RealClear Energy

Biden Climate Change Policies Co-opting Private Sector

Is Chinese-style 'authoritarian capitalism' coming to the U.S.?

Executive Summary

In May of 2021, President Joe Biden issued an Executive Order on "Climate Change Financial Risk" that directs several federal agencies to conduct a "climate risk assessment" of the federal government's finances and the financial sector writ large in the U.S. This vast part of the private economy includes private equity, insurance and banking industries and retirement funds.

This federal order is the first step in what will be an unprecedented government intervention in the private economy to force the country into a major shift in energy consumption from oil, coal and natural gas to so-called renewable energy sources such as solar, wind and battery-powered electricity.

Should this Executive Order proceed to full implementation, it will lead to a virtual government takeover of the U.S. financial sector, the result of which will be the opposite of the president's stated intent. It will weaken the economic competitiveness of the country, damage the working-class and middle-income living standards, and threaten the national security interests of the U.S., which are inextricably tied to a robust fossil fuel-based energy sector. Fossil fuels supply over 80% of the energy used in the country.

But there is much more at stake.

If the federal government can compel the multi-trillion-dollar financial sector to implement policy and do its bidding, especially without a vote of Congress, the U.S. will increasingly emulate the Chinese model of "authoritarian capitalism" with fewer limits to government power and reduced economic freedom.

This report will examine the details of President Biden's Executive Order, which with the administration's climate policies, constitute the most unprecedented government intervention in the American economy in nearly 100 years. It will explore the Order's impact on the private economy and role of government, and its certain futile effect on the climate's trajectory. This paper also will touch on existing government incentives and private investment trends in the area of climate change, which further obviates the need for the scale of government intervention in the financial markets.

Introduction

On May 20, 2021, President Joseph Biden issued an Executive Order entitled, "Climate Change Financial Risk."

The stated basis for this Executive Order is to fight "climate change;" more specifically, to keep average global temperature of the planet from warming by more than 1.5 degrees Celsius by 2050. Key to this attempt to mitigate global warming is to transform the U.S. into a "net-zero emissions economy" over the next three decades. In so doing, President Biden and his administration believe they can reduce "related financial risks," such as they are, by reducing floods, droughts, hurricanes, wildfires and other catastrophic weather-related events.

Since traditional energy sources -- primarily oil, coal and natural gas -- emit carbon, the purpose of the Order is to force the American people away from their use and transition toward energy generated from solar, wind, battery and "renewable" sources. Such human-caused carbon emissions, it is claimed, are warming the planet to a perilous degree that must be curtailed immediately.

Notably, nuclear power is the cleanest, carbon-free energy available, according to climate author Bjorn Lomborg, president of the Copenhagen Consensus Center; author and climate activist, Michael Shellenberger, and many other experts. Yet, nuclear is not part of the Biden administration's energy program alternatives.

Accordingly, under the guise of a "climate crisis," the Biden administration has begun a major federal intervention in the private economy that goes far beyond traditional tax incentives and public spending to affect private investment.

The current report shows that claims about catastrophic climate change are fraught with uncertainty and dubious theoretical constructs that, even if true, would ultimately not be impacted by the president's Executive Order and his administration's other climate policies.

In addition, this report reveals the private sector, on its own volition, is increasingly investing in so-called green energy. This is in part because of federal and state government policies already favor such alternative energies. Private investment in alternative power generation does not need another push by government to direct such funding, especially of the magnitude of this Executive Order on Climate Change Financial Risk.

The Biden Executive Order is a major overreach and punitive. It is more about defunding oil, natural gas and coal energy and driving up energy costs to American consumers as a means to develop "green" technological development and energy use.

The impact of the Order to redirect trillions of dollars in private sector investment to the preferences and agenda of the federal executive branch will be far-reaching and brings great risk to America's market-based economy, middle-income and working-class living standards, and national security. The Order also would alter the role of government in relation to its power and control over the private economy and citizenry toward a more authoritarian capitalist model practiced by the rulers of the People's Republic of China.

