

Who Pays the Price: The Real Cost of President Biden's Energy Agenda

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My name is Diana Furchtgott-Roth. I am the director of the Center for Energy, Climate, and Environment at The Heritage Foundation. The views I express in this testimony are my own and should not be construed as representing any official position of The Heritage Foundation.

Chairman Whitehouse, Ranking Member Grassley, Members of the Committee, I am honored to be invited to testify before you today on the subject of "Who Pays the Price: The Real Cost of President Biden's Energy Agenda."

In addition to my role at The Heritage Foundation, I am also an adjunct professor of economics at George Washington University. My professional training is in economics. From 2019 to 2021 I was deputy assistant secretary for research and technology at the U.S. Department of Transportation. Previous positions include acting assistant secretary for economic policy at the U.S. Department of the Treasury; chief economist at the U.S. Department of Labor; and chief of staff of the Council of Economic Advisers under President George W. Bush.

Today I'd like to make the following points:

Poor and middle-class people pay a steep price for President Biden's energy agenda. They suffer a decline in value, safety and security, while the regulations do not mitigate climate change. Americans' jobs in the oil and gas fields are being sacrificed to Chinese nationals (sometimes with forced labor) making wind turbines and solar panels. Americans' jobs in auto plants are being sacrificed to Chinese nationals (sometimes with forced labor) making batteries and electric vehicle components.

Last week Stellantis announced that it would be offering buyouts to 33,500 hourly and white-collar workers in an attempt to cut 3,500 jobs due to its planned transition to electric vehicles.¹ It closed a plant in Illinois in December. General Motors and Ford are also laying off workers as part of their move to make more battery-powered vehicles.

United Auto Workers president Shawn Fain said in a statement on April 26, "Stellantis' push to cut thousands of jobs while raking in billions in profits is disgusting. This is a slap in the face to our members, their families, their communities, and the American people who saved this company 15 years ago. Even now, politicians and taxpayers are bankrolling the electric vehicle transition, and this is the thanks the working class gets. Shame on Stellantis."²

Fossil fuels generate substantial tax revenues for federal, state, and local governments. In contrast to fossil fuels, renewables get substantial subsidies and generate comparatively few tax revenues. Renewables raise the costs of electricity, which disproportionately affects the poor and

¹ Ryan Felton and Nora Eckert, "Jeep Maker Stellantis to Offer Buyouts to Hourly, Salaried Workers," *The Wall Street Journal*, April 26, 2023, <https://www.wsj.com/articles/jeep-maker-stellantis-to-offer-buyouts-to-hourly-salaried-workers-d3c71fd0> (accessed May 1, 2023).

² United Auto Workers, UAW Statement on Job Cuts at Stellantis, <https://uaw.org/uaw-statement-job-cuts-stellantis/#:~:text=%E2%80%9CStellantis'%20push%20to%20cut%20thousands,this%20company%2015%20years%20ago> (accessed May 1, 2023).

middle class. President Biden’s plan to transition away from fossil fuels is making the United States weaker and China stronger, without noticeable effects on global temperatures, using the Model for the Assessment of Greenhouse Gas Induced Climate Change developed by researchers at the EPA, which is used for such calculations at the Heritage Foundation. In order to comply with recent proposed rules by the Environmental Protection Agency to regulate tailpipe emissions, 60% of vehicle sales would have to be battery powered electric in 2030, and 67% in 2032.³ This would be impractical, costly, and less safe for drivers. The Department of Energy also wants to regulate a variety of other appliances, depriving Americans of the ability to have a simple gas stove⁴—an appliance that goes back almost 200 years. Poor and middle-class people will be paying the price for these rules, both proposed and enacted.

Fossil fuels are also essential for agriculture. Reliable energy availability creates cheap food, jobs, and more productive economic growth. This contributes to lower greenhouse gas emissions in the long run. If the world gives up its energy and agricultural security, countries will be left with the insecurity of higher food and transportation costs, higher electricity costs, and lost jobs, with decreased food access, with the poor paying most of the price. High food and energy costs in emerging economies reduce economic growth, leading to pressures to migrate to countries with job opportunities, particularly in Europe and North America.

Tax Provisions for Fossil Fuels

The best tax policy would be to abolish all energy subsidies and mandates, which distort investment and consumption choices. President Biden wants to raise an additional \$120 billion taxes on fossil fuel producers over the next decade. This would raise prices of electricity, heating, and gasoline, and disproportionately hurt low-income Americans, who spend a high proportion of their income on electricity and motor fuel.

The fossil fuel industry already pays substantial taxes, and gasoline is one of the most highly taxed products after labor. Many tax provisions for fossil fuels apply to other industries. For instance, capital cost recovery provisions, which cost \$14 billion over 10 years, allow fossil fuel companies to deduct certain expenditures in the same way that is common in other industries.⁵ President Biden proposes that these deductions be spread over a period ranging from 5 to 39 years, or disallowed completely. One tax deduction for fossil fuels is for intangible drilling costs, which costs \$10 billion over 10 years,⁶ and has parallels in tax deductions in other industries. For example, if a pharmaceutical company invests in research in drugs that are not brought to market, the company can write off those costs.

