density is the fundamental metric by which the health of an economy is measured. Man’s ability to realize this potential sets man over and above the beasts.

The development of the U.S. economy reflects this principle of energy. During its upward sweep when it developed, the economy abided by the Creator’s principle of energy. But especially since 1973, when the economy plunged, it violated this principle.

Table 1 shows the level of energy throughput and the size of the population in America starting in the year 1800. The energy level is expressed in two parts, fuel wood consumed, which played a very big part and was the dominant form of energy consumed in the economy during its early formation, and all other energy.

Notice two developments from Table 1. First, the in-

TABLE 1

Leap in energy consumption as U.S. economy grew

Year	Total energy consumed (trillion BTUs)	Population (millions)	Energy per capita (million BTUs)	Fuel wood consumed (trillion BTUs)	Other energy consumed (trillion BTUs)
1800	N.A.	5.297	N.A.	N.A.	3
1850	2,359	23.261	101.4	2,138	219
1880	5,001	50.262	99.5	2,851	2,150
1900	9,347	76.094	122.8	2,015	7,332
1910	16,026	92.407	173.4	1,765	14,261
1920	20,617	106.461	193.7	1,610	19,007
1930	22,958	123.188	183.4	1,455	21,503
1940	24,349	132.122	184.3	1,358	22,991
1945	31,316	139.928	224.9	1,261	30,055

Source: U.S. Department of Commerce, *Historical Statistics of the United States, Colonial Times to 1970*

crease in energy per capita, from the level of 101.4 million BTUs per person in 1850 to 224.9 million BTUs per person 95 years later in 1945. This doubling reflects the growth in man's mastery over nature. Second, the growth of the energy that is not fuel wood. In man's earliest period, man consumed a tremendous amount of wood; as the economy industrialized, that fuel wood figured less prominently. By 1880, the amount of fuel wood consumed still exceeded the energy from all other sources, which at that time was principally bituminous coal and Pennsylvania anthracite coal, with a smattering of petroleum. But as the gigantic industrialization of the United States begun by the Lincoln economic reforms of 1861-65 took over, by 1900, non-fuel wood sources of energy were 3.5 times the level of fuel wood consumed. The industrial character of the American economy was firmly shaped. In the 45-year period between 1900 and 1945, the non-fuel wood portion of America's energy supply, representing coal, oil, natural gas, and hydropower, increased fourfold. Another way of stating this, is that comparing the non-fuel wood BTU level of the economy in 1800 and 1945, the 1945 level is greater by four orders of magnitude, 30.1 quadrillion BTUs consumed in 1945, versus just 3 trillion BTUs consumed in 1800. Further comparing the non-fuel wood BTU level of the economy, between 1800 and the present, *energy consumption per citizen has increased 500 times.*

In a subsequent study to appear in *EIR*, Christopher White will present a detailed analysis of this process, as part of a larger study of the transformation of the entire American economy from colonial times.

For the post-World War II period, we now look at the link between energy and the economy in two slices, 1949-73, and 1973 to the present. This is displayed in **Tables 2** and **3**. For the whole economy, in the 24-year period between 1949 and 1973, when the first oil hoax began, the total

TABLE 2

The growth of energy consumption, 1949-73

Sector	1949 (quads of BTUs)	1973 (quads of BTUs)	1949-73 increase (%)	Compounded annual increase (%)
Entire economy	30.46	74.28	144%	3.78%
Residential and commercial	8.21	24.14	194	4.59
Industrial	14.26	31.53	142	3.75
Transportation	7.99	18.60	133	3.58
Electric utilities	4.36	19.85	355	6.51

Source: Department of Energy, *Annual Energy Review, 1988*.

amount of energy consumed by the whole economy rose dramatically, from 30.46 quadrillion BTUs in 1949 to 74.28 quadrillion BTUs in 1973, an increase of 2.44 times or a healthy 3.78% per year rate of increase on a compounded annualized basis. The performance of all the sectors of the economy—industrial, transport, etc.—are shown. During this period, despite several real problems, the economy, led by higher levels of energy growth, especially the marvelously concentrated form of electricity, registered real physical growth. Nuclear power entered the scene, lowering the cost of electricity throughout the 1950s and 1960s. The electrification of farms and rural areas was completed, and significant infrastructure building occurred, including most of the interstate highway system.