Basis of the Executive Order

The Executive Order on Climate Change Financial Risk begins with the stated policy to require "accurate disclosure of climate-related financial risk …including physical and transition risks" by the federal government and private economy that comprises the financial sector. The order further requires action to "mitigate" these risks especially on "disadvantaged communities and communities of color." By acting on climate, the policy's intention is to spur "the creation of well-paying jobs" and achieve "net-zero emissions by no later than 2050."

The premise of the Biden Executive Order is the "intensifying impacts of climate change." Such impacts, the Order claims, "present physical risk to assets, publicly traded securities, private investments and companies – such as increased extreme weather risk leading to supply chain disruptions."

These fatuous climate claims and their economic impact are asserted with zero evidence, data, references, studies or examples provided. Yet, bereft of any attempt to substantiate this climate narrative, it nonetheless forms the basis for a de facto government takeover of the U.S. financial system.

Such a significant increase in federal government power over the private sector should warrant providing sufficient evidence to show the necessity of this Executive Order. The Biden administration evidently felt no such compulsion, which is disturbing and indicative of the massive groupthink on climate change that infects the political and media class in the U.S. and abroad.

For example, the White House "Fact Sheet" on this Order contained no facts or data to substantiate, much less justify sweeping catastrophic claims about climate change. This is typical, even as the administration promises "scientific integrity and evidenced-based policymaking." The "Fact Sheet" accompanying the president's policy issued in April 2021 on Greenhouse Gas Pollution Reduction Target was similarly void of scientific justification.

Specific Steps

The provisions in the Biden Executive Order on Climate Change Financial Risk are the precursors to conscripting the private sector to become effectively a subsidiary of the federal government's ostensible war against global warming.

After providing the vacuous climate basis for the Order, the specifics of the action follow, which cover three large areas of the economy -- the federal government, the financial system (including the investment banking and insurance industries), and retirement assets. The actions directed at these sectors are designed to establish the pretext for government to sound the climate alarm and force costly climate mandates on the private economy without a democratic vote of Congress.

First, the president's Order directs senior administration staff to produce an assessment by mid-September of the "climate-related financial risk" to federal government assets, programs and liabilities, along with the "financing needs associated with achieving" net-zero emissions and limiting global warming by no more than 1.5 degrees by 2050. This assessment also must include ways in which the private sector "can play complementary roles in meeting these financing needs."

In other words, the assessment will somehow quantify the cost in taxes and borrowing to fight what the Biden administration predicts to be planetary warming in the next three decades, and develop ways to compel businesses using tax hikes, regulation and other inducements to join the administration's climate crusade.

Second, the Order directs the federal government's alphabet soup of financial regulatory agencies to come up with an assessment of "climate-related financial risk" to the nation's financial system and insurance industry. This will include increasing requirements on private sector businesses to disclose so-called climate risk, directing federal agencies to incorporate climate risk "into their respective regulatory and supervisory activities," and recommending how such "climate-related risk can be mitigated, including through new or revised regulatory standards."

Third, retirement savings will undergo a climate assessment with recommendations for additional federal regulation and mandates to these private financial assets since, it is claimed, climate change can somehow impact life savings and pensions. Agencies such as the Department of Labor and the federal Retirement Thrift and Investment Board must now take climate risk into account in determining the fiscal soundness of pension plans and take regulatory action to force investment changes to private retirement plans.

Fourth, the Order requires federal agencies to assess climate-related risk in their lending, underwriting and procurement policies. Since the federal government alone comprises one quarter of the entire economy -- and as much as one-third during the pandemic—its ability to steer contracts with private business and provide loan guarantees, direct lending, and credit enhancement is vast. A previous Biden Executive Order referred to this approach as "leverag[ing] the federal government's footprint and buying power." For example, the Order requires major suppliers to the federal government "to publicly disclosure greenhouse gas emissions" and "set science-based reduction targets."

Therefore, any company bidding on federal projects, or applying for credit enhancement or a related federal program must conform to some standard of climate friendliness as defined by the federal bureaucracy, courtesy of President Biden's Executive Order. This standard most likely will be arbitrarily determined by federal bureaucrats with little or no reflection from scientists or experts that do not tow the company line on the supposed seriousness of climate change. Comply-or-lose-out is the message for doing business with more than 25 percent of the U.S. economy.

