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## Conference Report

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# Environmental regulations would shut down Europe's economies

by Marsha Freeman

On Oct. 12, the environment ministers of the European Commission, meeting in Amsterdam, the Netherlands, unanimously agreed that the European Community (EC) would introduce taxes on carbon fuels and on electricity consumption throughout the 12 member nations. Economic analyses indicate that, if fully implemented, by the turn of the century this will result in the *tripling* of energy costs to consumers who use coal and other fossil fuels to heat their homes and cook, coal-dependent industries such as steel, and electricity-generating utilities. The cost of delivered electric power would double.

If the newly free citizens of eastern Germany are struggling *now* to survive economically, already partly as a result of the shutdown of industry thanks to environmentalists, imagine what it will be like to rebuild Germany, Poland, and other formerly communist nations with energy costs double to triple what they are today.

EC Environment Commissioner Carlo Ripa di Meana told journalists after the Amsterdam meeting that the EC's executive commission would be drafting specific legislative proposals for the member governments to consider in December. Ripa di Meana announced that western Europe should play a "leading role" next June at the United Nations Conference on Environment and Development, or Eco-92, to be held in Brazil. His suggestion would be for Europe to try to foist on the world community these suicidal energy/environment policies being considered now for Europe.

### The end of economic growth

At the 9th International Conference on Coal Research, held in Washington, D.C. Oct. 14-16, numerous speakers from the coal and other industries painted a stark picture of what this capitulation to eco-fascist insanity would mean, not only for Europe and the other industrialized countries, but, more importantly, in terms of the size of impact, for the lesser developed countries.

National Coal Association president and former Air Force Gen. Richard Lawson stated categorically that the proposed draconian increase in energy costs would stop any economic growth in the advanced sector nations. What this

would mean, he stressed, is that the nations in the world with very low per capita energy consumption, which are struggling to survive and develop, would be doomed.

Without the ability of the industrial countries to grow, they will have little ability to export energy technology and capital goods to the developing nations, which is their only real hope for the future. Constant political instability will be the order of the day, as billions of people in the Third World are left without economic development or hope. And all this, to pay homage to environmental regulations supposedly promulgated to stop the "greenhouse effect," while there is no consensus in the scientific community that this "effect" will ever exist.

### The shutdown of industry

Even before the new regulations for carbon and energy taxes are enacted, the coal industry is shutting down in eastern Europe because under the communist regimes little care was given to controlling pollution, and the environmentalists are getting their way, shutting down "polluters" rather than deploying newer, more efficient technologies to reduce emissions.

At the international coal conference in Washington, Prof. Gunter Zimmermeyer, from the German Hard-Coal Mining Association and the German School of Mines, reported that while west German emissions of sulfur oxides have been reduced by retro-fitting coal-burning power plants with scrubbers and other pollution-control equipment, in eastern Germany such emissions have been reduced from 4 million tons per year to approximately 3 million tons, "because less power is being produced."

Zimmermeyer reported that the energy and carbon taxes under consideration—\$3 per barrel of oil equivalent in 1993, rising to \$10 per barrel at the turn of the century—would triple the cost of coal, oil, natural gas, and nuclear power by the year 2000. He refuted the claim that punitive taxes to create an economic penalty for burning coal would be an incentive to cut the use of fossil fuels.

Most interesting was his report that the largest increases in efficiency in the German utility and manufacturing sectors

were *not* during the oil price hikes of the 1970s and 1980s, but during the 1950s and 1960s, when energy was still cheap and new technologies to increase productivity and decrease cost were available.

Zimmermeyer stated that "there is no evidence on direct climatic effects" from the emission of various gases into the atmosphere. He stated that when the Intergovernmental Panel on Climate Change was putting its report together, it ignored the data from the Hamburg Climate Institute—which indicated a much lower possible increase in global temperature from carbon dioxide emissions—for political reasons.

It would be one thing if these disagreements were merely interesting academic questions, but as Zimmermeyer pointed out, "It can't be tolerated that in our present generation, billions of people suffer and millions of people die because of lack of food and drinking water." The only way to produce the food and water for the world's needs is to develop new, more efficient technologies, he stated.

