

Business

Obama Gets Fossil-Fuels Boost After Green-Jobs Revolution Fades

Jim Snyder

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Four years ago, Barack Obama pledged to promote a green revolution, saying the government would back alternative-energy technologies that could create 5 million jobs and free the U.S. from a dependence on overseas oil tyrants.

Today, the energy industry is one of the main engines of job growth and the U.S. is the closest it has been in almost 20 years to meeting its own needs. Yet the transformation -- driven by a surge in oil and natural gas production -- isn't primarily green and has little connection to the president's plans.

"We're moving to energy independence by accident," said Philip Verleger, who directed the U.S. Treasury office of energy policy under President Jimmy Carter and is now an industry consultant. "Energy policy had nothing to do with it."

The boom in oil and natural gas is setting up an election-year irony: a green-energy president who is getting a boost from fossil fuels.

Oil and natural gas output is on the rise largely because of hydraulic fracturing, which has given drillers access to reserves in shale rock formations once too

costly to produce. The so-called fracking injects millions of gallons of water, sand and chemicals thousands of feet below the surface to free fossil fuels trapped there, a process that Obama's environmentalist allies say increases air and water pollution.

Fracking is unlocking oil in North Dakota and Texas. More important to Obama's re-election chances, it's aiding natural gas production -- and Obama's poll ratings -- in Ohio and Pennsylvania, swing states with 38 electoral votes combined.

Job Growth

Ohio's unemployment rate was 7.2 percent in July, the lowest since September 2008 and below the nationwide 8.3 percent. Job growth there is the fourth-fastest in the U.S., federal data show. Pennsylvania's jobless rate is 7.9 percent, down from a high of 8.7 percent in March 2010.

The president has done little to stall the expansion of fracking, even with pressure from within his Democratic Party.

"There's so many different ways in which this is feeding into various sectors of the economy," said Philip Sharp, a former Democratic House member from Indiana who heads Resources for the Future, a Washington-based environmental research group. "The administration looks to me like they've come to recognize its importance and they have not jumped on the anti-fracking bandwagon."

Different Vision

When he entered the White House, Obama offered a different vision for the U.S.'s energy future, vowing to revive an economy battered by a recession and

mend the environment with an export-heavy, green-technology push.

As a candidate in 2008, Obama had promised to create 5 million green jobs over 10 years by investing in solar, wind and other renewable energy sources. His 2009 economic-stimulus plan spent a record \$90 billion on clean energy.

Among the successes the administration can tout are a doubling of solar and wind-energy generation and the retrofitting of more than 1 million homes to lower heating and cooling costs. An agreement with automakers to raise fleet-wide fuel economy will cut carbon emissions and oil imports.

Still, only 225,000 green jobs had materialized through the stimulus program by 2010, according to the White House.

Green energy “is a big area of unfulfilled promise,” said Julian Zelizer, a history and public affairs professor at Princeton University in New Jersey.

Republicans have used the example of Solyndra LLC, the Fremont, California, solar-panel maker that closed two years after getting a \$535 million U.S. loan guarantee, to depict Obama as a failed, big-government meddler in the free market.

Keystone Rejection

The president’s rejection of the Keystone XL pipeline that would carry tar sands crude from Alberta, Canada, to refineries along the Gulf Coast, and a deepwater drilling ban imposed after BP Plc’s 2010 spill, sparked criticism that Obama was too focused on alternative energy sources.

“We need an energy policy for today, tomorrow, and 50 years from now,” said

Karen Harbert, chief executive officer of the U.S. Chamber of Commerce's Institute for 21st Century Energy. "We don't need an energy policy just for 50 years from now."

Standing in front of a coal facility in Ohio on Aug. 14, Republican presidential candidate Mitt Romney criticized Obama for regulations such as Environmental Protection Agency greenhouse gas curbs. His own plan calls for ending clean-energy subsidies and aggressively expanding fossil fuel development.

Not the Quarterback

Representative Bill Johnson, an Ohio Republican whose district is home to many of the new wells being drilled, said Obama doesn't deserve praise for the energy boom.

"You go to a football game, you don't get credit for throwing a touchdown pass," Johnson said. "The quarterback does."

Domestic production of natural gas can help Obama undercut the line of attack that his environmental policies are hurting the economy, said Paul Allen Beck, a political science professor at Ohio State University in Columbus.

"There's a natural opening for Obama to say, 'We're not just regulators,'" Beck said.

And while the administration is considering federal safeguards on fracking, so far it hasn't stood in the way of its growth.

The EPA delayed new air emissions standards for natural gas operations by two years, drawing rare applause from the American Petroleum Institute, a

Washington-based industry group whose members include Irving, Texas-based Exxon Mobil Corp. and ConocoPhillips in Houston.

'Central Role'

In January, the president promoted natural-gas development in his State of the Union address, saying it could support 600,000 jobs by the end of the decade.

Obama believes natural gas “has a central role to play in our energy future,” White House spokesman Clark Stevens said in an e-mail. Stevens also cited rising oil production as evidence the president supports what he calls an “all-of-the-above” energy strategy that includes oil and natural gas development as well as tax breaks for renewable energy sources.

The energy picture has shifted in ways few would have predicted four years ago.

Natural gas production increased to 24.2 trillion cubic feet in 2011 from 21.1 trillion in 2008. The increase pushed prices down to their lowest level in a decade. While lower prices could slow its growth, fracking also helped create an industrial renaissance, boosting the steelmakers that supply the well parts, chemical companies that use ethane, a liquid found with gas, and other energy-intensive manufacturers.

Halving Emissions

Even though Obama was unable to get Congress to pass legislation to combat climate change, the new trend is driving down greenhouse gases anyway because natural gas releases only about half the carbon emissions as coal when burned. The Energy Information Administration, which tracks and analyzes data for the U.S., projected for the first time earlier this year a long-term decline

in the nation's greenhouse-gas emissions.

Companies that once planned to build facilities to import liquefied natural gas to meet domestic demand are now applying for export permits, thanks to the growing reserves.

Oil production is also rising from under 5 million barrels per day in 2008 to almost 6.2 million barrels this year, helping reduce imports to 42 percent of U.S. consumption.

Falling demand, greater biofuels production and higher domestic output combined to reduce oil imports to their lowest level since 1998, according to the EIA.

The benefits of the fracking boom can be seen in Ohio's Mahoning Valley, an industrial corridor in the northeastern part of the state.

'More Optimism'

"You're seeing more optimism than we've seen here in a long, long time," said Representative Tim Ryan, a Democrat who represents the Youngstown area. "Right now there is a tidal wave of support behind the natural gas industry."

As many as 40 percent of Local 396 of Ohio's pipe-fitters' union members were out of work in the depths of the recession three years ago. Roland "Butch" Taylor, business manager of the union, said factory expansions and new construction now have all 700 of its members working.

"We don't see any types of layoffs for the future," Taylor, 54, said at the Boardman headquarters of the United Association of Union Plumbers, Fitters,

Welders and HVAC Service Technicians local.

Further south in Ohio's Appalachian region, farmers are getting signing bonuses from drillers of as high as \$5,000 an acre, allowing a few to pay cash for \$250,000 combines, said Amy Rutledge, the director of the Carroll County Convention & Visitors Bureau in Carrollton.

“This has been a farming, rural community forever,” Rutledge said. “They’ve been scratching their dirt forever, and now they’re actually getting something out of the dirt.”

(For more campaign news, see ELECT.)

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