Fifth and finally, the Executive Order requires an assessment of climate risk to the federal government's "long-term budget outlook." Ironically, zero concern is given by the administration to the astronomical national debt, closing in on $30 trillion, and the risk that already poses to the federal government's "long-term budget outlook." The financial and economic risks of this soaring debt already are well known to -- and ignored by -- federal officials, both elected and appointed. Yet, now a superfluous climate assessment on the federal balance sheet will become another concocted premise to impose climate policies.

The Real Agenda

How can one provide an assessment of "climate risk" on the federal government and the private sector with any honest degree of precision? The answer: it isn't possible. The smartest scientist or wiliest bureaucrat can make no such determinations, especially since the climate itself is indeterminable and wildly unpredictable. Dr. Steven Koonin, who served as the chief scientist in the U.S. Department of Energy during the Obama administration, observed recently, "climate is a natural phenomenon. It's going to do whatever it's going to do. And it's hard to observe. You need long, precise observations to understand its natural variability and how it responds to external circumstances."

Since the climate itself is so vast and complex, it is folly to pretend to quantify climate risk on a $5 trillion enterprise called the U.S. government or the $4 trillion in annual private domestic investment with any accuracy or usefulness.

Notwithstanding these climate realities, "assess" they will.

Expect the Biden administration to use this Executive Order for climate risk assessments to paint a bleak and ominous climate "crisis" that demands unprecedented government intervention to right the ship, or at least pretend to "mitigate" the purported problem. For example, among President Biden's first Executive Orders in January committed to a "whole-of-government approach to the climate crisis." He committed U.S. policy "to promote a significant increase in global ambition" that "establishes climate considerations as an essential element in U.S. foreign policy and national security."

President Biden's team of cabinet and senior staff is populated with well known climate change zealots including White House advisor Gina McCarthy, former Obama EPA administrator; Special Envoy for Climate Change, John Kerry, former Secretary of State and U.S. Senator; Interior Secretary, Deb Haaland, former U.S. House member; among many. The president has even nominated Tracey Stone-Manning to head the Bureau of Land Management, who was an activist with the eco-terrorist group, Earth First!, was involved in dangerous tree-spiking, and claimed in her graduate thesis that children are a "environmental hazard."

In fact, it already is known what President Biden and his climate cabinet intend with this order since they have voiced their agenda. It's about transforming the U.S. away from carbon-based energy into so-called "renewable" energy. During the campaign, candidate Biden proposed a climate plan that called for $1.7 trillion in new federal spending over the next decade. He further proposed "leveraging additional private sector and state and local investments to total more than $5 trillion."

In other words, he intended the federal government to mandate others in the private sector to spend triple its own amount.

President Biden and climate change interest groups have made clear they want more solar panels and wind turbines to produce more of America's energy and displace oil, coal and natural gas. They have often advocated for more electric cars and the batteries and charging stations needed to expand the share of the vehicle market. They also envision high-speed rail across the U.S. to replace vehicles on highways and planes in the air, which even some environmental groups oppose, notwithstanding the colossal financial failure by the state of California to construct high speed rail.

In short, President Biden and his administration are embarking on a multi-trillion dollar "Green New Deal," which, judging by his own campaign plans and other such massive proposals, necessitates co-opting the private economy, despite the already increasing amounts of private marketplace investment in green energy (discussed below). The magnitude of the Biden Executive Order suggests a much larger energy transformation must be forced on Americans under the guise of "climate risk" and to "mitigate" global warming, such as it is, and it is private companies and the nation's financial sector that are the mechanism for implementation.

To compel Americans to change from oil, coal and natural gas to solar and wind energy consumption starts with making the former more expensive and the latter cheaper. This can only be done by government policy that redistributes taxing power, incurs more debt and regulates private sector investment to an unprecedented degree.

The reason for a "shift" from carbon energy, that is, oil and natural gas, underway in the U.S. and Europe is not out of necessity or scarcity. In fact, there is more than a half century worth of oil and natural gas reserves based on projected use and more than a century's use of coal reserves, according to a BP Statistical Review of World Energy. Moreover, both oil and natural gas reserves continue to expand over time, each by more than 50 percent since 1995 and expanding.

