

## **Obama Should Back off Risky Nuclear Loan Guarantees**

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### **Opinion**

**Well before the catastrophe at Fukushima began unfolding, a familiar word was heard in discussions about plans to build a new generation of reactors in this country. That word: risk.**

**With President Barack Obama and Congress pushing ahead with efforts to offer up federal construction loan guarantees totaling \$54.5 billion, what was the risk of taxpayers getting stuck holding the bag in the event these nuclear projects defaulted? And, why should taxpayers even be expected to assume such a risk?**

Before those critical questions were satisfactorily addressed, we were sadly reminded of the other definition of risk when it comes to nuclear energy. The toll of Fukushima won't be known for years, but assuredly the cost, both human and financial, will be huge.

As public debate over nuclear safety once again flares up — with industry's familiar assurances that "it can't happen here" — let's not allow the financial risks inherent in this energy choice to be overlooked.

Notwithstanding the national budget deficit and the upcoming debt ceiling vote, the Obama administration and the Republican congressional leadership seem intent on proceeding with tens of billions in nuclear loan guarantees. These are unlikely to be a prudent investment. Back in 2003, the Congressional Budget Office predicted that the default rate for new reactor loans will be well above 50 percent. Since then — long before Fukushima — the economic conditions and the risks have only gotten worse.

Nuclear proponents will argue mightily in coming days that the chances of a catastrophic accident are very low. There's that word risk again. If you crunch the numbers (582 reactors worldwide, a combined operating history of 14,400 reactor years and 10 core meltdowns), you'll come up with the risk of a core-melting accident like Fukushima, Chernobyl or Three Mile Island happening on average every three years.

Is that a risk we're willing to take, given the dire consequences we see taking place in Japan? Yet the nuclear energy lobby pretends that a bet on the safety of nuclear reactors is like wagering that the sun will rise in the East. Make no mistake: When it comes to investing our dollars on this wager, we're not being asked to put \$20 on a March Madness basketball pool. In reality, it's closer to Russian roulette.

And that explains why the nuclear industry — with help from Washington — is pushing for taxpayers to shoulder this huge financial gamble.

Nuclear utilities have already pushed off a lot of their risks to the public. In the U.S., a utility's liability in the event of an accident is limited by law. The Price-Anderson Act places the cost for a serious nuclear accident on the taxpayers, not the utility. For decades, critics have argued this runs counter to good policy — for safety and economic reasons.

As Nobel Prize winning economist Joseph Stiglitz put it: “When others bear the cost of mistakes, the incentives favor self-delusion. A system that socializes losses and privatizes gains is doomed to mismanage risk.”

Before the Fukushima disaster, Wall Street was unwilling to put private capital into new nuclear reactors. Too risky, they said. In the aftermath of this ongoing tragedy, you can bet they will be even less enthusiastic about assuming such huge risks.

That means the nuclear industry has no place to go but the American taxpayer, who suddenly is confronted with an untenable choice: Underwriting the costs of a financial default, or underwriting the costs of a massive disaster. Didn't our nation just come through a mortgage default crisis? Why use taxpayer dollars to underwrite more foolish risks?

This leads us to the most important question we should be asking right now about risk: Why are some politicians so eager to risk taxpayer dollars and lives to continue our reliance on this dangerous and costly energy technology?

I bet I have the answer. It has to do with **campaign contributions**. The nuclear industry has run a decade-long campaign to garner support from lawmakers, spending some \$600 million on lobbying and nearly \$63 million in campaign contributions in just 10 years. This money has earned the industry loyal friends in Congress, some of whom have received hundreds of thousands of dollars from nuclear backers.

**What have taxpayers gotten in return? An energy option that is not safe.** It is not economical. It's an option that holds the American people liable for billions if something goes wrong. Nuclear power is an option that has survived only through massive public subsidies. And now the nuclear industry and its allies in Washington want to pile on billions more.

**Here's a wager I'm willing to make because I know the odds are in my favor: Given a choice, U.S. taxpayers would say “no thanks” to this high-stakes nuclear roulette.**

**Their message to Congress: The risks are just too high.**

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