³ News Release, “Biden-Harris Administration Proposes Strongest-Ever Pollution Standards for Cars and Trucks to Accelerate Transition to a Clean-Transportation Future,” U.S. Environmental Protection Agency, April 12, 2023, <https://www.epa.gov/newsreleases/biden-harris-administration-proposes-strongest-ever-pollution-standards-cars-and-trucks> (accessed April 28, 2023).

⁴ *Federal Register*, Vol. 88, No. 21 (February 1, 2023) pp. 6818–6904.

⁵ For a detailed discussion, see e.g. Alex Muresianu and William McBride, “A Guide to the Fossil Fuel Provisions of the Biden Budget,” Tax Foundation *Fiscal Fact* No. 778, September, 2021, <https://taxfoundation.org/biden-fossil-fuel-tax/> (accessed May 1, 2023).

⁶ U.S. Department of the Treasury, “General Explanations of the Administration’s Fiscal Year 2022 Revenue Proposals,” p. 104, May 2021, <https://home.treasury.gov/system/files/131/General-Explanations-FY2022.pdf>, (accessed May 1, 2023).

All firms benefit from foreign tax credits, and oil companies can treat royalties as fully deductible foreign income tax. Many oil and gas companies are set up as Master Limited Partnerships, as are companies in other industries.⁷

Other tax provisions are specific to fossil fuels. Small independent producers benefit from percentage depletion, which is an accelerated depreciation method used by small independent producers and owners of royalties. Percentage depletion for oil and gas wells cost \$9 billion over 10 years.⁸ From 2019 to 2023, the Joint Committee on Taxation estimates the credit for investments in clean coal facilities cost about \$200 million a year.⁹ During the same period, the credit for carbon sequestration is estimated to cost a total of \$100 million.¹⁰

These financial incentives are far smaller than those for wind and solar. In April the Joint Tax Committee estimated that green tax credits from the Inflation Reduction Act will cost \$570 billion from 2023 to 2033.¹¹ As of 2022, wind and solar power produced less than 6% of our domestic primary energy consumption.¹² The reality is that the federal government is spending billions on renewables, making electricity more expensive, and getting billions in revenues from the oil and gas sector, with vast benefits for consumers. The poor and middle class are paying the higher electricity prices.

The oil and gas industry generates direct revenues for the federal government in the form of corporate income taxes, excise taxes on gasoline, and fees for oil and gas leasing on federal lands. The oil and gas extraction industry paid 19% of income in federal taxes in 2018, compared to 11% for industries as a whole.¹³ In fiscal 2019, the last full year before the pandemic, the federal government collected and disbursed to states over \$4 billion from oil and gas leasing on onshore federal lands.¹⁴ Federal gas taxes bring in \$42 billion a year and are expected to do so over the next decade, according to the Congressional Budget Office's baseline projection.¹⁵ The availability of affordable oil and gas also generates indirect revenues by increasing GDP and encouraging manufacturing from other countries to locate in the United States.

⁷ Liz Manning, "Master Limited Partnership (MLP)", Investopedia, updated May 24, 2022, <https://www.investopedia.com/terms/m/mlp.asp> (accessed April 28, 2023).

⁸ U.S. Department of the Treasury, "General Explanations of the Administration's Fiscal Year."

⁹ The Joint Committee on Taxation, U.S. Congress, *Estimates on Federal Tax Expenditures for Fiscal Years 2019-2023*, December 18, 2019, p.21, <https://www.jct.gov/publications/2019/jcx-55-19/> (accessed April 28, 2023).

¹⁰ *Ibid.*, p. 21.

¹¹ Congressional Budget Office, Letter from Honorable Phillip Swagel to Honorable Jodey Arrington, April 25, 2023, https://www.cbo.gov/system/files/2023-04/59102-Arrington-Letter_LSG%20Act_4-25-2023.pdf (accessed April 29, 2023).

¹² U.S. Energy Information Administration, *Monthly Energy Review*, Table 1.3, April 2023, <https://www.eia.gov/totalenergy/data/monthly/pdf/mer.pdf> (accessed April 29, 2023).

¹³ Internal Revenue Service, Statistics of Income, "Table 5.3 Returns of Active Corporations, other than Forms 1120S, 1120-REIT, and 1120-RIC," <https://www.irs.gov/statistics/soi-tax-stats-corporation-complete-report> (accessed May 1, 2023).

¹⁴ Brandon S. Tracy, "Revenues and Disbursements from Oil and Natural Gas Production on Federal Lands," Congressional Research Service *Report for Congress*, September 22, 2020, p. 13 <https://crsreports.congress.gov/product/pdf/R/R46537> (accessed April 30, 2023).

¹⁵ Congressional Budget Office, "The Budget and Economic Outlook: 2023 to 2033," February 2023, <https://www.cbo.gov/system/files/2023-02/58848-Outlook.pdf> (accessed April 30, 2023).