The reason for the forced shift in energy sources by government policies is based on highly disputed climate science and the political considerations. In the case of the U.S., it's primarily the Biden administration, not Congress, which is pushing the shift under dubious executive authority that is end-running the people's elected representatives in the legislative branch to appease climate change supporters and related constituencies.

President Biden's Order, in Orwellian fashion, claims his climate polices will "enhance U.S. competitiveness and economic growth." Yet, his stated policy stumbles on an ominous truth by mentioning, "the global shift away from carbon intensive energy sources and industrial processes presents transition risk to many companies, communities and workers." This government-forced shift in energy supply, rather than presenting "generational opportunities," as the Order asserts, will result in self-inflicted economic wounds and a lower standard of living for the non-wealthy masses in the U.S. and those nations that follow suit.

This attempt to manipulate the domestic energy markets, which are the life blood of any economy, has enormous downsides. The result will be rising energy prices on Americans, which will have a baleful ripple effect on the broader economy, which has played out in recent history especially in parts of the U.S. and throughout Europe.

Households and businesses in northeastern states and California currently pay nearly double the electricity rates of remaining states, according to the U.S. Energy Information Administration. This gap is due at least in part due to climate policies such as renewable energy mandates, particularly in The Golden State, where such energy policies have led to greater "energy poverty" where costs exceed 10 percent of household income, according to a study by the Manhattan Institute.

A 2018 report by Trinomics for the European Commission entitled, *Study on Energy Prices, Costs and Subsidies and their Impact on Industries and Households*, made several key findings, including:

- The European Union average retail prices for electricity, gas and petroleum products are heavily subsidized by the government but still tend to be higher than other industrialized nations of the Group of 20 ("G20"), especially for household customers but also for industry.
- The main driver of energy prices between the EU and G20 nations is the higher taxes on energy in the EU.
- These price differences can "have an important influence on the relative competitiveness of EU firms."
- Major energy producers, including the U.S. and Canada, tend to have lower prices than in the EU.

Any such government intervention that impedes the supply of affordable energy brings significant economic risk. During the 1970s, Middle Eastern oil producing nations cut off supplies to the U.S., which heavily contributed higher inflation and unemployment -- aka, "stagflation" -- in the U.S., as described by *Investopedia*.

A report by the Institute for Energy Research (IER) published earlier this year examined U.S. government policy interventions in energy markets over the last century since World War I. The study found that "interventions repeatedly fail to solve problems, often make matters worse [and] beget additional interventions and bureaucracy." This failed policy history is now repeating itself, which the IER report describes as "the latest iteration of the pattern [of] attempts to centrally plan energy markets in the name of crisis."

The Biden administration's Executive Order and other climate policies will have the same effect on inducing higher energy prices and result economic hardship and competitive disadvantages for American industries and the nation's workforce. Already, prices are rising in the U.S. at their highest rate in at least 13 years, including the price of gasoline. If this inflationary trend continues -- which is highly likely as climate policies take hold -- it will spell economic trouble both in the U.S. and especially developing countries, according to a recent analysis by *The Wall Street Journal.*

Traditional Government Energy Incentives

Government policies in general play an influential role in encouraging and discouraging economic and social behavior. Overly generous tax credits for "green" or "renewable" energy are designed to encourage more consumption from such sources. Conversely, other policies can be designed to discourage and disincentivize consumption of fossil fuel energy. The Biden Executive Order, along with other administration climate policies, constitute a major change from traditional government incentives to encourage energy diversification to government compulsion of the private sector to force more rapid energy transformation.

Dozens of federal government tax credits, grants, and loan programs are presently available for qualifying renewable energy technologies and projects and can be viewed on the U.S. Department of Energy website. Among these federal tax incentives, grants and programs are the Renewable Electricity Production Tax Credit, the Biodiesel Income Tax Credit, the Residential Energy Credit, the Alternative Fuel Tax Exemption and more. Grant and loan programs also are available from several government agencies, including the U.S. departments of Agriculture and the Interior.

Among the 50 states, there are more than 2,300 programs or tax incentives for energy efficiency and alternative fuels to encourage development and use from wind, solar, geothermal, biomass, fuel cells and more, according to the North Carolina State University's Clean Energy Technology Center. California has 146 programs and tax incentives for renewable and alternative energy, which are the most of any state.