A paper presented at the coal conference by representatives of the west German coal industry who have been working to reorganize the eastern German industry, gave a dramatic picture of what is happening in the east. On Oct. 3, 1990, with German reunification came the application of west Germany's environmental regulations to east German energy and industry.

### **MHD, nuclear technologies needed**

Over 70% of the primary energy in the former East Germany is produced by the burning of brown coal, or lignite. This form of coal has a lower heat content, and higher ash and other potential pollutants than hard, or bituminous, coal. Much of the east German brown coal also has a high sulfur content. The pollution, which is a function of the incomplete combustion of the fuel, should be reduced. However, this must be done by the replacement of much of the pre-reunification facilities, which are outmoded and obsolete, with the most modern technology. Otherwise, this shutdown policy will produce cleaner air, for unemployed people.

So far, for example, 9 out of the 19 existing open pit lignite coal mines have been shut down in the Halle/Leipzig district, with 25,000 jobs lost. The German government projects that "in the long run" it will be necessary to "slim the work force" to one-third of its current level of 107,000 workers.

According to current government assumptions, 16,000 megawatts (MW) of brown coal electric generating capacity in the east will be cut in half "in the long run." This will not be immediately catastrophic, the coal industry representatives indicated, because industry is expected to continue to stagnate and power requirements are expected to decrease until 1995! Economic stagnation is not a sensible strategy for gaining time to "clean up the environment."

The German coal representatives stated that the energy requirements of the new unified Germany will be met by

imported hard coal, oil, gas, and nuclear energy, in addition to brown coal. Later in their paper, however, they state: "There is a vehement discussion under way dealing with the question of whether it is politically feasible to meet part of the new power requirements by nuclear energy." The resolution of that discussion has very high stakes.

### **Plants can be made safe**

In mid-October, the chairman of the U.S. Nuclear Regulatory Commission, Ivan Selin, who recently returned from a visit to eight nuclear reactors in eastern and western Europe, stated that there has been an "over-reliance" on nuclear power in the east, which makes it impossible to simply shut down power plants, according to the *New York Times*.

Since the political changes in the former Soviet bloc, construction has been halted on most nuclear power plants. This has meant, Selin explained, the continued operation of older, more primitive reactors. One single nuclear power plant in Bulgaria, for example, provides that country with more than 30% of its electricity.

Four reactors at Griefswald, Germany have been shut down since reunification because they failed to meet western safety standards. Earlier this year, Austria offered the Czech city of Prague free electricity if the government would shut down two Soviet-designed nuclear reactors located 35 miles from the Austrian border. One year ago, the Polish government canceled construction on a nuclear plant near Gdansk and recommended delaying the addition of any plants in the future.

However, a different approach has been taken by the German Siemens/KWU nuclear group, which is retro-fitting two 440 MW Soviet-built nuclear reactors in Czechoslovakia with the most modern safety technology available. Anyone who is concerned about pollution from brown coal and is not insisting that the energy mix be vectored increasingly toward nuclear power, really has an economic agenda which is cloaked in supposed environmental concerns. Any system can be made reasonably safe with sufficient investment in more advanced technology.

### **Development versus malthusianism**

Clearly juxtaposed at the conference were the ideas of coal industry representatives, including scientists and engineers, and those of Dr. Robert Saunders, energy division chief of the World Bank. National Coal Association president Richard Lawson stated the industry's position:

"From the still-shallow base of knowledge has grown a worldwide movement of extremists dedicated to stopping economic growth with a 1992 treaty binding the advanced nations" to reducing carbon emissions from burning fossil fuels, Lawson stated. He warned the coal industry that it has only eight months before the Eco-92 conference to stop the worldwide assault on energy use and economic development.

Lawson stated that the “extremists reject technological solutions [to exaggerated environmental problems] that will not curb economic growth. . . . Their call for ‘sustainable’ economies sounds suspiciously like a demand for subsistence economies.” Attacking the malthusian policy orientation of the environmental extremists, Lawson said, “Technology made large populations possible; large populations now make technology indispensable. Technology is the wit of humankind made tangible and applied.”

