

EDITORIAL

Is Oregon ready for growth in electricity use?

A question we hear in state meetings about climate, power and even discussions we have overheard at Bend's Midtown Yacht Club: Does Oregon have enough electricity if everybody moves to using electricity for pretty much everything?

The short-term answer is: No, not right at this moment.

The long-term answer is: Yes, with the right action.

We can't predict the future. We aren't experts on energy in Oregon. We know there is also a very important question: Should Oregon do it? But today we are looking at the is-there-enough question. (And we should thank the help the folks at Oregon's Public Utility Commission gave us to try to track down answers.)

The easiest to digest the answer comes from the Oregon Department of Energy. It looked at how ready Oregon's grid is for electric vehicles. In the next few years, it's not expected to be a big deal.

"But as more Oregonians make the switch to EVs, utilities are already working on potential solutions to meet the increased demand," the department said in a blog post. "To handle peak demands, the electricity sector has long engaged in multi-year capacity planning to forecast future peak demands on the grid and to identify whether new resources (like new energy-generating facilities) are required to meet those demands."

Electric vehicle loads are not unusually large. But they do come bundled with complications.

Charge up a Nissan Leaf in a home and that is only about twice the energy of a typical refrigerator. But multiple EVs charging together on a Level 2 fast charger could gobble up the capacity of a local distribution transformer. So utilities will need to plan for those upgrades. They will need to have an understanding of where and importantly when EVs charge. Moving the demand for EV charging to the late evenings and night would help reduce the need for peak electrical capacity.

Capacity for electric vehicles are one slice of the answer. There are a lot of discussions in Oregon about the future of natural gas for heating and cooking. There's even been talk in Bend of prohibiting new natural gas hookups for residences.

For the bigger picture, we talked to Bob Jenks. Jenks is executive director of Oregon's Citizen Utility Board. It's basically Jenks' job and CUB's job to look out for the interests of consumers when utilities ask for changes in rates and submit their capacity plans to the state.

Jenks says: No. Right now, there is not enough electrical capacity in Oregon if everybody switched to electric cars and electric heating and cooling.

"I think we can get to about 90% to 95% clean (to about 2035) on the electric system even with electrification of transportation and buildings," he told us in an email. "That last 5 to 10% is what will be difficult. Off-shore wind might be the answer. New advanced nukes might be. But there is time to figure this out."

Electrical capacity is not just an Oregon question. The grid is regional. The scenario everyone is trying to avoid are energy shortages. They call it loss of load probability. The goal, at least in the Northwest Power Plan, is to have an adequate power supply so the likelihood of having one or more shortfalls in a year is 5% or less.

Just a couple years ago in 2019 the Northwest Power Council was worried that with the retirement of coal-fired power plants the loss of load probability would rise to 8.2% in 2024 and 17% in 2026.

Not good.

But the Northwest Power Council's new report published a few months ago in the Federal Register doesn't sound alarmist. It talks about the need for planning. And it talks about the need for preparation.

Oregon's utilities do look at these challenges in their plans filed with the state's Public Utility Commission. For instance, Pacific Power did an independent study of how the electric vehicle market would impact its systems.

We may have actually tried to take on this question a little early. A key document that will look at the state's energy future is actually scheduled to come out on Nov. 1. It's the 2022 Biennial Energy Report from the Oregon Department of Energy.

If there is a hint of loss of load probability in that report, if there is hint that Oregon is not ready for the energy future, legislators will need to act.

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COLUMN

Enough with the 'anti-democratic' insults

BY TYLER COWEN

One of the most disturbing trends in current discourse is the misuse of the term "anti-democratic." It has become a kind of all-purpose insult, used as a cudgel to criticize political and intellectual opponents. Not only is this practice intellectually lazy, but it threatens to distort the meaning and obscure the value of democracy.

The advantages of democracy are obvious, at least to me, and deserve greater emphasis:

- Democracy helps produce higher rates of prosperity and economic growth.
- Democratic governments are more likely to protect human rights and basic civil liberties.
- As philosopher Karl Popper stressed, democracy helps societies escape the very worst rulers, by voting them out of office and in the meantime constraining them with checks and balances.

Of course democracy is not perfect. First, a lot of individual democratic decisions are not very good. (In fact, relative to scientific or technocratic ideals, most democratic decisions are not very good, though I would argue that technocrats cannot be completely trusted, either.) Second, there are periods when some countries might do better as non-democracies, even though democracy is better on average.

Too much commentary ignores these nuances. For example, the New York Times recently published an opinion piece with the headline, "Modi's India Is Where Global Democracy Dies." Many of its criticisms of Prime Minister Narendra Modi are valid — but the regime is not anti-democratic. Modi has been elected twice by comfortable margins, and he is favored to win another term. It is instead a case of a democracy making the wrong

choices, as they often do.

Or consider the criticisms of Poland when that regime limited the powers of its independent judiciary several years ago. That was a mistake, as it undermines the system of checks and balances that help strengthen democracy. Yet the move was not part of an "anti-democratic" agenda, as some commentators said at the time. Limiting the judiciary typically makes a government more democratic, as it did in Poland. (By the way, there are Polish elections scheduled for 2023; I see no signs they will be canceled.)

The danger is that "stuff I agree with" will increasingly be labeled as "democratic," while anything someone opposes will be called "anti-democratic." Democracy thus comes to be seen as a way to enact a series of personal preferences rather than a (mostly) beneficial impersonal mechanism for making collective decisions.

