

Opening Statement
Select Committee on Energy Independence and Global Warming
“The Global Clean Energy Race:”
F. James Sensenbrenner, Jr.
September 22, 2010

In today’s hearing, I expect a slew of experts to tell us what we already know: if we mandate that electric companies use wind energy, it will drive private investment into the wind sector. Of course it will. What investor wouldn’t want a guaranteed market? If we mandate that everyone drive cars with square tires, we will drive investment there too, but that doesn’t mean we should.

Choosing winners and losers doesn’t work. Europe proved as much with regard to clean energy investment. In Europe, government subsidies drove investment toward renewable energy sources. That investment, and all associated jobs, dried up as soon as the subsidies lapsed.

Just a few years ago, President Obama hailed Spain as the model for encouraging investment in solar energy. Today, Spanish unemployment is over 20%. Is that really the model we want to follow? Europe proved that the jobs associated with clean energy investment will last only as long as the government pays for them.

Democrats couldn't get Cap-and-Tax through Congress, so now they're trying to circumvent voters and accomplish the same thing through EPA. Their argument, that if we don't force investors to spend their money here they'll spend it abroad, is wrong.

The reality is that the technologies the Democrats want to mandate will drive the cost of our energy up, which will drive more manufacturing jobs overseas. Given a choice between, one, forcing investment toward today's political darlings, or two, supporting sustainable, market-tested businesses, I'm going to choose the latter every time.

During the coming months, the American economy will be at the mercy of several environmental regulations from the Obama Administration. These regulations won't generate jobs; they'll generate significant costs for the businesses that create jobs.

EPA's Endangerment Finding, which would allow EPA to regulate greenhouse gas emissions, is the most widely followed, and probably the most onerous example. Unless Congress stops it, these regulations will put EPA in charge of the U.S. economy. EPA would target more than 1.3 million "commercial" sources, which EPA defines to include office buildings, small businesses, schools, churches, prisons, and similar structures.

EPA estimates that an endangerment finding that doesn't include a legally suspect "tailoring rule" would cost small entities more than \$55 billion. The Heritage Foundation estimates that it would lead to \$7 trillion in lost economic activity between 2010-2029 and kill almost 3 million manufacturing jobs by 2029.

One Administration official told the *Wall Street Journal* that, under the endangerment finding, EPA was going to have to “regulate in a command-and-control way, which will probably generate even more uncertainty.”

And this is not the only economic threat proposed by the Obama Administration. The President is also proposing tax increases on energy as part of his latest \$50 billion stimulus plan. One expert estimates that these new energy taxes would cost over 154,000 jobs by the end of 2011, more than \$341 billion in lost U.S. economic output, and more than \$68 billion in lost wages nationwide.

EPA has termed another set of onerous regulations Boiler MACT. These regulations will set emission standards for hazardous air pollutants. The Council of Industrial Boiler Owners released a study last week that showed exactly how much damage the Boiler MACT regulations will inflict upon the economy: For every \$1 billion spent on

upgrade and compliance costs, up to 16,000 jobs and \$1.2 billion in US GDP will be threatened.

With regulations like these, the entire American economy is threatened.

With unemployment hovering around 10 percent, America doesn't need more job-killing regulations. America needs Congress to focus on creating jobs and economic growth.

In our economic system, it is private investors who take risks. Financial success is the potential reward. If investors believe that renewable energy sources are the future, then I encourage them to invest in these markets. It is not, however, in America's interest to mitigate investors' risks by guaranteeing them a market.

It makes sense that a Democratic Congress that responded to our economic collapse by socializing losses would now seek to shift the risks of investing from private industries to the government. In today's hearing, the majority is effectively arguing that the government should

bet on winners and losers so that investors don't have to. The model is backwards and reflects a fundamental disagreement on American Capitalism.

While I will gladly work with Democrats to lower taxes and other disincentives for investment, I cannot support a model that I believe is at odds with how our economy works.

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