States collect oil and gas taxes from gasoline and diesel excise taxes; state taxes levied on the value or volume of oil and gas produced; property taxes on the value of oil and gas property; oil and gas lease revenues from state lands; and oil and gas lease revenues from federal lands. For example, in the last fiscal year ending August 31, 2022, oil and natural gas brought in \$10.8 billion to the State of Texas.¹⁶ In Alaska, the Energy Policy Research Foundation has estimated that the recently-approved Willow Project will have a net present value of \$44.6 billion in 2026, with \$2.8 billion paid in federal royalties and taxes, and \$820 million paid to the State of Alaska in royalties and taxes.¹⁷

EPA's New EV Regulations Weaken America

New proposed regulations¹⁸ on automobile emissions from the Environmental Protection Agency would require new car sales to be 60% battery powered electric by 2030 and 67% by 2032, compared to fewer than 6% in 2022. EPA is also planning new rules for power plants,¹⁹ driving up the costs of the electricity needed to charge these vehicles. These rules would raise driving costs for Americans, and poor and middle-class Americans disproportionately would pay the price.

New electric vehicles cost more than gasoline-powered vehicles. The electric version of the base version of the Ford 150 pickup truck, the best-selling vehicle in America, costs an additional \$26,000.²⁰ Tesla's base prices start at about \$40,000 for a Model 3 and go up to almost \$100,000 for a Model X.²¹ These are staggering costs to impose on American families. Cars are part of the American Dream for many Americans, a dream that for too many American families is put out of reach by these new regulations.

Charging will also cost more. At the same time as EPA issuing new rules for automobile emissions, it is also planning new rules for emissions from power plants, *The New York Times*

¹⁶ News Release, "Texas Comptroller Glenn Hegar Announces Revenue for Fiscal 2022, August State Sales Tax Collections," Texas Comptroller of Public Accounts, September 1, 2022, <https://comptroller.texas.gov/about/media-center/news/20220901-texas-comptroller-glenn-hegar-announces-revenue-for-fiscal-2022-august-state-sales-tax-collections-1662060818986> (accessed April 30, 2023).

¹⁷ Energy Policy Research Foundation, "After Extensive Deliberation The National Petroleum Reserve-Alaska (NPR-A) Willow Project Is Set To Yield Revenue For Both The State And The Federal Government," April 5, 2023, <https://eprinc.org/wp-content/uploads/2023/04/EPRINC-ChartOfTheWeek2023-14-NPRA-WillowProject-NPVAssessment-Version3.pdf> (accessed April 30, 2023).

¹⁸ U.S. Environmental Protection Agency, "Notice of Proposed Rulemaking: Multi-Pollutant Emissions Standards for Model Years 2027 and Later Light-Duty and Medium-Duty Vehicles," <https://www.epa.gov/system/files/documents/2023-04/lmdv-multi-pollutant-emissions-my-2027-nprm-2023-04.pdf> (accessed April 28, 2023).

¹⁹ Valerie Volcovici, "Biden EPA to Issue Power Plant Rules That Lean on Carbon Capture," Reuters, April 24, 2023, <https://www.reuters.com/business/sustainable-business/biden-epa-issue-power-plant-rules-that-lean-carbon-capture-2023-04-23/> (accessed April 28, 2023).

²⁰ Ford Motor Company, Models & Specs, 2023 F-150 XL, <https://www.ford.com/trucks/f150/models/?gnav=vhpnav-specs> (accessed April 28, 2023); and Ford motor Company, Models & Specs, 2023 F-150 Lightning PRO, <https://www.ford.com/trucks/f150/f150-lightning/models/?gnav=vhpnav-specs> (accessed April 28, 2023).

²¹ Tesla, Model 3, Purchase Price, <https://www.tesla.com/model3/design#overview> (accessed April 28, 2023); and Tesla, Model X, Purchase Price, <https://www.tesla.com/modelx/design#overview> (accessed April 28, 2023).

has reported.²² According to the reports, EPA will regulate carbon dioxide and other so-called greenhouse gas emissions from both new and existing natural gas and coal-fired power plants, and require carbon capture systems or a switch to hydrogen fuels. These systems for capturing carbon are costly and will be passed on to consumers in the form of higher electricity rates. Drivers will find it more expensive to use electricity for all purposes, including charging their electric vehicles, harming poor and middle-class drivers the most.

Some states, such as California and Texas, have experienced many brownouts and blackouts in recent years as the existing electric grid cannot meet existing demand. Few new net sources of electricity generation are coming online. Electricity is not a fully reliable source of energy in these states. Moreover, it is becoming increasingly expensive. Pacific Gas and Electric has advised its customers that the average electricity bill will be \$187 a month as of March 1, 2023, and increase of 5% from January 1, 2023. Over the past two years rates have risen by almost a third.²³ Upper-income residents can afford backup generators to deal with blackouts, but poor and middle-income residents cannot. Food spoils in their refrigerators and their children cannot do homework without electricity for lights and computers.