(In this and subsequent tables, there is double-counting with respect to the fuel consumed by the electric utilities sector. The amount of fuel, measured in BTUs, is accounted first in the electric utilities sector, and then the amount of fuel,

TABLE 3

Energy starvation of the U.S. economy, 1973-92

Sector	1973 (quads of BTUs)	1992 (quads of BTUs)	1973-92 increase (%)	Compounded annual increase (%)
Entire economy	74.28	82.16	11%	0.53%
Residential and commercial	24.14	29.58	23	1.08
Industrial	31.53	30.23	-4	-0.21
Transportation	18.60	22.82	23	1.08
Electric utilities	19.85	29.88	51	2.18

Sources: Department of Energy, *Annual Energy Review, 1988*; *Monthly Energy Review*; Data Resources, Incorporated.

measured in BTUs, that is consumed to produce electric utility-generated electricity for each of the residential and commercial, industrial, and transportation sectors is accounted a second time within each of those sectors.)

Non-linear effects

The policies of destroying the economy started after the assassination of President John F. Kennedy in 1963, and the introduction by President Lyndon B. Johnson of the policies that turned America away from energy-intensive, capital-intensive, and power-intensive development of the real economy, toward becoming a post-industrial junk heap. In a way, the increase of energy throughput in the period 1963-73 slowed down, but could not halt, the rate of collapse of the U.S. real physical economy.

In the post-1973 period, the collapse accelerated. Though there are many causes, two stand out—energy-environmentalist, and monetary-economic. Under the first set of causes are the environmentalist restrictions and the two oil hoaxes, which combined raised the price of petroleum 10 times. The first oil hoax, organized by the British, occurred in 1973-75, and the second oil hoax in 1978-79. At the same time, in the financial realm, Federal Reserve Board chairman Paul Volcker, acting for Anglo-American financial interests, began in October 1979, continuously raising interest rates until they reached 21.5% by February 1980, collapsing production. Interest rates remained at a double-digit level for over a decade. In 1981, the banking system was deregulated. First junk bonds, and then the financial derivatives market, both ideal for laundering drug money, proliferated.

It is when the energy BTU tax is viewed in the context of the “de-energization” of the economy during the 1973-92 period, that its effects can be fully gauged. By itself, it would be very harsh. But an economy is in some respects analogous to a human being. If tuberculosis strikes someone, it can be

very harmful in its own right; but let it strike someone who has AIDS, and it will almost certainly kill that person. The last 20 years have so thoroughly distorted and corrupted the energy relations within the U.S. economy, that it is like someone with AIDS. And the energy BTU tax is like tuberculosis.

But, it is worse when one adds in the financial, monetary, and economic considerations. Firms have been asset-stripped and looted, not only by junk-bond speculators and dealers in financial derivatives, but by the buildup of cancerous debt levels that have been financed since the late 1970s at very high interest rates. The business sector of the economy has over \$5 trillion in debt. The interest-cover ratio, the percentage that interest payments on debt represents of the total cash flow of a business, stands at 16%: Some 16¢ of each \$1 of cash flow goes to pay interest. Cost increases associated with the BTU tax, hitting manufacturing, cannot be absorbed.

In addition, the energy-intensity threshold needed to keep manufacturing operating at the level required, is broached by the energy BTU tax, and here too, the economy has been operating at such a low level that the company simply devolves.

Tables 3, 4, and 5 show how the economy was de-energized over the 1973-92 period: Table 3 shows the collapse of energy in the industrial sector of 4% in this period, as businesses simply closed. Today, for example, steel production is 41% lower than in the mid-1970s, machine tool production is 32% lower, and so forth. Though there has been some secular energy “conservation” in industry, these figures cannot mask the fact that energy consumption fell because heavy “smokestack” industry, the backbone of any economy, began boarding up and disappearing.

Energy consumed by electricity production did increase, which was a useful development, but it was offset by two considerations. First, the level of growth is much, much less than in the 1949-73 period. Second, much of the electricity went into the residential and, especially, the commercial sector, which was the one sector of the economy to grow substantially. According to U.S. government figures, America now has 4 million commercial buildings. Although each enterprise does not consume as much energy as a manufacturing enterprise, the sheer gargantuan proportions of the white-collar administrative side of the economy, which inhabits the commercial buildings, accounted for whatever increase of energy throughput occurred in the economy in 1973-92.

But total energy consumption stagnated.

