

Wasting energy on appliances

BY BEN LIEBERMAN

Uncle Sam is designing your next refrigerator, whether you like it or not.

The humble refrigerator, an all-American invention that had become — without government interference — the most reliable and indispensable of modern appliances, is increasingly becoming the target of Washington tinkering.

Most recently, the Department of Energy announced a new energy efficiency standard for refrigerators.

Vice President Al Gore hailed the new regulation as "a prime example of what we're doing to reinvent government." Unfortunately, he may be more correct than he realizes. The new energy efficiency requirement is indeed a prime example — of what is wrong with so many environmental regulations. It accomplishes little, ignores nonregulatory alternatives, and benefits special interests at the expense of the public.

The new standards will require a 30% decline in energy use in refrigerators by 2001. But already tough standards have been in effect since 1993, and many currently available models cost less than \$60 a year to run.

Despite concerns about diminishing marginal returns, the DOE insists that the higher cost of the new refrigerators will be more than offset by additional energy savings. But DOE's analysis "grossly overstates consumer cost savings," according to energy analyst and longtime DOE critic Glenn Schleede.

He says DOE uses estimates of future operating costs that fail to adequately consider the dramatic downward trends in residential electricity prices.

The costs of the new refrigerators also may go beyond the higher purchase price, estimated by DOE at \$80. Energy efficiency has become an obsession for some, to the exclusion of everything else, including

product performance.

Raytheon Appliances' Alan Kessler, in congressional hearings on the standard, noted that "from the perspective of DOE and standards advocates, the purpose of major appliances is solely to save energy," not to perform their intended functions as well as possible.

It is unknown whether the new refrigerator standard will adversely affect performance, but engineers are concerned. Possible problems include noisier systems insufficiently cold freezer sections and diminished reliability. Whether or not these concerns come to pass, consumers should be skeptical, especially when the upside potential may be less than \$1 per month in energy savings.

Of course, if the new refrigerators truly made good economic sense, there would be no need for a federal mandate.

Of course, if the new refrigerators truly made good economic sense, there would be no need for a federal mandate. Consumers are far better than Washington regulators at frugality, especially when it's their own money at stake. Manufacturers, responding to competitive forces, have plenty of incentives to provide the best available balance of price, performance, and operating costs. Federal mandates only serve to rob consumers of choice.

Beyond the dubious consumer benefits, Mr. Gore and other proponents tout the environmental gains from appliance efficiency standards. But their mandates have not reduced overall energy use. Even with increased energy efficiency, Americans are using more electricity by owning more appliances and using them often.

"People always seem to find

new uses for energy," says Herbert Inhaber, principal scientist at the Westinghouse Savannah River Company.

The new standard has its beneficiaries, but they aren't consumers. The biggest winners are DOE bureaucrats and the small army of government-funded consultants and activists who have made careers from the issue.

In addition, some manufacturers stand to gain from the new standard, particularly a few very large producers that have a competitive advantage in meeting it.

In a press release, Whirlpool praised the new standard, saying it will "provide the only meaningful route to appropriately higher energy efficiency for appliances, because consumers have historically shown a disinclination to pay more for products that are more environmentally friendly." In other words, consumers don't want this stuff, so we must mandate it.

The refrigerator standard is only the beginning. Spurred on by the strained logic that tougher appliance energy standards will somehow benefit consumers while saving the Earth, the efficiency bureaucracy is considering a slew of new mandates that may adversely affect the price, features, performance and reliability of other household items.

Ovens, air conditioners, clothes washers and dryers, water heaters and televisions may be next. Hundreds of bureaucrats and activists are hard at work spending our tax dollars to further limit our choices in the marketplace.

Now that's a waste of energy.

Ben Lieberman is an environmental research associate with the Competitive Enterprise Institute in Washington.

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