Three-quarters of vehicles sold are previously owned cars.²⁴ In 2019, the last year for which complete data on used car sales are available, Americans bought 41 million used cars and 13 million new cars.²⁵ But people do not want to buy used electric vehicles, because it is difficult to evaluate how long the battery will last. Replacing an EV battery can cost anywhere from \$5,000 to \$20,000.²⁶ The poor and middle class will suffer most from higher prices for used vehicles, because they cannot afford the new electric vehicles.

Mandating electric vehicles would reduce Americans' standard of living. Back in the early 1900s, when Henry Ford started producing cars, only rich Americans could afford them. Throughout the 20th century cars became less expensive, and many households can afford not one but two. Cars are already becoming more expensive, and the proposed rule accelerates that trend, taking America back a century, where new cars will be only for the rich.

Recharging an electric vehicle from empty can take over an hour, compared to 5 minutes to fill up with gas.²⁷ If there is a line to use the charging station the wait can double. Most people do not want to let their EV battery go below 20%, and the charging rate goes down when it is

²² Coral Davenport and Lisa Friedman, "E.P.A. to Propose First Controls on Greenhouse Gases from Power Plants," *New York Times*, updated April 27, 2023, <https://www.nytimes.com/2023/04/22/climate/epa-power-plants-pollution.html> (accessed April 28, 2023).

²³ California Public Utilities Commission, Rate Change Advisories, <https://www.cpuc.ca.gov/industries-and-topics/electrical-energy/electric-rates/rate-change-advisories> (accessed April 30, 2023).

²⁴ Mathilde Carlier, Statista, New and Used Light Vehicle Sales in the United States, 2010 to 2021, <https://www.statista.com/statistics/183713/value-of-us-passenger-car-sales-and-leases-since-1990/> (accessed April 28, 2023).

²⁵ U.S. Department of Transportation, Bureau of Transportation Statistics, New and Used Passenger Car and Light Truck Sales and Leases Data Set, 1990 to 2021, <https://www.bts.gov/content/new-and-used-passenger-car-sales-and-leases-thousands-vehicles> (accessed April 28, 2023).

²⁶ Recurrent, "Updated: Electric Car Battery Replacement Costs," March 26, 2023, <https://www.recurrentauto.com/research/costs-ev-battery-replacement> (accessed April 28, 2023).

²⁷ Lazar, "How Long Does It Take to Refuel a Gasoline Car? GasAnswer, <https://gasanswer.com/how-long-take-refuel-gasoline-car/> (accessed April 28, 2023).

charged over 80%.²⁸ Throughout America the poor rarely have access to indoor garages for overnight charging, and in most large cities, such as New York City, the middle-class also have no access to indoor charging. Using charging stations on the street, if available, risks theft of expensive charging cables.

Battery-powered vehicles lack sufficient range to satisfy most customers. Although 60 to 70 miles of range is enough for most trips, people buy cars for all circumstances, including vacations and cold weather. Moreover, batteries lose up to 40% of their range in cold climates.²⁹ A study by Autocar³⁰ shows that electric vehicles lose, on average, a third of their range in the winter, which reduces the typical 240-mile range to 160 miles. If a heat pump is added to the car, the loss is less, but still the 240-mile range would shrink to 180.

Car results varied. The Fiat 500 42kWh Icon lost 40% of its range in the winter.³¹ The Ford Mustang Mach-E Extended Range RWD lost 35%, and the Porsche Taycan 4S Performance Battery Plus, with heat pump, lost 22% (the Taycan costs between \$83,000 and \$166,000).³²

The loss of range in cold weather is one reason why, at the end of 2021, the latest full year available, North Dakota has 380 electric vehicle (EV) registrations, the fewest in the United States, according to the Energy Department.³³ North Dakota will receive \$26 million for charging stations, according to the Department of Transportation,³⁴ or \$68,000 per registered EV. Wyoming, with \$27 million and 510 EVs, gets \$53,000 per EV.³⁵ South Dakota, with \$29 million, has 680 vehicles, and will collect \$43,000 per vehicle.³⁶ Alaska had 1,290 registered electric vehicles (EVs). Alaska will get \$52 million³⁷ of the \$7.5 billion that the new Infrastructure Investment and Jobs Act allocates to states for electric charging stations.³⁸ That works out to more than \$40,000 per electric vehicle. These funds could be saved or put to better use.

²⁸ Sebastian Blanco, "How to Maximize EV Range," J.D. Power, July 20, 2022,

<https://www.jdpower.com/cars/shopping-guides/how-to-maximize-ev-range> (accessed April 28, 2023).

²⁹ Ellen Edmonds, "Icy Temperatures Cut Electric Vehicle Range Nearly in Half," AAA News Room, February 7, 2019, <https://newsroom.aaa.com/2019/02/cold-weather-reduces-electric-vehicle-range/> (accessed April 28, 2023).

³⁰ Move Electric, "Electric Vehicle Range Test Reveals Up to 20% Drop in Winter," Autocar, March 17, 2022, <https://www.autocar.co.uk/car-news/move-electric/electric-vehicle-range-test-reveals-20-drop-winter> (accessed April 28, 2023).

³¹ Ibid.

³² Ibid.