### **Energy taxes mean depression**

Kurt Yeager, from the Electric Power Research Institute (EPRI), stated that the carbon taxes that are being proposed, particularly in western Europe, would cause a “depression in the global Gross Domestic Product which would exceed the impact of the Great Depression.” Yeager, the representative from the normally reserved research institute for the electric utilities, stated that reducing “greenhouse gases” would require *halving* economic growth in the lesser developed countries.

Yeager demonstrated that energy consumption per capita has historically been the best measure of economic development, and that for the next half-century, fossil fuels will have to provide a substantial share of energy growth.

World Bank representative Dr. Robert Saunders took the opposite view—and one counter to that of most in the audience—asking: “Who in their right mind would put financing into [energy] systems” which are run by corrupt governments, where there are “gross inefficiencies,” where there is political patronage, and tremendous waste? From his tone, it seemed as if he were discussing the fate of rats or vermin, not billions of human beings.

Saunders reported that \$100 billion per year was needed worldwide for financing new electric power capacity. Though this sounds like a lot of money, it corresponds to only a 6% per year average growth rate, which for developing countries is too low for substantial economic growth. During the 1960s, in the already highly industrialized U.S., electricity consumption grew at an average rate of 8% per annum, propelled by the Apollo program to the Moon.

Of the estimated \$100 billion per year needed for electricity development, the World Bank offers between \$2-4 billion. Saunders insisted that the answer to Third World energy requirements was “privatization.”

Saunders complained that the average cost of electricity in 60 developing countries is only 3.8¢ per kilowatt-hour, whereas in the advanced, OECD countries, the average is 8.2¢. This, he scolded, was because the corrupt governments of these developing countries subsidize electric power production and consumption. Electricity should be privatized, not subsidized, he intoned.

When this reporter questioned his approach, pointing out that the U.S. economy grew because the government “subsidized” the railroads, the introduction of nuclear power, and

rural electrification, Saunders seemed to find this impossible to apply to today’s “corrupt” Third World countries, and clearly had no comprehension of the role of infrastructure in building an economy.

### **‘Let them eat BMWs’**

Unfortunately, this genocidal view is not confined to the United States. The next day, at a conference on “The United States, Europe, and the Structure of a New World Order,” sponsored by the auto giant Bavarian Motor Works (BMW), the chairman of the executive board of BMW, Eberhard von Künheim, stated, “Industry must no longer lend a helping hand in catching whales or tearing down the rain forest in order to provide luxury at home.” It would seem doubtful, to even the most uninformed observer, that his compatriots in the eastern part of his own country think they are living in luxury.

While quoting from the recent book by the Club of Rome, Künheim scored his American audience stating, “The truth is that per capita energy consumption in the U.S.A. is twice the amount in Europe, without your standard of living being much higher.” While one could certainly argue that having to drive your car to work because there is no mass transit does not give you a higher standard of living, the argument that, therefore, the United States is “wasting energy” and should simply cut consumption, would do nothing but cut people’s standard of living and bring any economic growth to a screeching halt.

Künheim said that Third World countries do not need investment, but rather “a radical perestroika,” involving a “painful process” with the population willing to “accept setbacks and disappointments” as the “free market” comes in. Expressing an undisguised triage policy, he stated that “it is wrong to protect the weak” by protecting domestic industries. German agriculture is too intensive, he insisted, because it uses chemicals.

Those who have posed the problem as “economic growth versus protecting the environment,” have purposely posed the problem falsely. Economic growth requires the constant introduction of new technologies, to make the economy more productive, to replace dwindling resources with new ones, and to provide for, and enable, growing populations. Protecting the environment, as opposed to sending mankind into a New Dark Age, likewise requires the introduction of more productive, efficient technologies.

For example, one year ago, this publication (and this author) proposed that instead of simply closing down the offending coal-burning power plants in eastern Europe, that the United States put its best technological foot forward, and attach experimental MHD (magnetohydrodynamics) units to the power plants, to generate electricity more efficiently and more cleanly. The political consequences which will result from a wholesale shutdown of “polluting” industries in Europe, or anywhere, will be dramatic.