



To Be Great, America Needs To Use More Energy, Not Less

su_note note_color="#daf2fd" radius="2"]Energy consumption is directly connected to Economic activity; factories, agriculture and services are all directly driven by energy. Thus, cutting energy - as Obama as done - will result in declining economic input. It doesn't take a PhD economist to figure this out. □ TN Editor [/su_note]

During the 2016 election, both candidates promised to bring manufacturing back to the U.S. **Donald Trump** made the recovery of jobs lost to China and Mexico a cornerstone of his campaign. **Hillary Clinton**'s website [states](#): "While too many politicians and experts in Washington gave up on American manufacturing, Hillary never did."

"The rhetoric," [reports](#) *US News*, "has struck home with Americans across the country—particularly those currently or formerly employed in the embattled U.S. goods-producing and manufacturing sectors, who

have repeatedly borne the brunt of corporate efforts to move work overseas.”

Because many of the lost jobs are due to automation and technological improvements—which have enabled more production from fewer workers—there is skepticism on both sides of the aisle as to whether these lost jobs can actually come back. However, I believe, most Americans don’t want to see more of our jobs disappear. **Harry Moser**, founder and president of the [Reshoring Initiative](#), which aims to bring manufacturing back home, is optimistic. He told me that we are now losing about as many jobs to offshoring, as we are recovering: “We’ve gone from losing somewhere around 200,000 manufacturing jobs a year in 2000 to 2003 to net breaking even. Balancing the trade deficit will increase U.S. manufacturing by about four million jobs at current levels of productivity.”

[According](#) to *MarketWatch.com*, the percentage of people who work in manufacturing is at a record low of 8.5%—which compares to “20% in 1980, 30% in 1960, and a record 39% during World War II.”

While there are many factors driving offshoring, lower wages give countries like China and Mexico a competitive advantage. Energy costs, however, give the U.S. an advantage as “manufacturers need a lot of energy to make their processes work,” stated **Gary Marmo**, director of sales for New Jersey’s Elizabethtown Gas. He [says](#): “A typical office building will use 5,000, 10,000, 20,000 therms a year. A good-sized manufacturing plant will probably use that same amount in just a couple of days.” Electricity frequently represents one of the top operating costs for energy intensive industries such as plastics, metals, chemicals, and pharmaceuticals—and, according to a recent [study](#) comparing costs in the U.S. and China, electricity is about 50% higher in China.

Because manufacturing is energy intensive, bringing industry back to the U.S. and/or attracting businesses to relocate here, will increase our energy consumption. As my [column](#) last week on the Clinton Foundation and Haiti makes clear, industry needs energy.

President Obama has [derided](#) U.S. energy use: “The U.S. uses far more

electricity than its North American neighbors combined,” but the U.S. also does more with our energy. Comparing the Gross Domestic Product (GDP) and energy consumption numbers for the U.S. and Canada, for example, both use a similar volume of energy, but the U.S. has substantially higher GDP. A [study](#) of global energy consumption versus GDP found: “Energy is so intrinsically linked to GDP that energy policy more or less dictates how our economy performs.”

[Mike Haseler](#), the study’s author, explains: “rising GDP is an indication of a prosperous economy”—which is why economic commentators [cite](#) GDP numbers when they say: “President **Barack Obama** may become the first president since **Herbert Hoover** not to serve during a year in which the growth in real GDP was at least 3%.”

Yet, in the name of climate change, through government policy, many countries are trying to discourage energy use by forcing costs up. Haseler states: “They are cutting energy use as the economy of Europe collapses because European industry can no longer compete with countries where energy prices are not artificially raised by senseless ‘green’ policies.”

The energy advantage is not just an issue between countries, it is a factor in where companies locate within the U.S. “High electricity bills are a strong disincentive to create new jobs associated with a new or expanded product line,” [writes Don Welch](#), president of New Hampshire based Globe Manufacturing Co., LLC. New Hampshire’s electric prices are 55.6% higher than the national average.

Welch’s company is the leading producer of firefighting turnout gear. He explains: “Higher electricity costs not only add hundreds of thousands of dollars to the cost of making our products—firefighting suits and equipment—but it’s money we could otherwise re-invest in the business, including creating new jobs here in New Hampshire. New Hampshire’s high electricity prices are a drag on our economy. It puts New Hampshire companies like mine at a competitive disadvantage compared to companies in other parts of the country.”

Because Globe also has plants in three different states, Welch clearly

sees the difference energy costs make in doing business. In his words: “I already know that the electric bill I am paying at my facility in Oklahoma is half of what I pay in New Hampshire.” If he is going to add a product line, energy costs are a big factor in deciding where to expand.

John F. Olson, president and CEO of Whelen Engineering Company, of Charlestown, NH, and Chester, CT, agrees. In a letter to the editor, Olson [wrote](#): “Manufacturers are in competition with other U.S. manufacturers, or even worse, offshore competition in China. New Hampshire manufacturers have the most expensive electricity in the country.”

If we can bring back manufacturing jobs—or at least stem the flow of them from our country—we need to be encouraging low-cost energy and making more of it available. Moser believes: “Balancing the trade deficit should be the number 1 national priority.” He told me that would take a 25% increase in manufacturing—which would require about a 10% increase in energy usage. Yet, climate change policies demand that we take greater cuts than the developing countries like China and India. If our energy costs continue to go up, as they have in New Hampshire, we’ll lose the best competitive advantage we have.

Moser explains: “Manufacturing has the highest multiplier effect among the major sectors. Every job created in manufacturing creates additional jobs in other sectors that supply, support, and service manufacturers.”

To bring manufacturing back to the U.S., or encourage expansion, we need energy that is abundant, available, and affordable—and we’ll need to use more, not less. If we want to balance our trade deficit, boost GDP, and have a prosperous economy, energy is the key. As I am known for saying: “Energy makes America great!”

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