Closer to home and more controversially, many on the political left in the U.S. have made the charge that the Supreme Court's decision to overturn Roe v. Wade was "anti-democratic." It is fine to call Dobbs a bad decision, but in fact the ruling puts abortion law into the hands of state legislatures. If aliens were visiting from Mars, they simply would not see that move as anti-democratic.

Yes, the American system of government has many non-democratic (or imperfectly democratic) elements at its heart — the Supreme Court itself, for example, or the Senate, which gives less populous states outsized influence. Yet those same descriptions would apply to the court that decided Roe v. Wade as well as the court that overturned it.

(An aside: My qualms about the term "non-democratic," as opposed to "an-

ti-democratic," are separate but related. Not every aspect of a democracy can or should be democratic; there is a strong case for appointing sheriffs and dog-catchers. But if "non-democratic" is used as a normative insult, people may begin to wonder if their loyalties should be to small-d democracy after all.)

It is also harmful to call the Dobbs decision anti-democratic when what you're really arguing for is greater involvement by the federal government in abortion policy — a defensible view. No one says the Swiss government is "anti-democratic" because it puts so many decisions (for better or worse) into the hands of the cantons. And pointing out that many U.S. state governments are not as democratic as you might prefer does not overturn this logic.

It would be more honest, and more accurate, simply to note that court put the decision into the hands of (imperfectly) democratic state governments, and that you disagree with the decisions of those governments.

By conflating "what's right" with "what's democratic," you may end up fooling yourself about the popularity of your own views. If you attribute the failure of your views to prevail to "non-democratic" or "anti-democratic" forces, you might conclude the world simply needs more majoritarianism, more referenda, more voting.

Those may or may not be correct conclusions. But they should be judged empirically, rather than following from people's idiosyncratic terminology about what they mean by "democracy" — and, by extension, "anti-democratic."

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COLUMN

Could workers' return avert a recession?

BY RACHEL GRESZLER

There's not much good to say about the U.S. economy today, with out-of-control inflation eroding household incomes and Americans bracing for a recession after gross domestic output shrunk in the first half of 2022.

But the labor market is the wildcard.

There are nearly two job openings for every unemployed worker, and half of businesses have job openings they're unable to fill. Since the start of the pandemic, the working-age population (16+ years) has increased by 4.4 million, yet there are 576,000 fewer people employed today.

If the employment-to-population ratio were the same today as it was in February 2020, more than 3 million additional people would have jobs. With that many more people producing goods and services, would it be enough to turn negative GDP growth positive? The relationship between employment and economic output suggests yes.

A popular rule-of-thumb called Okun's law (named after economist Arthur Okun) says that each one-percentage-point decrease in the unemployment rate corresponds to a roughly two-percentage-point increase in the growth rate of real GDP.

Right now, unemployment is low, and GDP growth is negative. Those two don't usually go hand in hand, but we're in unusual times where demand for goods and services is high, but there aren't enough workers to meet those demands. That suggests that the disappearance of more than 3 million active workers has contributed to the decline in GDP in the first half of 2022 and their re-entry into employment might have prevented that decline.

Suppose all those "missing" workers had never left the labor force but were

classified as unemployed. (The official unemployment designation is based on whether a jobless person is looking for work, but the fact remains that they are not contributing to output.) The unemployment rate would have been about 1.9 percentage points higher in the first half of this year. But if those workers found employment among the 11.4 million job openings that existed in the first half of 2022, the unemployment rate would have subsequently declined by about 1.9 percentage points.

That increase in employment (or decrease in the potential unemployment rate) would have meant more output, which gets to the crux of Okun's law relating economic output to the difference between people being productively employed or unproductively unemployed. Applying a 2-to-1 ratio between output and unemployment, the productive employment of 3.2 million missing workers might have shifted the pace of GDP growth from -1.6% to 2.4% in the first quarter and from -0.9% to 2.9% in the second quarter.

That seems like a big jump, but the recovery from COVID-19 was supposed to be strong and longer-lasting. In January 2021, Moody's estimated that GDP growth would be 8% in 2021 and 4% in 2022. Instead, it was 5.7% in 2021 and negative so far in 2022.

And it's not for a lack of demand. Canceled flights, delayed deliveries, unopened community pools, over-crowded emergency rooms, missing bus drivers and teachers, reduced public safety, shortages of goods and services, rising prices, and all the extra human resources needed to find and retrain new workers (instead of directly producing goods and services) demonstrate how missing workers have meant less output.

Could a reversal of the decline in work spare the U.S. a recession?

Theoretically, yes. But it's not possible for millions of people to immediately jump back into the workforce and into productive jobs. A gradual reentry could absolutely minimize economic decline, but the necessary ingredients for a strong workforce have drastically deteriorated.

For starters, welfare-without-work benefits and school lockdowns were a major setback for young peoples' work and income prospects. Individuals between the ages of 20 and 24 have experienced larger employment declines than any other age group besides those 65 and older. And at the same time, their college enrollment plummeted over 9%.

Policymakers could help increase employment among young workers by expanding alternative education options—including reviving Industry Recognized Apprenticeship Programs—and by making welfare work-oriented.

And to help increase employment among older workers, policymakers should protect flexible, independent work opportunities that allow people to be their own bosses. They also should eliminate Social Security's retirement earnings test, which discourages older Americans from working.

Current policies to spend more, tax more, regulate more, and produce less will only make labor shortages and inflation worse. But it's not too late for policymakers to minimize the severity of the current economic downturn by removing government-imposed barriers to work and by getting the federal government's fiscal house in order.

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