³³ U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, Electric Vehicle Registrations by State Data Set, updated June 2022, <https://afdc.energy.gov/data/10962> (accessed April 28, 2023).

³⁴ U.S. Department of Transportation, Federal Highway Administration, 5-Year National Electric Vehicle Infrastructure Funding by State Data Set, FY 2022 to FY 2026, updated September 13, 2022, https://www.fhwa.dot.gov/bipartisan-infrastructure-law/evs_5year_nevi_funding_by_state.cfm (accessed April 28, 2023).

³⁵ Ibid.

³⁶ Ibid.

³⁷ Ibid.

³⁸ News Release, "President Biden, U.S. Department of Transportation Releases Toolkit to Help Rural Communities Build Out Electric Vehicle Charging Infrastructure," U.S. Department of Transportation, February 2, 2022, <https://www.transportation.gov/briefing-room/president-biden-us-department-transportation-releases-toolkit-help-rural-communities> (accessed April 28, 2023).

In comparison, there were 563,070 registered EVs in California and 95,640 in Florida, according to the Energy Department.³⁹ California is getting a much larger allocation for its charging stations, \$384 million over 5 years.⁴⁰ Drivers in the Golden State use EVs, so the stations will at least get some use. On a per vehicle basis, this works out to \$682 per registered EV. But with California drivers piloting expensive Teslas and Hummers down sunny freeways, reasonable people might ask why electric charging stations need to be provided by the taxpayer.

Minerals such as lithium and cobalt are essential for batteries. Mining for these minerals is energy-intensive, and the Chinese Communist Party (CCP) has facilitated access to domestic and foreign minerals for battery production. Lithium is mined in western China's Qinghai Province, aided by government funding, and China purchases cobalt for electric batteries from Kisanfu, in the Democratic Republic of Congo.⁴¹ The United States makes opening new mines virtually impossible, even though the jobs generated would help all Americans, particularly the poor and middle class. Thus, the rule will result in a massive increase in mining in countries that have no respect for the environment or human welfare. The sorts of mining that will be conducted as a result of the rule will be bad for the environment and are frequently performed by child workers.

Electric vehicles are not emissions free. In addition to batteries made with fossil fuels, increased electricity demand places additional stress on the electrical grid, as California has found out from rolling blackouts. In its proposal, EPA discusses the benefits of reducing pollutants from cars,⁴² but higher emissions will come from the electricity generated to recharge the cars. This electricity is made with natural gas and coal, because wind and solar powers a small share of America's power. EPA admits that "We expect that in some areas, increased electricity generation would increase ambient SO₂, PM 2.5, ozone, or some air toxics."⁴³

President Biden's Energy Plans Will Make Cars Less Safe

Almost 43,000 people died on the roads in 2022,⁴⁴ the equivalent of 215 plane crashes a year killing 200 people each time. EPA's tailpipe emissions proposal would, if implemented, make Americans even less safe on the road. The prior 2022 fuel economy proposal⁴⁵ from the National Highway Transportation and Safety Administration (NHTSA) raises the 2026 Corporate Average Fuel Economy standard to 49 miles per gallon (MPG) from the current standard of 40 MPG. The rule sets a new minimum standard of 59.4 MPG for passenger cars and 42.4 MPG for light trucks made in the United States by model year 2026, with fines for non-compliant carmakers. NHTSA concludes that the higher price of cars would increase fatalities because fewer people would be

³⁹ U.S. Department of Energy, Office of Energy Efficiency and Renewable Energy, Electric Vehicle Registrations.

⁴⁰ U.S. Department of Transportation, Federal Highway Administration, 5-Year National Electric Vehicle.

⁴¹ Dionne Searcey, Michael Forsythe, and Eric Lipton, "A Power Struggle Over Cobalt Rattles the Clean Energy Revolution," *New York Times*, December 7, 2021, <https://www.nytimes.com/2021/11/20/world/china-congo-cobalt.html> (accessed April 28, 2023).

⁴² U.S. Environmental Protection Agency, "Notice of Proposed Rulemaking."

⁴³ *Ibid.*, p. 48.

⁴⁴ National Highway Transportation Safety Administration, "NHTSA Estimates for 2022 Show Roadway Fatalities Remain Flat After Two Years of Dramatic Increases," April 20, 2023, <https://www.nhtsa.gov/press-releases/traffic-crash-death-estimates-2022> (accessed April 30, 2023).

⁴⁵ *Federal Register*, Vol. 87, No. 84, (May 2, 2022), pp. 25710-26092, <https://www.govinfo.gov/content/pkg/FR-2022-05-02/pdf/2022-07200.pdf> (accessed May 1, 2023).

able to afford the safer, newer, cars, “The slowing of fleet turnover due to higher vehicle prices has the largest impact of the three factors on fatalities.”⁴⁶

NHTSA estimates that the decline in new vehicle sales would result in up to 812 additional deaths on the road each year, 16,206 more injuries, and almost 50,000 more crashes involving property damage.⁴⁷ This is because fewer people would be able to afford new and later-model used cars, which are safer than old cars. EPA’s proposed regulations would make the situation worse.