The problems of the 1973-92 period emerge in stark relief when compared with the 1949-73 period. As Table 4 shows, the level of energy growth in the earlier period, in each sector of the economy, was at least a compounded annual growth of 3.78% per year. That figure was not even approached in the later period. Taking the energy consumption of the economy as a whole, the yearly compounded growth of ener-

TABLE 4

The periods 1949-73 and 1973-92 compared: growth versus disaster

	Period I 1949-73 compounded annual rate of change of BTU growth (%)	Period II 1973-92 compounded annual rate of change of BTU growth (%)	Period I as a multiple of Period II (I divided by II)
Entire economy	3.78	0.53	7.1
Residential and commercial	4.59	1.08	4.3
Industrial	3.75	-0.21	1
Transportation	3.58	1.08	3.3
Electric utilities	6.51	2.18	3.0

1. Values are not comparable.

Sources: Department of Energy, *Annual Energy Review, 1988; Monthly Energy Review*.

TABLE 5

Energy consumption for entire U.S. economy, per capita and per household

Year	Entire economy energy consumed (quad BTUs)	Population (millions)	Number of households (millions)	Energy per capita (million BTUs)	Energy per household (million BTUs)
1949	30.36	149.3	42.1	203.3	721.1
1973	74.28	211.4	68.3	351.4	1,087.6
1992	82.16	256.0	95.7	320.9	858.6

Source: Department of Energy, *Annual Energy Review, 1988; Monthly Energy Review*; Data Resources, Incorporated.

gy consumption of the period 1949-73 was an astounding seven times greater than the yearly rate of 1973-92.

If one looks at the economy on a per capita basis, the story is even more stark (see Table 5). Between 1949 and 1973, energy consumption per capita rose by 73%. Between 1973 and 1992, it fell 9%. This gets at the population control policy. If the energy level of the economy is the same, and the population rises, each person consumes less energy, meaning that he or she has less power, as an industrial operative, over the process of altering nature. Man's lawful mastery of the world is diminished. What will be the result? Just as with the outcome of the parallel reduction of the standard of living of the average family household during this period, the family will reduce the number of children raised, because there are fewer resources, including energy, available to it.

Now, what happens when the energy BTU tax slashes energy consumption? The birth rate will be cut even more steeply, and soon the death rate will overtake the birth rate, which has been the malthusian intent of people such as Paul Ehrlich and the environmentalists all along.

Finally, within the residential sector, which essentially represents the energy consumed to heat and cool one's home and run appliances, the level of energy consumption has

fallen dramatically. From a level of 215.6 million BTUs per household in 1973, it fell to 173.5 million BTUs per household in 1992. Thus, in 1992, each household consumed 20% less energy than it did in 1973. Some of this is accounted for by energy-saving appliances, but most of it results from a lower standard of living—people using less heat in their houses in the winter, and so forth.

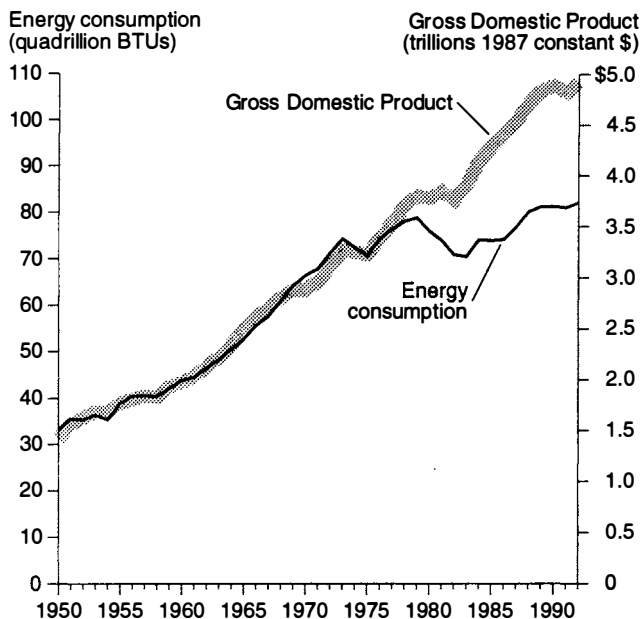
If the American people tolerate the fascist mentality that imposed the energy BTU tax, they will within a few years be suffering under the carbon-based fuel tax, and energy price increases will increase exponentially.