At present, the federal government alone provides more than $13 billion in 2021 for "green energy" tax incentives, according to the Joint Committee on Taxation of the U.S. Congress. Most of these tax credits comprise $3.7 billion to produce electricity from renewable energy sources and $6.7 billion for solar energy. Another $300 million in tax credits are provided for plug-in electric vehicles for which individual consumers can receive up to $7,500 for the purchase.

These "renewable" energy tax incentives are four times the value of tax incentives provided for fossil fuels, according to a report by the U.S. Congressional Research Service. The Biden administration nonetheless proposes to eliminate such comparatively minor tax incentives on fossil fuels.

On the disincentive side, raising gasoline taxes or closing oil and gas pipelines are but two ways to discourage production and consumption of fossil fuel since such policies curtail supply and drive up the retail price. On his first day in office last January, President Biden canceled the Keystone XL gas pipeline, thereby eliminated more than 10,000 potential jobs, and blocked oil development in northern Alaska. He also is under political pressure to shut the Dakota Access Pipeline, already operating from North Dakota to Illinois.

Gasoline taxes already average more than 48 cents per gallon and 56 cents for diesel fuel by combining federal taxes with average of state taxes, according to the U.S. Energy Information Administration. Among the states, California has the highest combined gasoline taxes at more than 80 cents.

At the moment, Congress appears unlikely to vote openly and brazenly to raise gasoline and other fuel taxes since such action must be done out in the open in a recorded vote. The regressive nature of such taxes, by hitting lower-income families harder in their utility bills and gasoline tanks, makes even some climate alarmist politicians reluctant. Better to instead do so more indirectly, through the bureaucracy of an Executive Order.

Existing Private Investment

Trends in private sector energy investment already show increasing push for non-fossil fuel energy technologies. In 2019, for example, U.S. private investment in this sector reached $59 billion, which is a five-fold increase from $11.3 billion in 2005. Worldwide investments in non-fossil fuel energy exceeded $300 billion in 2019. Correspondingly, as of 2021, more than 1,300 institutions, from universities to pension funds, have committed to divest from fossil fuels.

According to the U.S. Energy Information Administration, renewable energy sources comprise 12 percent of energy consumption in the country in 2020. These sources include "biomass" (i.e., wood and biofuels), which is 39 percent of the renewable category, wind energy (26 percent), hydroelectric (22 percent), solar (11 percent) and geothermal at 2 percent of the renewable energy's share of total U.S. energy consumed. These renewable energy sources combined now exceed the share of coal (10 percent) and nuclear-powered electricity (9 percent) in the U.S., while the share of consumption from oil at 35 percent and natural gas at 34 percent still easily dominate.

Renewable energy's share of the market is rising, especially given the significant existing federal and state subsidies to enable them to compete with fossil fuel and nuclear energy and due to increasing private investment. For example, a recent report by *Bloomberg New Energy Finance* estimates by 2030, wind and solar energy will together comprise 16 percent of the global energy, up from 3 percent currently. The global share of energy from oil, coal and natural gas will drop to less than half from its current share of nearly two-thirds of power generation, according to *Bloomberg*. Of the $7.7 trillion projected to be invested in energy development by national governments and the private sector to meet growing worldwide demand, two-thirds of that amount is projected for renewable sources, including hydropower.

The point of these sample statistics is to show that with the help of existing government inducements and mandates, private investment already is shifting toward so-called renewable energy, which will, in turn, produce a greater share of the energy mix both in the U.S. and globally.

Co-Opting the Private Sector

Notwithstanding the tens of billions of dollars in government subsidies for renewable energy and the growing trend in existing private investment in this energy sector, the Biden Executive Order contends even more must be done. To the administration and climate change interests, the shift from carbon-based energy to renewable sources is too slow and the dollars too small since, they maintain, the planet faces an existential threat from climate change in the near future.

Supporters of the Executive Order concur. After all, they say, if the world has only 9 or 12 years in which to stop the planet from reaching a "tipping point," or if the nation must arrive at "net-zero" carbon emissions in three decades, then clearly the generous tax credits and grant programs currently in place are insufficient for a wholesale and immediate energy transformation.

