

August 11, 2008

**OPINION****Saving \$10 Billion With Efficiency**
 By **JERRY BROWN**  
 August 11, 2008

*Two weeks ago The Wall Street Journal kicked off a debate on how best to allocate scarce resources to solve the world's problems. Bjorn Lomborg offered a summary of the latest findings from his Copenhagen Consensus project, where he has enlisted some of the world's top economists to address the issue. Now we're offering views on the subject from top political and business leaders. How would you spend \$10 billion of American resources (either directly or through regulation) over the next four years to help improve the state of the world?*



David Klein


The cost of energy in the United States, on an annual basis, has now soared beyond \$1 trillion. Our massive purchases of foreign oil represent perhaps the greatest transfer of wealth from one people to another in all human history. And, paradoxically, this wealth transfer is from a far more technologically advanced nation to poorer countries -- some unstable and hostile -- whose only claim is the oil that lies under their ground. Wake up America! We must stop the hemorrhaging of our national treasure, and we need to do it now.

I propose that we take the \$10 billion and invest it in curbing our energy appetite through efficiency programs and incentives. The efficiency I envision would allow us to enhance our quality of life, but do so in ways that reduce the huge quantities of oil, gas and coal that we now consume.

California has kept its per capita electrical consumption flat for the past 25 years -- in significant part through appliance and buildings standards and incentives to adopt ways that get more work out of less energy. I am not talking about some collective hair shirt, but rather about a wide variety of new technologies and designs.

The world is facing a triple threat of unprecedented dimensions: First, the loss of cheap and easily discovered oil; second, explosive energy demand from China, India and other emerging countries as they rapidly improve their standard of living; and third, the climate disruptions caused by CO<sub>2</sub> and other greenhouse gases. None of the three will go away. In fact, each will get progressively worse unless we take decisive action, without delay. America must take the lead in dealing with global energy and climate challenges, and at the same time vastly strengthen its own economy and security.

**DOW JONES REPRINTS**

 This copy is for your personal, non-commercial use only. To order presentation-ready copies for distribution to your colleagues, clients or customers, use the Order Reprints tool at the bottom of any article or visit:  
[www.djreprints.com](http://www.djreprints.com).

- [See a sample reprint in PDF format.](#)
- [Order a reprint of this article now.](#)

For too long, the federal government has been slow and unimaginative in setting efficiency standards for appliances and equipment, and in many cases it has set no standard at all. We know from the example of California's energy commission that huge financial savings can be generated through efficiency standards consistent with the best available technology. Billions of dollars and large quantities of fossil fuel could be saved if the federal government would set tough but practical standards for lighting, refrigerators, stoves, computers and other products and pieces of equipment.

**COPENHAGEN CONSENSUS**

For full coverage, visit our [Copenhagen Consensus page](#)<sup>1</sup>.

Congress provided the legal authority to do so in the 2007 energy bill, but the Department of Energy currently lacks the trained personnel and engineers needed to create such a sophisticated regulatory framework. This will require additional funding -- perhaps as much as several hundred million a year. The next president should engage the appliance and equipment manufacturers and provide the kind of leadership that has so far been totally lacking.

Next, the federal government should establish a financial grant program, encouraging the states to craft efficiency standards for new buildings. Again, the example of California is instructive. Its detailed and regional building standards have saved Californians tens of billions of dollars in lower energy bills. A significant part of the proposed \$10 billion could be spent on this type of effort. Each state would be asked to craft their own rules in response to the differing conditions found in various regions of the country.

A third type of program could be modeled on California's current system of rebates, tax credits and other incentives that encourage businesses and consumers to adopt efficiency measures that exceed the mandatory standards. This program is financed through the investor-owned utilities and established under the authority of the state utilities commission.

The federal government could provide a matching program for each state's efforts consistent with standards that are technically feasible, and that provide an economic return on the investment. In California, all the electric and gas utilities have added conservation investments to their historic practice of dealing with energy shortages only through building new plants.

Just as new sources of energy require vast sums spent on R&D, so do new efficiency technologies. They will emerge only if there is adequate investment in research and development. Some of the \$10 billion should go for this. Needless to say, overall investment in both energy and efficiency R&D is pathetically and dangerously underfunded.

While military, medical and pharmaceutical research has steadily grown over the past two decades, R&D to increase our national energy efficiency and provide the full gamut of new fuels and power sources has fallen by 50% in real terms. In the early 1980s, energy companies invested more in R&D than drug companies; today, drug companies invest 10 times as much in R&D as do energy firms. To secure our energy and economic future, America must reverse this shameful neglect. Physicist and University of California professor Dan Kammen estimates that we must increase our level of energy and energy efficiency R&D five to tenfold, spending \$15 billion to \$30 billion per year to develop new fuels, new sources of energy and more efficient technologies.

America is at a crossroads. Total U.S. financial and nonfinancial debt rose to \$44.7 trillion in 2006, from \$2.4 trillion in 1974. This does not even count longer-term liabilities such as Social Security and Medicare. Oil and gas are consuming more and more of our national wealth. It is

time for our political and business leaders to tap into America's unspent creativity and entrepreneurial genius. Many times \$10 billion will be needed. But it can be done. It must be done.

**Mr. Brown, a Democrat, is attorney general of California.**

*See all of today's editorials and op-eds, plus video commentary, on [Opinion Journal](#)<sup>2</sup>.*

*And add your comments to the [Opinion Journal forum](#)<sup>3</sup>.*

**URL for this article:**

<http://online.wsj.com/article/SB121841566182528579.html>

**Hyperlinks in this Article:**

(1) [http://online.wsj.com/page/2\\_1595.html](http://online.wsj.com/page/2_1595.html)

(2) <http://online.wsj.com/opinion>

(3) <http://forums.wsj.com/viewtopic.php?t=3467>

**Copyright 2008 Dow Jones & Company, Inc. All Rights Reserved**

This copy is for your personal, non-commercial use only. Distribution and use of this material are governed by our [Subscriber Agreement](#) and by copyright law. For non-personal use or to order multiple copies, please contact Dow Jones Reprints at 1-800-843-0008 or visit [www.djreprints.com](http://www.djreprints.com).

## RELATED ARTICLES FROM ACROSS THE WEB

Related Content may require a subscription | [Subscribe Now -- Get 2 Weeks FREE](#)

### Related Articles from WSJ.com

- [Obama to Call for Oil Release From Strategic Petroleum Reserve](#) Aug. 04, 2008

### Related Web News

- [Vermont's Unique Approach To Curbing Energy Use](#) Jul. 30, 2008 npr.org

[More related content](#) Powered by [Sphere](#) 