'Energy delinkage' lunacy

The environmentalist movement attempts to portray the undeniable lowered level of energy consumption of the economy as something good. Joined by the whorish economics profession, the environmentalists argue that the lowered level of energy throughput proves that the U.S. economy has become more energy-efficient. How? The dollar value of Gross National Product, the nominalist accounting system which measures the dollar value of all final sales transactions in the U.S. economy, has gone up. The environmentalists call this "the energy delinkage of the economy" (see **Figure 2**).

FIGURE 2

The so-called delinkage between energy and the economy



Sources: Department of Energy, *Annual Energy Review, 1988*; *Monthly Energy Review*; Department of Commerce, Bureau of Economic Analysis.

Yet during 1973-92, the economy's level of new home construction, steel production, and machine tool production, just to name three industries, have each fallen by greater than 30%. What grew? The parasitical "information society"—the production of computers; banking, real estate, and insurance services; gambling casinos and whorehouses; drug sales laundered through "legitimate enterprises," and so forth. A steel plant consumes 10 times the energy per employee as a commodities brokerage firm; each information society enterprise, aside from heating and lighting, does not consume much energy. Yet, lo and behold, aggregately, the information society has accounted for almost the total gain in energy consumption in the economy in the last 20 years.

But the enviro-fascists have concluded, and many senators, congressmen, and White House advisers agree, that the United States should be "restructured" further away from steel production and other heavy industry. This is a prescription for suicide, as the physical economy crumbles.

Environmentalist nightmares

Since the 1970s, the environmentalists have been engaged in effectively blocking the construction of even one new nuclear power plant, banning DDT and chlorofluorocarbons, reverting developed farmland back to wetlands-wastelands, and other activities which choke the economy.

In addition to the two oil hoaxes and the Volcker interest

rate shock, there has also been 25 years of environmentalist policy, which has enervated the economy to the point that the energy BTU tax will finish it off. This constitutes the second layer of weakening of the economy which must be taken into account when considering the effect of the energy BTU tax. These environmentalist restrictions and laws, enacted beginning 1968-74, constitute a nightmarish set of costs and physical constraints. Like a set of creeping vines, they entwined themselves around the real economy, suffocating it.

On April 22, 1970, the environmentalist movement celebrated Earth Day, a nationwide pagan festival reminiscent of the most decadent days of Rome. Mother Earth, the great whore of Babylon, expressed in other cultures as the evil Cybil, Ishtar, or Astarte, was celebrated in cities across the country. By this time, the Ford Foundation, under the leadership of the chairman of the board of the Eastern liberal establishment, McGeorge Bundy, had set up many of the groups that became the environmentalist movement, such as the Environmental Defense Fund, started in 1970 with Ford Foundation seed money. Today, the environmentalist movement, both in terms of contributions and in grants and government monies it directly controls, has an annual revenue flow of \$6 billion. That is bigger than the national product of more than 15 nations in the world.

Between 1968 and 1974, the malthusian financiers and oligarchic families that created and control the environmentalist movement, working through Congress, accomplished the following:

- in 1970, passage of the Clean Air Act;
- in 1972, passage of the Clean Water Act;
- in 1972, the banning of DDT;
- in 1973, passage of the Endangered Species Act.

These actions occurred at the same time as the financiers were rigging the 1973-75 oil hoax.

Up through 1990, the Environmental Protection Agency had estimated that compliance with the Clean Water Act and the Clean Air Act cost the economy \$91 billion per year. Then, in the spring of 1990, the Congress passed a stringent addition to the Clean Air Act which raised the cost by another \$60 billion, bringing the total cost to \$150 billion per year. The 1990 Clean Air Act additions banned or severely restricted a host of industrial processes. Already, smokestack industries must apply costly scrubbers, in one of the most inefficient wastes of industrial capital known to man.

Other legislation is being used with similar military precision. In October 1992, Congress passed and President Bush signed into law a \$2.4 billion omnibus water act whose provisions will force drastic changes in the way federal agencies operate federal dams and reservoirs in the West, especially in California. Some 800,000 acre-feet of water (2.6 billion gallons) are being taken from farmers to protect fish and set up wildlife refuges. It also set up a water marketing system that will raise the water rate on the remaining water the

farmers get and force "conservation" rationing. This in the midst of a seven-year drought in California.

