

What If?

We've all wondered... what if? What if the Allies had lost World War II? What if the Internet hadn't been created? What if Hillary had beaten the Donald? While those are all interesting thought experiments, here's an important one you can actually see in real impacts. What if the Shale Revolution hadn't happened?

The U.S. Chamber of Commerce closely examined this question and came up with some results that should make all of us feel pretty good, especially those living in Texas, Pennsylvania, Ohio, and Wisconsin.

The Chamber's study takes us back to 2006 when it appeared the U.S. was entering a new era of energy scarcity, but before things could get too dicey, energy innovators started unleashing natural gas and then oil from shale formations using horizontal drilling and hydraulic fracturing. The results were nothing short of amazing.

In the span of nine years, the U.S. went from importing about 60 percent of its crude oil and petroleum products to just 24 percent. In July of 2018, the U.S. became the world's leading producer of crude oil. America also leads the world in natural gas production.

These aren't just abstract numbers. They translate into lots of money in all of our pockets. Without the Shale Revolution, the Chamber estimates electricity prices would be 31 percent higher. Motor fuels would cost 43 percent more. Residential natural gas 28 percent higher and industrial natural gas would have nearly doubled in price, meaning all consumer products would be much more expensive. All of this saving fueled U.S. economic growth and led to the creation of millions of new jobs — many of them in manufacturing, the kind of jobs that politicians from both sides love to boast about incessantly.

The Chamber estimates the cumulative economic impact from oil and gas production and lower energy costs are more than a half trillion dollars per year. A family of four saved nearly \$3,000 just in lower energy bills. Four-point-three million jobs were created. Without these jobs, the U.S. unemployment rate would likely be at least 69 percent higher.

All of the new oil and natural gas production was wonderful for the nation as a whole, but there were four states that benefitted most.

Texas – Texas added about 675,000 jobs, which is significantly more than everyone looking who is even looking for work in the Lone Star state in mid-2018. Total impact...\$123 billion. Conversely, without the Shale Revolution, the Chamber estimates more than one out of every five jobs would have been at risk along with more than a half trillion in Gross Domestic Product.

Without shale, Pennsylvania's huge economic windfall would have instead been a financial disaster with a loss of \$70 billion in GDP, which is more than two years of the state's annual budget. And one out of 10 jobs would have been in jeopardy.

Ohio, another big energy producer also had a lot on the line. Industrial value at risk... \$61 billion, enough to run the state for more than ten months and like Pennsylvania, one of every 10 jobs may be been lost.

One surprising state the Chamber identified is Wisconsin. The state's large cheese manufacturing industry relies heavily on cheap energy. Wisconsin also produces sand used in hydraulic fracturing. Take away the Shale Revolution and \$40 billion in GDP and one and a half jobs out of ten would have been at risk.

The Chamber's report only considers the gains the Shale Revolution brought to the nation. But what additional negative consequences would the U.S. have suffered without these gains? Would we still be in recession? And what about sending so many billions of dollars to the likes of Russia and Iran for our oil. Thankfully, we'll never know.

For the Clear Energy Alliance, I'm Mark Mathis. Power On.

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