

Opening Statement of Chairman Sheldon Whitehouse
Senate Committee on the Budget

“Dollars and Degrees: Investigating Fossil Fuel Dark Money’s Systemic Threats to Climate and the Federal Budget”
June 21, 2023

Before we get to our opening statements, I’d like to take a moment to correct the record regarding the International Monetary Fund’s 2021 working paper showing trillions of dollars in global fossil fuel subsidies. At two previous hearings of this Committee, minority witnesses challenged the report and its estimate that fossil fuel’s subsidy in the United States is over \$600 billion per year.

One Republican witness called the report “garbage” and challenged the legitimacy of including indirect subsidies. This obviously suits the fossil fuel industry, but it is not correct market theory. Economists as conservative as Milton Friedman have recognized that negative externalities should be in the price of a product, and to shift that cost to the public is a subsidy.

A second witness claimed that the IMF paper “did not represent the view of the IMF,” and asserted that it had not been peer-reviewed. She perhaps did not know that we had a briefing scheduled with the Kristalina Georgieva, Head of the IMF. All members of the Committee were invited to that briefing; no Republicans attended, so I will report. We asked Ms. Georgieva whether the report represented the official view of the IMF, including with respect to its inclusion of externalities in the subsidy figure. She said yes, of course it was. We asked about peer review. She told us that the methodology of the report was peer-reviewed, and that it made no sense to re-peer-review each regular report that was prepared using the peer-reviewed methodology. So the IMF report is considered official by the IMF, and was prepared using peer-reviewed methodology. I will leave it to members to reach their own conclusions as to the honesty of testifying that the IMF reports were unofficial and not peer-reviewed.

With that cleared up, I turn to my opening statement.

Ranking Member Grassley, members of the committee, witnesses, and guests, welcome to the fourteenth hearing of the Senate Budget Committee. In previous hearings, we have addressed multiple serious systemic risks to our economy and to the federal budget caused by carbon pollution. Many of our first thirteen hearings made up a series on the economic toll of a changing climate.

Today, we explore the insidious role that secretive fossil fuel money has played in exposing us to those forecast economic and budgetary catastrophes. Decades of climate disinformation and obstruction kept the fossil fuel industry benefiting from its \$600-plus billion dollar subsidy, driving up climate-related costs to the federal budget and to the broader economy.

The dangers that responsible experts have warned about are occurring. Sea levels are rising and wildfires are intensifying, as we saw with the smoke a couple of weeks ago. Insurers are fleeing high-risk coastal and wildfire areas.

The fossil fuel industry's disinformation campaign has penetrated right here into this Committee room, via witnesses from organizations like the Cato Institute, The Heritage Foundation, the American Enterprise Institute, and the Competitive Enterprise Institute, which through 2021 have collectively received **over half a billion dollars** from fossil fuel-related interests. And that's only the money that we know about.

We are here today because fossil fuel-funded climate disinformation and obstruction is directly causing systemic financial risks to the economy and to the federal budget. Our witnesses will help us better understand how the fossil fuel industry has corrupted public and legislative understanding of climate change and poisoned our ability to head off these enumerated dangers.

There is actually a scientific field of study examining this phenomenon. We will hear from a professor who has literally written the book on it; from a former PR executive turned documentary film producer who can speak directly to the tactics of disinformation; and from a Bush Administration ethics lawyer who has first-hand experience with the effects of corporate money on governance.

Fossil fuel disinformation is nothing new. The industry has been at it for decades. Beginning as early as the 1950s, industry scientists became aware of climate change—measuring and predicting it decades before it became a public issue. They knew their products were responsible for it. In 1977, Exxon senior scientist James Black told Exxon's management committee: "there is general scientific agreement that the most likely manner in which mankind is influencing the global climate is through carbon dioxide release from the burning of fossil fuels." But industry management and CEOs spent decades promoting climate misinformation.

By the late 1980s and 1990s, when the general public first became aware of this looming threat, Congress pursued bipartisan legislation that would have addressed climate change. The late Senator John McCain ran for President as a Republican on a strong climate platform. Big Oil and Gas responded with billions of dollars in fossil fuel-funded disinformation, lobbying, and elections spending.

I lived this. I worked on bipartisan climate legislation from 2007 through 2009, until in January 2010 the *Citizens United* decision set loose unlimited political spending by the fossil fuel industry. Worse, the decision allowed that spending to be anonymous. The fossil fuel industry was ready, not only with unlimited dark money but also with the secret threats and promises that unlimited dark money permits, and it immediately snuffed out bipartisanship on climate.

It's been a big operation. Collectively, fossil-fuel aligned trade organizations and dark money groups have spent tens of billions of dollars—again, that we know of—on ads, lobbying, campaign contributions and dark money front groups. The delay in action that those billions bought directly caused the economic perils that our hearings have spotlighted. Fossil fuel spending has done direct damage to our nation's *fiscal* future—not just to our environment.

Lawsuits abound against major oil and gas corporations for deceiving the public about the climate damages that they knew their products would cause. The House Oversight Committee started its own investigation into fossil fuel deception—an investigation I intend to see through—to hold accountable the players and industries spreading the disinformation that will

rock the very foundations of our economic well-being. We will pay a terrible economic and human price if the campaign is not exposed and disabled.

With that, I'll turn this over to my distinguished Ranking Member, Senator Grassley, for his opening remarks.