The Endangered Species Act (ESA) protects thousands of so-called species, most of which are members of redundant thriving species, but with different coloration or spot patterns. About 65% of the protected species are insects, some of which are disease-transmitting. There are 296 protected snails, 90 in Alabama alone. The ESA has removed from lumber cutting an area in the Pacific Northwest which is the size of Massachusetts and Rhode Island combined, to provide a mating area refuge for 2,000 spotted owls. Currently, to "protect" a blind salamander, the ESA is being utilized in such a way that 60% of the drinking water of San Antonio, one of the 15 largest cities in America, could be removed by 1994.

In 1987, a number of nations agreed to the Montreal Protocol, which banned the production of chlorofluorocarbons by the year 2000. CFCs are used in the heating and air conditioning-refrigeration chain. In a followup meeting to the Montreal gathering on Nov. 17-25, 1992 in Copenhagen, 52 nations signed a protocol which calls for:

- a ban on CFCs by the end of 1995, instead of the year 2000;
- fire-extinguishing halons to be banned by the end of 1993;
- methyl chloroform, used in dry cleaning, to be banned by 1996, instead of 2005;
- carbon tetrachloride, to be banned by 1995, instead of the year 2000.

The ban on CFCs will cost the economy \$135 billion, plus as many as several tens of millions of lives in the Third World, where refrigeration of food is necessary for survival.

The environmentalist movement is besieging several key components of the economy. One flank is attacking the water supply; another is attacking chemicals and fertilizers, and hence food production; another goes after the food-preservation chain; another in attempting to close down energy production. The costs of the environmentalist movement has reached monstrous proportions. Now add on an increase in the price of energy.

A rational energy policy

Currently, America is being asked to think in 40-year time-frames to formulate energy policy. The National Energy Strategy, formulated in 1990 by the Department of Energy, works from such a 40-year perspective. What if, in the next 40 years, America returned to the levels of energy development that characterized the country during periods of its growth? The United States would junk the environmentalist policy of energy starvation.

If U.S. energy consumption grew at the compounded annualized growth rate of the period 1949-73, that is, a growth rate of 3.78% which America has already demonstrated it can achieve, what would happen? By the year 2030,

U.S. energy consumption would rise from 82.156 quadrillion BTUs in 1992, to 336.479 quadrillion BTUs, *a more than fourfold increase*. The U.S. population would increase during this period to over 600 million. That can't happen! screeches the environmentalist. "Where would we get that much energy, what industries would consume that much energy, and wouldn't the planet die from pollution?"

There are a whole range of new technologies on the edge of development. Lyndon LaRouche has identified four areas on the frontiers of science that are ripe for a scientific revolution: work in fusion plasmas, coherent energy beams, optical spectroscopy, and matter-antimatter reactions. There are five technologies that within 40 years could, in conjunction with other appropriate economic measures—such as federalizing the Federal Reserve System, to break the bankers' dictatorship over the United States and provide credit for needed economic investments—transform every major industry in America, and solve every major problem on Earth. These technologies include:

1) **Magnetically levitated trains.** These are trains with "no wheels," and therefore drastically reduced friction, which travel at cruising speeds of 250-350 miles per hour, working on the principles of magnetic repulsion or attraction. It is more efficient to travel between Washington, D.C. and Boston on a maglev train than on a plane. Maglev trains are powered by electricity, emitting no CO₂, no methane, no nitrous oxide.

2) **Nuclear fission power.** America should be mass producing 1 megawatt (1,000 kilowatt) nuclear power plants at the rate of 20-30 new plants per year for domestic energy consumption alone. Deserts would be greened, through river diversion and water desalination powered by nuclear power.

3) **Hydrogen-powered cars.** Powered by hydrogen power cells, these cars emit no polluting wastes.

4) **Magnetohydrodynamic plasma technology.** In the basic MHD conversion design system, coal or another fossil fuel is burned at between 4-5,000° F, producing an ionized gas which, when passed through a magnetic field, produces electricity. Coal is the source for 54% of all electricity generation in America. Operating in the U.S. now are 798 coal-fired steam electric power plants of capacities greater than 100 megawatts. If these plants were to be retrofitted with MHD converters, and new plants built with them, they would produce at a thermal efficiency of 60%, as against the present 34% efficiency of coal-fired plants. MHD eliminates 99% of atmospheric pollutants.

5) **Fusion power development.** Fusion's principal energy source is deuterium, an isotope of hydrogen, which comes from ordinary seawater. Fusion's energy-flux density is about 11 orders of magnitude greater than fossil fuels.

By the year 2030, applying LaRouche's approach, America would support a population of over 600 million people, pollution would be slashed, and the colonization of Mars would be a reality.