The Biden administration and climate interest groups believe fervently that expanding the size and power of the federal government is thus necessary to transform the nation's energy sector and stave off an impeding apocalypse. Currently, the federal government's annual budget is $5 trillion (net of short-term Covid-19 pandemic spending). There are only so many tax incentives, loan programs and government grants to dole out in the name of climate change. More is needed, they believe, which is the mindset behind the various proposals for a Green New Deal, all of which entail significant mandates and re-ordering of the private sector economy. Hence, the estimated price tags of such plans exceed the budget of the federal government itself, and range as high as $57 trillion over a ten-year period (excluding "universal health care"), according to analysis by the American Action Forum.

Conscripting the private sector in the administration's war on global warming is the next big step to implementing a Green New Deal via bureaucratic executive orders. But, just how much money is potentially available and accessible for such a societal transformation?

The size of the economy, or the "gross domestic product" (GDP) in the U.S, is valued at more than $22 trillion this year, according to the U.S. Bureau of Economic Analysis. GDP is measured by four main categories. First, personal consumption of goods and services, which amounts to just over $15 trillion, or 68 percent of the total and includes the financial services and insurance sector of nearly $1.3 trillion.

Second, private domestic investment is more than $3.9 trillion currently, or nearly 18 percent of the economy, which is the target of government climate policy intervention, particularly the domestic oil and gas industry. In fact, U.S. oil and gas companies generated $181 billion in revenue in 2018 and employ more than 140,000 workers. The largest ten of these energy companies are together valued at more than $700 billion.

The remaining GDP categories are government consumption and investment of $3.95 trillion net exports, which is a negative $875 billion, i.e., the value of imports exceeding exports or the trade deficit.

Though the financial and insurance services sector constitutes about six percent of GDP, the sector's annual rate of corporate profits, at $421 billion, is nearly 22 percent of the total among all domestic industries, which makes it ripe for manipulation to fulfill the climate agenda of the Biden administration and its climate change interest group allies.

By imposing new climate-related risk standards on private companies and their investments, the federal government will be able to enlist tremendous amounts of financial resources to help them impose their anti-fossil fuel agenda. The sheer volume of this influx of new money would have much greater impact much more quickly compared to a seemingly paltry $13 billion in annual federal tax credits for renewable energy.

The Biden Order, by compelling divestment in oil, coal and natural gas sectors of the economy, would force these energy sectors to respond in unpalatable ways to the American consumer. These will likely include raising fuel prices, reducing production and exploration costs, and shifting operations elsewhere, outside the U.S. -- all of which fits with the climate agenda of the Biden administration and related interest groups. Best of all, from their perspective, the companies and private sector would likely be blamed for the rising costs and lost jobs as citizens may find it difficult to understand the connection between the Executive Order and its fallout on their standard of living.

Redefining Capitalism

As the Biden Executive Order on Climate Change Financial Risk gets implemented, more than America's energy markets will be affected. Capitalism, at least as it relates to America's private sector, also will be redefined. No longer will the profit motive and consumer market demand drive America's economy; rather, government-imposed demands on individuals and the private sector to address of climate change will become larger and larger determiners of permissible economic activity.

The U.S. remains among the freest market economies in the world. The nation produces a substantial aggregate of individual and corporate wealth. This includes a vibrant middle class, historically low unemployment (pre-pandemic), and higher living standards for its people -- including among those in statistical poverty. According to the *Human Freedom Index* report, the U.S. ranks fifth among nations in terms of economic freedom.

The Biden Executive Order would corrupt the “free” nature of America’s free market economic system. Using the vast federal bureaucracy to direct and manipulate private sector investment toward political ends, instead of such business decisions being properly made as a response to consumer demands, means the desires of political officials will transcend those of the public. It will be less free for companies that dissent from the party line, as it is currently in China, because the Biden order inevitably rewards cooperative and compliant business owners and corporate boards, and financially ostracizes and punishes those who resist (e.g., oil and gas companies).

