

# **Liberating the Energy Economy: What Washington Must Do**

Testimony by  
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The United States is the largest single supplier of grains, accounting for about 40 percent of global exports. We enjoy the associated trade, jobs, and revenue benefits that come from being the world’s breadbasket.

Technology is now doing for the American energy and fuel sectors what it previously did for the agricultural sector. In a complete reversal of the widely accepted energy paradigms of declining domestic hydrocarbon production, dependence, and shortage, it is now realistic for America not just to feed the world, but to fuel it as well.

Last year the United States exported almost \$140 billion in agricultural goods -- and about \$120 billion in hydrocarbons. Within a year or so, we will likely export more fuel and petroleum products than food. Shortly after that, hydrocarbon exports will exceed those from information technology equipment, and then quickly exceed automotive sector exports. This is only the beginning of what is possible.

Policies that accelerate hydrocarbon production could create at least 3 million jobs and \$3 to \$7 trillion worth of economic benefits, and would completely reset energy geopolitics. I have outlined the staggering magnitude of the jobs and economic benefits in a Manhattan Institute report this past summer titled *Unleashing the Energy Colossus*, work that expands on similar bullish analyses from organizations like Citi bank, Wood McKenzie, HIS CERA, Deloitte, and industry insiders like Bentek Energy.

The United States can, quite literally, drill, dig, build, and ship its way out of the current economic and jobs malaise. But we can do so only if the nation adopts new energy policies that reflect the technological, economic, and demographic realities of 2012.

Surprising all the experts, the United States has reversed a 40-year decline in oil output, and has become the world’s fastest growing hydrocarbon region. Recently, the United States became a net exporter of petroleum products for the first time since 1949. The same technology revolution has generated a flood of natural gas and rush of applications to export it. It has driven coal exports to record levels as well.

And, this past August, the U.S. Energy Information Administration (EIA) released a summary of the nation's “proven reserves” of oil and natural gas, recording the highest increase in the 35 years since the EIA began publishing estimates.

For all this, thank technologists and engineers, and thousands of small, independent producers. This growth in energy abundance occurred without policies intended to encourage it, and it has happened almost entirely on private and state, not federal lands.

The new reality of hydrocarbon abundance makes possible not only energy independence, but also a credible scenario in which the Middle East is displaced as the world's primary energy exporter. Hydrocarbons currently supply 85 percent of the world's energy and every forecast sees them as central for the foreseeable future. Essentially all growth in global energy demand is now outside of the United States.

When asked what constrains expansion, businesses across the country universally cite the crushing weight of the existing regulatory system. Policies and regulations have evolved unintentionally to become complex, over-reaching, and often capricious. Regulations are suppressing American energy productivity.

Surely in the information age, we can bring to bear the power of technology to enhance the efficiency and transparency of the regulatory infrastructure itself, while preserving the intent and purpose of legislation. We can do this, and with the specific goal of not overburdening either the regulated or the regulators.

To unleash the enormous benefits from expanding hydrocarbon production and exports, the next president and Congress need to first step above the myriad proposals and make over-arching and sweeping changes. We should:

1. Pass omnibus energy legislation that is both pro-development and pro-export, and that emulates the philosophy underpinning the North American Free Trade Agreement (NAFTA).
2. Establish a single federal portal for approval of all major energy projects, rather than subject applicants to multiple and sometimes conflicting or duplicative and time-consuming processes across multiple agencies.
3. Declare a time-out on all new federal regulations. Given the crushing burden of 40 years of regulatory expansion, there should be an across-the-board suspension of implementation of all new rules, with the exception of those with near-term safety relevance. An interagency task force should explore how to use twenty-first century information techniques to make sense out of the morass, enable sensible cost-benefit analyses, and provide transparency and efficiency for citizens and businesses.

America is in the middle of an appalling jobs crisis. Dramatically increasing the production of domestic hydrocarbons—oil, natural gas, and coal—offers the single biggest opportunity to generate jobs, especially those in the hard-hit middle class, and create truly amazing collateral financial benefits to state and federal treasuries.

Not in nearly a half century has the energy “ground game” changed so radically. But capturing these opportunities requires bold policies. This energy future isn't inevitable. The United States could by default walk away from all these jobs, and revenues, and pass up the chance to become the major player in world energy markets. Should this happen, other nations will step in to fill the void.