This increase in prices caused by successive reductions in emissions contradicts NHTSA’s core values,⁴⁸ namely leading “the Nation by setting the motor vehicle and highway safety agenda,” and serving “as the catalyst for addressing critical safety issues that affect the motor vehicle and highway safety communities.” Deaths and injuries from the new rules would be concentrated among low-income Americans, disproportionately minorities, who would pay the price of the new rule: due to the price increases, they would buy fewer new cars and fewer later-model used cars.

The push towards expensive electric vehicles directly contradicts the Department of Transportation’s focus on “Health and Equity.” According to the Department,⁴⁹ “households in low-income areas typically own fewer vehicles, have longer commutes, and have higher transportation costs.” These are the people who will pay the price for new EPA regulations. Their cars will be older, less safe, and break down more frequently, resulting in higher repair and maintenance costs.

In addition, if people choose not to buy the mandated electric vehicles, carmakers will have to reduce their prices and raise prices of popular pickup trucks and SUVs to stay profitable.⁵⁰ Lower-income and Americans in rural areas will be paying more for their preferred vehicles, subsidizing better-off residents in cities and California, who are the main purchasers of electric vehicles.

Automakers will be harmed both by higher prices of the new cars, which will reduce vehicle sales, and by the subsidies for electric vehicles. The increased deaths, injuries, property damage, and offshored carmakers’ jobs should concern President Biden and others who value road safety and employment.

Fossil Fuels Are Needed for Food and Border Security

Not only our energy security, but also our agricultural production and food security, depend on fossil fuels. Raising the price of fossil fuels raises the cost of food, and the poor and middle class

⁴⁶ Ibid., p. 25896.

⁴⁷ Ibid., pp. 25894-5.

⁴⁸ U.S. Department of Transportation, National Highway Traffic Safety Administration, “NHTSA’s Core Values,” <https://www.nhtsa.gov/about-nhtsa/nhtsas-core-values> (accessed May 1, 2023).

⁴⁹ U.S. Department of Transportation, “Health and Equity,” updated December 17, 2013, <https://www.transportation.gov/mission/health/health-equity> (accessed May 1, 2023).

⁵⁰ For a detailed analysis, see Steve Bradbury, “Observation: Cliff Notes,” Substack: Adespotoi, September 16, 2022, <https://adespotoi.substack.com/p/observation-cliff-notes> (accessed May 1, 2023).

pay the price. Ammonia is a key component of fertilizer manufacturing, and producing it requires natural gas.

Fossil fuels are essential for food production, and climate restrictions will only send prices higher. Over the past year U.S. food prices have risen 8.5%, according to the Bureau of Labor Statistics, disproportionately harming the poor and the middle class. Cereals were up 13%, bakery products up 14%, poultry was up 7%, and dairy was up 11%.⁵¹

When Russia cut off natural gas to Europe, helping to send the globe into near-recession conditions, the world learned the importance of energy security. Agricultural and food security are equally important.

The Rhodium Group is forecasting that agricultural emissions will make up 30% of U.S. total greenhouse gas emissions by 2050.⁵² Nevertheless, fossil fuels are vital to fertilizers and pesticides, which improve crop production and reduce food prices. In 2021, Sri Lanka President Gotabaya Rajapaksa banned synthetic fertilizer and pesticide imports practically overnight, leaving Sri Lanka's farmers with only organic substitutes, because he claimed that chemical fertilizers and pesticides were leading to "adverse health and environmental impacts."

Six months later, rice production had dropped by 20% and tea production had declined by 18%. Rice is a staple in the country and tea is a vital export. In 2022, with inflation at 55% and the economy in tatters, protestors took over Rajapaksa's home, his government fell, and he had to flee the country.

Protests are also occurring in the Netherlands and Belgium as policymakers attempt to curtail fossil fuels in agriculture. Farmers are rioting because they are losing their livelihoods in the name of fighting climate change as European governments seek to reduce emissions of nitrogen oxide and ammonia, necessary inputs of modern agriculture.

European farmers are being told that because of the aim for "net-zero emissions" of greenhouse gases and other so-called pollutants in 2050, their industry is being phased out. The Dutch government wants to cut emissions of pollutants, predominantly nitrogen oxide and ammonia, by 50% nationwide by 2030. Ministers warn that farmers will have to adapt or face the prospect of shuttering their businesses.

Will American farmers and consumers soon face the same fate? Congress will pass a farm bill this year, and with the Inflation Reduction Act funneling \$20 billion of climate funds into agriculture, American farmers could face similar pressures.

This disproportionately hurts the poor, who spend a higher share of their income on food. Food access for poor people is at stake. Despite billions of dollars spent by international aid

⁵¹ Bureau of Labor Statistics, Consumer Price Index, March 2023, released April 12, 2023, <https://www.bls.gov/news.release/pdf/cpi.pdf> (accessed May 1, 2023).