To illustrate this agenda, look no further than the former Vice President of the U.S., Al Gore. He has become one of the wealthiest ex-politicians in the nation’s history, and he did so in part by pushing his climate change alarmist narrative. Mr. Gore and his longtime investment partner, David Blood, also have invested in green technologies and renewable energy development favored by government policies.

Gore believes strongly that America’s free market system ought to be co-opted for political ends -- and he’s not above using a “crisis” to facilitate action toward that end. Last year, Gore and Blood wrote that the Covid-19 pandemic presented “a once-in-a-century obligation to rethink the relationship among business, markets, government and society.” They then translated this “obligation” to climate change demands. “[W]e want CEOs to accelerate their efforts on climate action…all investments made today must factor in long-term climate and societal implications.”

In effect, the climate policies in play here will not only transform America’s energy sector. It’s about much more. It’s about transforming the relationship between government and the private sector. Rather than government serving the people and providing public goods that the government is uniquely suited to provide (e.g., military, law enforcement, roads, etc.), the Biden order will flip that relationship to where the private sector will serve the state to fulfill the government’s climate agenda, with enormous economic and societal implications.

Controlling the Private Sector

The Biden Executive Order on Climate Change Financial Risk reflects Al Gore’s vision, that is, government controlling capitalism to fulfill its political agenda. But this changing relationship between government and the U.S. capitalistic economy has deeper roots: it emulates the Chinese model of "authoritarian capitalism," as it has been labeled.

The People's Republic of China has been governed by the Chinese Communist Party since its revolution in 1949 and is headed by a paramount leader, at present, Xi Jinping. Going back more than 40 years to the late 1970s, China changed its economic model from a collectivist system under its founding dictator, Mao Zedong, to allow a degree of market practices while maintaining strict government (i.e., Communist Party) control. Since then, China has expanded its economy and military to rival the U.S., though it remains a dictatorial nation bereft of political freedom and environmental safeguards. The *Human Freedom Index* rates it at a dismal rank of 113 among nations for economic freedom.

Though the Chinese system has led to improvements in the standard of living of its people to a degree, though nowhere near counterparts in Western nations, there remains serious downsides. The stringent impositions on human freedom, as seen in the strongarm suppression of pro-democracy protestors in Hong Kong and the internment labor camps populated by Muslim minorities are salient examples. Further and pervasive instances are the crackdowns and imprisonment of newspaper editors, religious leaders and other dissenters from the Communist Party system, as well as China's use of child labor.

The Chinese style of government-controlled economy also wreaks havoc on the environment, decades long out-of-control growth fueled by high-emission coal. A 2019 study published in the journal *Nature Energy* reported that China's atmospheric pollution is so bad, it impedes sunlight from being used efficiently by its solar energy panels. *The Economist* magazine in 2019 reported that water pollution in China is such that half its surface water is untreatable for drinking purposes and one-quarter of it is too risky for industrial use.

By exerting a new level of regulatory control over private sector investments under the guise of fighting global warming, the Biden Executive Order would move the U.S. in the direction of the Chinese model that limits economic and political freedom. That is, federal government-mandated investments by the financial sector of the private economy would severely compromise the nation's market economy with significantly more government control.

The Biden administration's move toward the Chinese model of governance also reflects the outlandish embrace of China's political and economic system among U.S. policymakers, media and opinion leaders, along with corporate executives with substantial business in that nation.

The New York Times foreign affairs columnist, Tom Friedman, in a column published in September 2009, explicitly promoted Chinese-style governance and societal control: "One-party autocracy certainly has its drawbacks. But when it is led by a reasonably enlightened group of people, as in China today, it can also have great advantages …one party can just impose the politically difficult but critically important policies needed to move society forward in the 21st century." Mr. Friedman remains influential in media and policy circles and is steadfast to this day about his laudatory views on China.

Echoing Mr. Friedman, Joshua Kurlantzik, at the time a fellow at the Council on Foreign Relations, wrote in *Atlantic* magazine in 2013, "China -- and to a lesser extent other successful authoritarian capitalists -- offer a viable alternative to the leading democracies." He further stated that China "ensures the government controls strategic industries, picks corporate winners, determines investments by state funds, and pushes the banking sector to support national champion firms… gives signals to companies, and determines corporate agendas, but does so without the direct hand of the state appearing in public."

