



Taxing Energy in the Name of Climate Change

The San Francisco Chronicle reported on June 25: "The climate-change legislation likely to win House approval Friday will produce 'millions of jobs' in renewable energy technologies while slowing down global warming, President Obama said Wednesday.



'A long-term benefit is we're leaving a planet to our children that isn't four or five degrees hotter,' Obama said in an interview with Hearst Newspapers and five other news outlets."

Obama "defended the cap-and-trade system he has endorsed, which would set caps on carbon emissions while allowing companies to trade or sell unused energy credits. 'I think it's the right thing to do,' he said. 'So this is a win-win-win-win-win proposition if we move forward in a bold, serious way.'"

Continued the Chronicle: "Acknowledging that 'there have been a lot of scary scenarios about how costly this will be for the economy,' the president accused critics of exaggerating the consumer costs of his plan and potential job losses in the oil industry. He said the energy legislation ... would cost American families 'maybe a postage stamp a day' in higher utility bills."

Item: *The president later praised the House for passing the "energy bill," asserting in a national radio address that the legislation "will spark a clean energy transformation in our economy." Most importantly, he said, "it will make possible the creation of millions of new jobs."*

Obama told the nation: "There is no longer a debate about whether carbon pollution is placing our planet in jeopardy. It's happening."

This legislation, he maintained, "has also been written carefully to address the concerns that many have expressed in the past. Instead of increasing the deficit, it is paid for by the polluters who currently emit dangerous carbon emissions."

Correction: One would like to believe that Barack Obama would tell the truth about the costs and other impacts of the energy-rationing plan he favors. And he actually did, at a past date, make a somewhat honest assessment of what would happen were a "cap-and-trade" system to be instituted.

He is not being candid now, of course, when it counts. Still, Obama did acknowledge to the *San Francisco Chronicle* in a January 2008 interview: "Under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket ... because I'm capping greenhouse gases, coal power plants, natural gas, you name it.... Whatever the plants were, whatever the industry was, they would have to retrofit their operations. That will cost money, and they will pass that [cost] on to consumers."

Those additional costs would run to well more than the price of a stamp, as the president and his



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minions now claim — unless there are some shocking jumps in postage headed our way. The paltry cost projections squeezed out of the Environmental Protection Agency and Congressional Budget Office (CBO) largely ignore that this is a massive energy tax that will drive up costs of electricity and gasoline, for example, and result in the shipping of American jobs overseas to escape the regulatory burden to be placed on industry here. (Worse, the legislation also threatens to start a trade war unless foreign nations adopt similar carbon limits. Communist China, one of the world's worst polluters, is assuredly not going to commit economic suicide in such a fashion.)

Let's look at some of those additional costs planned for us. Numerous studies refute the administration's low-balling. An analysis made by the Heritage Foundation, for instance, of the Waxman-Markey bill reported out of House Committee on Energy and Commerce took a more complete view than did those who are pushing the tax-and-regulation scheme.

Heritage's points can be summarized as follows: unemployment would increase by nearly 2 million in 2012, the first year of the program, and would reach nearly 2.5 million in 2035, the last year of the analysis. The total loss in Gross National Product by 2035 would be \$9.4 trillion. Refuting the president's claims, the analysis concludes that the national debt would blow up as the economy slowed, weighing down a family of four with \$114,915 of additional national debt. Families would suffer, the analysis shows, since the legislation would slap the equivalent of a \$4,609 tax on a family of four by 2035.

Even some prominent supporters are not buying the administration's line. Billionaire Warren Buffet, an Obama enthusiast, told CNBC that the bill was a "huge tax" and "fairly regressive" that will harm "an awful lot of people." Indeed.

You may have noticed that this legislation was not pushed as a "global warming" bill. Other than the fact that there hasn't been any measurable global warming for more than a decade, this is because the Democrats' pollsters have found this to be a losing issue. A leaked memo from the public-relations firm of Greenberg Quinlan Rosner Research advised that global warming should not be used as the "primary frame." Said the PR outfit, referring to the issue of global warming and their focus groups: "Almost no one in our groups expressed such concern; for most voters, global warming is not significant enough on its own to drive support for major energy reform." The PR folks also urged that the term "green" should be dropped: "'Green' is meaningless or confusing — the term 'clean' resonates with voters." You will note that the president, as quoted above, is following his marching orders.

You will also note that the administration does not come clean by admitting that this measure is really about taxing, rationing, eliminating consumer choices, and regulating. Remember the housing problems that helped throw the nation into a recession? This measure would make it more difficult to buy and build homes (costs will rise with a mandated increase in building codes) and to sell (a new energy assessment rating is required that will penalize you for owning an older home). You probably haven't heard the White House boast that the hydrocarbon tax bill is designed to make the entire country follow the rules of bankrupt California in terms of "energy efficiency."

The bill's 1,500 pages of economic central planning are bound to result in rationed energy, loss of productive jobs, and higher costs and taxes — with all hydrocarbon use to be penalized because big-government eco-worshippers are willing to hamstring the economy based on computer extrapolations of what the weather might be in 50 or 100 years. (These same computer models cannot even replicate past temperature changes, let alone predict future ones.) And what would we get after a national energy tax is imposed to produce centrally planned austerity?



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Well, the EPA says that even if carbon-dioxide emissions were to be reduced by 60 percent by 2050 (extremely unlikely), the temperature of the planet would drop by an insignificant 0.1-0.2 degrees C by the year 2095.

The president laughably extolled the bill for being “carefully written.” In fact, the 1,200-page bill was rushed to the floor with little or no time for congressmen to read, with another 300 or so pages added literally at 3 a.m. on the day of the vote, with all manner of goodies larded on to placate special interests. Even the sympathetic *New York Times* conceded it had grown “fat with compromises, carve-out concessions and out-and-out gifts intended to win the votes of wavering lawmakers and the support of powerful industries.” If this measure were so marvelous, you wouldn’t have to bribe legislators to vote for it.

To cite just a couple of examples, in exchange for his vote, Rep. Alan Grayson (D-Fla.) got \$50 million for a hurricane research center in Orlando, while Rep. Marcy Kaptur (D-Ohio) secured, as reported by the *Washington Times*, “a new federal power authority, similar to Washington state’s Bonneville Power Administration, stocked with up to \$3.5 billion in taxpayer money.” In short, as the *Financial Times* put it, the new tax measure “creates a vastly complicated apparatus, a playground for special interests and rent-seekers, a minefield of unintended consequences.”

The CBO was right — though not about the current estimate of costs touted by House Democrats. However, when Peter Orszag was the CBO head (he’s now the head of the White House’s Office of Management and Budget), he admitted that “price increases would be essential to the success of a cap-and-trade program.” And Obama was correct — before he became president — when he acknowledged that “under my plan of a cap-and-trade system, electricity rates would necessarily skyrocket.” He told the *San Francisco Chronicle* that, under his plan, “If somebody wants to build a coal-fired plant, they can. It’s just that it will bankrupt them, because they are going to be charged a huge sum for all that greenhouse gas that’s being emitted.”

Now we are supposed to believe that the planet is going to be saved for the price of a postage stamp. In the bovine world, that would be termed bull emission.

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