

**Opening Statement of Chairman Sheldon Whitehouse**  
**Senate Committee on the Budget**  
**“Who Pays the Price: The Real Cost of Fossil Fuels”**  
**May 3, 2023**

Ranking Member Grassley, colleagues, welcome to our seventh Committee hearing on the economic and budgetary perils of dependence on fossil fuels. We have heard testimony from non-partisan, knowledgeable industry leaders about the threat climate change poses to entire sectors of our economy: healthcare, insurance, coastal economies, wildfire areas, the carbon bubble leaving fossil fuel assets stranded.

So, what are we, the federal government, doing to protect against these threats? Actually, we are subsidizing the danger.

As we’ll hear today, the United States subsidizes the fossil fuel industry with taxpayer dollars. It’s not just the US: according to the International Energy Agency, fossil fuel handouts hit a global high of \$1 trillion in 2022 – the same year Big Oil pulled in a record \$4 trillion of income.

In the United States, by some estimates taxpayers pay about \$20 billion dollars every year to the fossil fuel industry. What do we get for that? Economists generally agree: not much. To quote conservative economist Gib Metcalf: these subsidies offer “little if any benefit in the form of oil patch jobs, lower prices at the pump, or increased energy security for the country.” The cash subsidy is both big and wrong.

But the really big subsidy is the license to pollute for free. The IMF calls this global free pass an “implicit” fossil fuel subsidy. Economists call it an “unpriced externality.” Behind these benign-sounding phrases is a lot of harm.

Start with harmful effects of local air pollution. Researchers from Harvard found pollutants from oil and gas combustion were responsible for 8.7 million premature deaths annually – the increased mortality rates from heat and air pollution we heard about at last week’s hearing.

Then, growing costs from intensifying disasters: wildfires, floods, droughts, which according to OMB could cost the federal budget \$2 trillion annually and reduce US GDP 3 to 10 percent by the end of the century.

You tally up the harms, and the IMF estimates it at a \$5.4 trillion annual subsidy worldwide. In the United States, it’s \$646 billion – every single year.

Worse, this is almost certainly undercounting the true costs. The London School of Economics reports that studies often underestimate the harm of climate dangers by failing to account for

how hazards can cascade across ecological and economic systems. These cascades can cause irreparable damage to human well-being, to ecosystems, and to the US economy. These are the systemic risks we've heard about from previous witnesses.

And as we will hear from one of our witnesses today, the very act of extracting these dirty fuels has terrible consequences for human health – especially for children. From higher rates of birth defects to childhood leukemia, there's ample evidence that communities around oil and gas extraction sites pay an especially high price.

It's textbook economics that the price of a good should reflect its true cost. The fossil fuel industry violates this rule of market economies. It does so by spending billions of dollars on disinformation, false doubts, climate obstruction, and political dark money. And why not, to protect one of the most lucrative subsidies in human history? This, ladies and gentlemen, is why we can't have nice things like clean air, safe coral reefs, secure coast lines, and affordable clean energy.

Over in the House, MAGA extremists are doubling down on polluter handouts to their big donors, with their Default on America Act that puts the American taxpayer on the hook for climate disaster.

It is not about debts or deficits. It's dirty work for an industry that controls one of the main political parties in this country. Oil and gas extraction represents only about 5 percent of GDP. Farming, manufacturing, food and beverage, insurance, finance, restaurants, retail, housing, healthcare – all represent a larger share of GDP. Clean energy now accounts for more employment than the fossil fuel industry. But for political influence, to protect those massive subsidies, nothing compares to fossil fuel.

It is a fundamental principle of democracy that everyone should get an equal say. But here the rich and the powerful hoard all the benefits for themselves and leave everyone else – often the most vulnerable Americans – to pay the price.