

JEFF IMMELT: EPA SHOULD SAY FRACKING, GULF DRILLING, AND TRANS-CANDIAN PIPELINE ARE SAFE IN ONE WEEK

[youtube]Df_XSkDz418[/youtube]

I wanted to return to Jeff Immelt's Dartmouth talk to focus on what he means by regulatory reform. It's newsworthy not just for the way Immelt creates straw men to try to claim the energy industry is overregulated. But given that he's such a key Obama advisor, and given that Obama is also claiming that regulatory reform will create jobs, Immelt's worrisome claims—such as that regulatory agencies should approve applications in a week—deserve some attention and publicity.

In response to a question posed indirectly by Hank Paulson about what he would do to create jobs (after 35:00), Immelt put regulatory reform as the first thing on his list (the others are infrastructure investment, retraining, and small business financing). (All transcriptions and errors therein in this post are my own.)

You'd look at regulation permitting cycles; you'd look at some regulatory schemes that are retarding growth. And as important, you'd just look at cycle time. Cycle time. You'd say, okay instead of three years, I'm gonna give you a week.

Later (after 46:30), an audience member asks him how to make us more efficient while still being environmentally safe. Rather than answering that question, he returns to the idea of regulatory reform.

I think that there are permitting cycle times that just are purely bureaucratic. The fact is, if you're doing a cross-state line gas it takes four years, if you're doing electricity grid it takes seven years. That seems a bit tardy, to me.

And then, I think, let's pick three. Let's pick drilling off the Gulf of Mexico, let's take the Trans-Canada pipeline that goes from the oil sands in Canada down to the United States, and let's pick shale gas.

Now, I think there should be rules for all of those. I don't think people should be able to just do whatever they want to do. There should be rules for all of those. But we should be doing them all.

In other words, the role of a regulator, be it the FDA or the EPA or anybody else is how to make it safe. It's not to switch an on or an off switch.

Now, this country could be an exporter of natural gas. We have more natural gas than almost any other country in the world. Why not celebrate that?

You know, we've been doing shale gas in Pennsylvania for a decade. There's a 150 environmental laws that you have to adhere to if you want to shale gas discovery in Pennsylvania today. Do we need 300?

Look, I'm not anti-EPA, I'm not. I think in some ways the EPA drives good standards. And those standards are important for competitiveness and those standards create an equal playing field.

But I think today, we've let some agencies to run with no accountability at all. None. And I think that might have been okay when unemployment was 5%;

it may have been okay at some other time. But I think if we're making everybody else accountable, the FDA and EPA should be as well.

Aside from the straw men Immelt constructs here (after all, it's not actually the case that the EPA is preventing most kinds of Gulf drilling from going forward; and legitimate political opposition is holding these issues up as much as regulatory reform), the passage is stunning for the way it spins real regulatory review as a lack of accountability. After all, FDA regulatory capture and accelerated review has led directly to problems with drugs and medical devices (some of the latter in GE market segments). And the same factors—EPA and DOI regulatory capture and speedy approval processes—led directly to what is probably the biggest energy disaster in the history of the country, the BP oil spill. Both of those cost lives and, because of the damage, business efficiency, and (in the case of the BP spill) jobs.

If anything, we need to hold regulators accountable for these **failures**, not give them a green light to go make more of them, on a larger scale.

But Jeff Immelt, the Chair of Obama's jobs council, says instead of that kind of accountability, we need to approve things like fracking in one week's time.