



- [HOME](#)
- [CONTRiBUTORS](#)
- [iSSUES](#)
- [LiNKBLOG](#)

[Home](#) › [Contributors](#) › [Frances Beinecke](#) › What Do We Want to Stimulate?

Frances Beinecke's Blog

What Do We Want to Stimulate?

February 5, 2008

Posted by [Frances Beinecke](#)

Tags:

[andrewrevkin](#), [billclinton](#), [economy](#), [energyefficiency](#), [EPA](#), [globalwarming](#), [mckinsey](#)

Five years ago, the only conversations I had about global warming were with other environmentalists. Now I spend most of my time talking about climate change with CEOs from Fortune 500 companies. Increasingly, they realize that confronting global warming presents financial opportunities.

That's why the furor in the blogosphere last week about President Clinton, global warming, and the economy was so off base--as the Times' [Andy Revkin pointed out](#).

When Clinton was misquoted on [a blog post](#) by an ABC News reporter implying that curbing global warming would require an economic slowdown, the blogosphere lit up with I-told-you-so's from the Republican National Committee, the Cato Institute, and various global warming deniers.

The thing is they were wrong on two counts: 1) President Clinton did not say what they thought he said. And 2) according to analysts ranging from [McKinsey & Company](#) to the [EPA](#), tackling global warming will not hurt the economy.

Yes, the economy is in turmoil right now. I was in a meeting with a CEO from one of the top financial houses on Friday, and he for one thought this economic black cloud would hover for at least nine months.

Everyone is talking about how the best stimulus package to hoist us out of this situation. But the question is: what do we want to stimulate?

Think of the real estate sector, struggling in the wake of the mortgage crisis. If we passed a suite of incentives that encouraged owners to invest in energy-saving appliances, furnaces, and lighting and efficient retrofitting, we could revive an ailing industry, create construction and engineering jobs in America, *and* scale-up the single most cost-effective global warming solutions available: energy efficiency. All at the same time.

But regardless our economic health at this moment, America over the next 20 years will still invest about \$3 trillion in energy infrastructure. We can redirect that capital away from polluting technologies that dates back to the 19th and early 20th centuries and into clean, sustainable [energy solutions](#).

And we can do this while enjoying uninterrupted growth in our economy and standard of living year-after-year as currently projected. That's the real news about global warming and the economy.

-
- [permalink](#)
 - [comments \(1\)](#)
 - [trackbacks \(0\)](#)
 - [trackback url](#)

[ShareThis](#) (*bookmark or email this entry*)

Comments ([Add yours](#))

Jim Bullis — Feb 7 2008 11:09 PM

The auto industry is a resource that could pull us out of our current dilemma. We are setting up an ecological disaster by distorting the content of the atmosphere and an economic disaster by distorting the balance of world financial power. Excessive financial power has been given to oil producers. Another financial imbalance has been set up between those who produce products and ourselves who seem unable to do likewise.

We could produce our way out of this if we could get the auto industry to figure out a real, product based, solution to the vehicle emission problem and embark on a major production effort, like they were able to pull off to win World War II. Ideally, this would be a project motivated by hope for economic gain. If we were to do this, our capitalist system would be well demonstrated to the world. We could call that leadership.

The real solution has to come from a much more basic level of change than has, up until now, been exhibited by that auto industry. I describe the auto industry as a fashion industry, where sales are generated by putting 'cute new outfits' on the same old cars. There is also an attempt to mislead the public into thinking more effort is being put into innovation than is actually happening. Also, we have seen embarrassing copying of foreign innovations, that are then claimed to be a result of American industry efforts. Toyota has clearly led the way with the hybrid Prius, not Detroit industry.

Also, we are close to the limit of what cost savings can do to save a sagging industry. Now is the time for leadership that only can come by creating innovative products and bringing these to market reality. I think capitalism can get the job done if industry and government act effectively.

Government should enable the forces of capitalism by setting rules of behaviour that create balance between economic vitality and the common good. Failure to balance wisely appears to be setting us up for a global warming disaster, as well as a distortion of world economic power, where foreign oil and gas gives too much power to a few who do not have accomplishments to warrant such power. Government is the imposer of rules, and hopefully it is wise and fair. Inappropriate influence is damaging to this balance, and it should be treated as an act deserving of punishment. With wisely

regulated capitalism, industry should be constrained from doing damage, but beyond that it should be allowed full freedom to find solutions and benefit from marketing such solutions.

It takes a lot of wisdom to see clearly how government policy affects the common good. Foresight is uncommon. For example, it seems it could have been anticipated that the effect of subsidizing ethanol producers would be an increase in the price of corn. Although that has long been overdue from the farmer's point of view, the disastrous effect on the world is that about half as much corn is being distributed to starving people. Subsidizing ethanol has the stated purpose of lessening the grip of foreign oil producers on the USA economy, but not only does this have a feeble impact, it causes great harm elsewhere. In the case of corn based ethanol, it causes a distortion in food grain markets. In the case of cellulosic ethanol, it appears to threaten the northern boreal forests.

New developments in the energy source category are not to be ignored, but the industry could have more effect by working out different vehicle approaches. Simply making them electric or plug-in electric, is ok, but the real benefit of such is much less than generally supposed. Present vehicles require far more energy to move them down the road than they should. This is an area where very significant improvements can be made. By greatly reducing the amount of energy needed to move a car down the road the fuel possibilities become more palatable. If we shift from 20 MPG cars to 200 MPG cars, it seems conceivable that forest management could be made to work.

We need the American auto industry to lead what I call "A War on Waste of Energy". We need also for Americans to open their imaginations to consider new ways to ride in cars, as well as to consider different looking cars. Real innovation, beyond fashion changes, entails unusual appearing vehicles.

A plan to win this war, along with a vehicle concept that represents the needed efficiency, is shown on the website, <http://www.miastrada.com>.

I think this plan is a project that is highly appropriate at this time. It could put us in an exemplary position relative to the goals set at the Kyoto conference. This could also be called leadership.

Perhaps the above describes what we should stimulate.

(The referenced website does not offer products or services. However, I have an interest in Miastrada Corporation.)

Jim Bullis — Feb 7 2008 11:42 PM

A second part of the Miastrada plan is briefly discussed here as a copy of the post appearing on the Financial Times, London, comment page:

Emissions Trading

by Jim Bullis 04 Feb 2008 09:21 AM

It seems that emissions trading is not very meaningful for electric power generating companies. Are not the trading costs just costs of operation? And are not costs of operation passed on to consumers with the permission of regulating agencies? So why does this motivate improvement?

The fact is that many power generators, namely those that use fossil fuels, throw away about twice as much heat energy as the electric energy they produce (33% thermal efficiency). Even with very modern equipment and expensive natural gas, heat thrown away approximately equals electric energy produced (50% thermal efficiency).

This waste can be fixed by rethinking how we generate electric power. There is a well known process called cogeneration, where such thrown away heat is used at a site in place of heat that would otherwise be produced at that site by burning fuel there. For example heating a home, which is typically done by a fuel burning furnace, would be done by using heat from an engine-generator at that house. If 100% of the discharged heat is used to displace otherwise required heat, then the efficiency of the process related to electric energy generation goes to 100%.

The trick is how to arrange this.

If we use high efficiency automobiles, having on-board engine-generators that are relatively small, adaptation of such, when parked next to the mentioned home, to the task of electric energy generation is a very modest cost.

Discuss further by contacting jim@miastrada.com or see a plan for this at <http://www.miastrada.com>.

(No goods or services are offered, though I have an interest in Miastrada Corp.)