⁵² Rhodium Group, "Taking Stock 22: US Greenhouse Gas Emissions Outlook in an Uncertain World," July 14, 2022, https://rhg.com/wp-content/uploads/2022/07/Taking-Stock-2022_US-Emissions-Outlook.pdf (accessed May 1, 2023).

organizations, many people lack food, modern energy, electricity, and running water. One-third of the Earth's population needs energy from fossil fuels, such as oil, natural gas, coal, or nuclear power, to bring people up to Western standards.

Groups such as the Swiss-based Center for International Environmental Law are pressuring international development organizations, private corporations, and pension funds not to invest in conventional fuels, even for food. The center's October report⁵³ states in its executive summary, "Agriculture accounts for roughly a third of global greenhouse gas (GHG) emissions, and fossil fertilizers—synthetic fertilizers derived from fossil fuels—are an unrecognized contributor to this figure."⁵⁴ But the poverty that results from higher food and electricity costs leads to migration and pressures on borders, as people flee Africa for Europe and flee Latin America for North America in search of jobs and fossil-fueled prosperity.

Countries will never reach Western income levels using only wind and solar. The misguided policies of Western countries to discourage energy use condemn billions of people around the world to impoverished lives and hunger. This poverty is merely collateral damage for the consciences of Western elites.

America Pays the Price: President Biden's Energy Plans Are Strengthening China

America is paying the price of President Biden's energy agenda, and China is the winner. President Biden's plans will strengthen China's economy, because China makes nearly 80% of the world's electric batteries,⁵⁵ 66% of global solar panels,⁵⁶ and 50% of wind turbines.⁵⁷ This is especially troubling because the Chinese Communist Party (CCP) is a totalitarian regime which has a poor record both on the environment and on human rights. Beijing is engaged in genocide against the minority Uyghur people of Xinjiang and has imposed draconian restrictions on political freedoms in Hong Kong.⁵⁸ The CCP has reduced or eliminated religious liberties for Christians and Buddhist worshippers of the Dalai Lama throughout Tibet.⁵⁹ Empowering the Chinese government is fundamentally at odds with "good corporate governance."

Rather than using its own oil and natural gas resources, America will depend on energy from China. Countless other renewable energy components and technologies also depend to a large

⁵³ Center for International Environmental Law, "Fossils, Fertilizers, and False Solutions: How Laundering Fossil Fuels in Agrochemicals Puts the Climate and the Planet at Risk," October 2022, <https://www.ciel.org/wp-content/uploads/2022/10/Fossils-Fertilizers-and-False-Solutions.pdf> (accessed May 1, 2023).

⁵⁴ Ibid., pp. 1-2.

⁵⁵ Veronika Henze, "China's Battery Supply Chain Tops BNEF Ranking for Third Consecutive Time, with Canada a Close Second," BloombergNEF, November 12, 2022, <https://about.bnef.com/blog/chinas-battery-supply-chain-tops-bnef-ranking-for-third-consecutive-time-with-canada-a-close-second/> (accessed April 28, 2023).

⁵⁶ "66% of total solar panel imports are from China: Piyush Goyal", The Economic Times, updated December 3, 2015, <https://economictimes.indiatimes.com/industry/energy/power/66-of-total-solar-panel-imports-are-from-china-piyush-goyal/articleshw/50028009.cms?from=mdr> (accessed April 28, 2023).

⁵⁷ Jillian Ambrose, "China Leads World's Biggest Increase in Wind Power Capacity", The Guardian, March 10, 2021, <https://www.theguardian.com/business/2021/mar/10/china-leads-world-increase-wind-power-capacity-windfarms#:~:text=The%20report%2C%20by%20Bloomberg%20New,wind%20power%20growth%20in%202019> (accessed April 28, 2023).

⁵⁸ James J. Carafano et al., "Winning the New Cold War," p. 24.

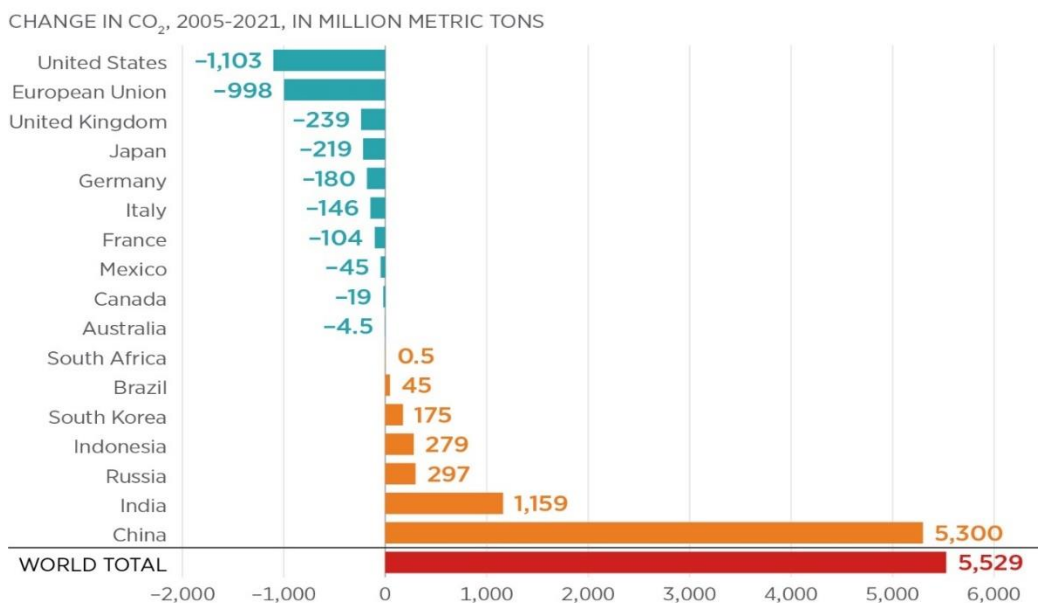
⁵⁹ Ibid., p. 3.

