

## We Need a National Debate on Restoring Productivity in our Economy

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This week, Vice President Kamala Harris came out with her economic program. Believe it or not, it's worse than former President Donald Trump's. Both programs will add to the national deficit, debt, and national interest on the debt. U.S. debt is choking the economy. It reduces the oxygen (i.e. investment) that the economy needs to grow. Our debt leaves fewer dollars for private capital investment that, in turn, reduces productivity that, in turn, reduces supply and raises prices.

Net interest on U.S. debt is currently about \$600 billion. It is projected to grow to at least \$1.7 trillion by 2034. Vice President Kamala Harris' programs will add substantially to that project, with former President Donald Trump's a very close second.

A portion of VP Harris' proposed spending proposals are counterproductive, and her price controls on certain industries is almost as short-sighted as President Trump's tariff and tip ideas. The point is to focus on growth, increased investment, and productivity that will create more jobs and higher wages.

VP Harris' proposals fail that test. For example, she proposes giving a tax credit to first-time homebuyers. That will create an increase in demand without a comparable supply response. It will only raise housing prices.

Further, her price controls will reduce supply if industries cannot pass on costs. They will invest less.

Remember: the cost of insurance, electricity, and natural gas, and minimum wages have risen sharply since 2021.

Neither presidential candidate has spoken about education, and VP Harris said little about the border other than she will fix it on her first day in office. She is sounding more and more like President Trump.

President Trump has spoken vaguely about reforming Social Security; VP Harris has avoided the issue.

President Trump has indicated that he will reduce and/or eliminate tax credits on EVs. In contrast, VP Harris said she will support the mandates and credits.

VP Harris has opposed fracking her entire political life. Suddenly, she has reversed that position, and now says that she supports it (is this a play for Pennsylvania; will she really support it? I doubt it.

Fracking has single-handedly turned the energy industry around: U.S. crude oil production in the past 15 years has grown from 5 million barrels per day to 13 million. The U.S. is now the world's largest oil and gas producer. Oil production growth has held down world and U.S. gasoline, diesel, and heating oil prices, and U.S. natural gas production, as well as liquefied natural gas (LNG) exports, hit record highs in 2024. U.S. natural gas remains a cost-effective low carbon substitute for coal in the electric power sector.

The federal government has an important role to play here. It can play a productive role by reducing and/or eliminating burdensome rules and regulations and increasing access to permitting to ensure that the North American oil and gas production platform remains productive.

# Larry Goldstein's Energy and Economic Perspectives

It can also start the process of constraining spending and promoting a more productive economy. Most calculations of potential GNP show the U.S. constrained at an annual growth of 1.8 to 2% per year. This is much too low if we are to dig ourselves out of the enormous financial hole we now find ourselves in. Measures to restore higher rates of productivity for the national economy should be front and

center in the political debate over the future our country.

I understand that effectively addressing these economic and energy security realities requires difficult choices and the solutions are often not popular with the electorate. But both candidates are failing all of us by pretending they do not exist.

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*He has testified numerous times before congressional committees and regulatory bodies and has been appointed to the National Petroleum Council (NPC) by every recent U.S. Secretary of Energy. He has briefed the Chairman of the Federal Reserve Board, senior officials at the Government Accountability Office, and a wide range of government agencies on developments in domestic and world petroleum markets. He has also served as consultant to the Iraq Coalition Provisional Authority. During the 1970s and 1980s he frequently appeared on the CBS Evening News anchored by Walter Cronkite.*