extent on Chinese supply chains. For instance, many of the components of batteries will either be sourced, processed, or manufactured in China for the foreseeable future. Middle-class Americans are losing jobs at Stellantis, Ford, and GM due to the forced switch to electric vehicles. Recent efforts to require battery manufacturing in the U.S. mask the source of the components. In contrast, none of the gasoline or diesel fuels for transportation are from China.

In order to produce supplies of renewables, China is increasing its construction of coal-fired power plants. America has 225 coal-fired power plants, and China has 1,118 (half of all the coal-fired plants in the world).⁶⁰ That is one reason why China has increased carbon emissions by over 5,000 million metric tons over the past 16 years.⁶¹ In contrast, America’s carbon emissions have declined by over 1,000 million metric tons over the same period due to the use of clean natural gas.⁶² (See Figure 1.)

Figure 1

CO₂ Emissions Trends in Key Countries, 2005-2021



SOURCE: U.S. Energy Information Administration.

heritage.org

A new report by the Heritage Foundation, *Winning the Cold War: A Plan for Countering China*,⁶³ shows how America’s environmental policies benefit China and harm America.

Heritage issued the report on the same day that the House of Representatives introduced H.R. 1,

⁶⁰ Jessica Aizarani, Statista, “Global operational coal-fired power stations by country 2022,” January 30, 2023, <https://www.statista.com/statistics/859266/number-of-coal-power-plants-by-country/> (accessed April 28, 2023).

⁶¹ The Heritage Foundation, CO₂ Emissions Trends in Key Countries Data Set, 2005-2021.

⁶² Ibid.

⁶³ James J. Carafano et al., “Winning the New Cold War: A Plan for Countering China,” Heritage Foundation *Special Report* No. 270, March 28, 2023, https://www.heritage.org/sites/default/files/2023-03/SR270_0.pdf (accessed April 28, 2023).

The Lower Energy Costs Act,⁶⁴ sponsored by Majority Leader Steve Scalise (R-LA), Energy and Commerce Committee Chair Cathy McMorris Rodgers (R-WA), Bruce Westerman (R-AR), and Transportation and Infrastructure Committee Chair Sam Graves (R-MO). The bill emphasizes domestic energy production, lower energy costs, and reduction in emissions.

The Heritage report recommends the following.

First, Congress and the Executive branch should identify and discourage environmental policies that benefit China or make America dependent on Chinese energy sources and supply chains.

Second, Congress should pass laws that prevent state and federal agencies from imposing regulatory requirements that make critical infrastructure or supply chains more dependent on China.

Third, the Federal government should enhance scrutiny of ESG ratings and prevent regulators from taking actions that promote ESG scores.

Fourth, the government should educate foreign governments, the private sector, and civil society about the CCP's manipulation of ESG issues.

Fifth, the government should prevent the imposition of net zero policies at the state level. Much could be done by individual states. State legislators should oppose environmental policies that prevent asset managers from maximizing returns for beneficiaries. State pension funds should be invested with a goal of the highest returns to fiduciaries.

Rather than kowtowing to China, companies should reject environmental policies that raise the costs of doing business and favor the CCP. The rush to a green energy future, driven more by politics and virtue-signaling than economics and emissions reductions, will only enrich China at America's expense and place vital energy supply chains at mercy of Beijing.

China has not committed to reducing emissions until 2027. Research by Dr. Kevin Dayaratna, chief statistician and senior research fellow at The Heritage Foundation, has shown that even completely eliminating all fossil fuels from the United States would result in less than 0.2 degrees Celsius in temperature mitigation by 2100.⁶⁵ Americans, particularly poor and middle class, would be bearing major costs in higher electricity prices, higher food prices, and a forced switch to costly electric vehicles without benefits for the environment. They would pay the price for President Biden's energy agenda.

⁶⁴ Lower Energy Costs Act, H.R. 1, 118th Congress, Session 1, (2023)
<https://www.congress.gov/118/bills/hr1/BILLS-118hr1ih.pdf> (accessed April 28, 2023).

⁶⁵ Kevin D. Dayaratna, PhD, Katie Tubb, and David Kreutzer, "The Unsustainable Costs of President Biden's Climate Agenda," Heritage Foundation *Backgrounder* No. 3713, June 16, 2022,
https://www.heritage.org/sites/default/files/2022-06/BG3713_0.pdf, (accessed May 1, 2023).

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