The Executive Order eerily fits this vision by imposing, without messy congressional deliberations, control of strategic industries, picks corporate winners and determines investments for climate purposes. Except, in democratic America, such policies aren't embraced by voters, and will bring major economic dislocation. These policies, however, are "critically important" to many American elites as personified by Messrs. Friedman, Gore and many others with political influence.

Indeed, Chinese authoritarianism is largely embraced by the climate change movement, which always has been more about transforming American governance and societal control than being concerned about China's highest-in-the-world carbon emissions and the ongoing construction of coal plants. A salient example of this is former California Governor Jerry Brown, who helped launch the California-China Climate Institute and embraced authoritarian measures to impose climate policies.

The fascination and envy for China among the media, political and business worlds also was on display with the recent report by the Cable News Network (CNN) on the 100th anniversary of the Chinese Communist Party. CNN referred to Chinese dictator Xi Jinping as a "real star" of the celebration and that the Party grew from its "small brick house" gathering in 1921 to which "today boasts 95 million members."

The Climate "Crisis"

The magnitude and effects of President Biden's Executive Order on Climate Change Financial Risk begs the question: is the climate in "crisis"? Does climate change require trillions of dollars in taxpayer and private investments to fix?

President Biden stated in the opening of his Executive Order that climate change is "intensifying." The president, his appointees and climate allies in Congress continually describe climate change as "an existential threat." They believe America and the world must act to keep the average global temperature from increasing too much by reducing carbon emissions.

The president's Special Envoy on Climate Change, John Kerry, a former Secretary of State, recently claimed the world has a very short time to deal with climate. "[T]he scientists told us three years ago we had 12 years to avert the worst consequences of climate crisis. We are now three years gone, so we have nine years left."

James Hansen, formerly a long-time scientist at the National Aeronautics and Space Administration (NASA) said in early 2009 that incoming President Barack Obama "has four years to save Earth."

So, what is going on with assertions about climate?

The first thing of which to take notice: when politicians and not a few scientists admonish about climate change, they almost never cite data, studies or other scientists; when they occasionally do, they typically misrepresent the findings.

There are basic questions that need to be asked and answered about climate, including actual temperature data over time, what causes the climate to change, and if anything can be done to alter the climate trajectory. This paper will not attempt to be exhaustive on these issues, but will succinctly provide some answers and point to additional references in order to buttress the concern over the futility of the Biden Executive Order and other climate policies.

Steven Koonin earlier this year released a new book, *Unsettled: What Climate Science Tells Us, What it Doesn't, and Why it Matters*, which addresses numerous climate issues without a political bent. A physicist, he served as the Undersecretary for Science in the U.S. Department of Energy during the Barack Obama presidency. Significantly, Dr. Koonin's book refutes the overblown, hysterical assertions about climate change using government produced reports, including the climate assessments by the UN Intergovernmental Panel on Climate Change (IPCC) and data from the U.S. National Oceanic and Atmospheric Administration (NOAA).

Dr. Koonin's findings include:

- The U.S. Climate Science Special Report concluded that the warmest temperatures in the U.S. have not increased in the last half century;
- The National Climate Assessment published in 2014 found that humans have had no detectable impact on hurricanes during the last 100 years, i.e., mankind's activities are not causing unusual weather;
- According to NOAA data, the number of significant tornados has changed little since around 1950, but the strongest category storms have become less frequent and the planet has been slightly wetter than average in the last 50 years, which refutes the claim of more droughts;
- The IPCC found the current rate of global sea-level rise is the same as 70 years ago, i.e., there has been no change from higher carbon emissions or population growth.

Dr. Koonin does acknowledge there has been warming overall by about 1 degree Celsius since 1900 due to natural phenomenon and some human influence, but it is gradual and manageable. He contends, "the net economic impact of human-induced climate change will be minimal through at least the end of this century," which directly challenges the very foundation of the Biden Executive Order's intervention in the U.S. financial system. He also dismisses the idea that government policies on climate can stop its trajectory. Carbon emissions would continue, regardless, and the economic cost of draconian measures would be unacceptable, Koonin contends.

Dr. Koonin is not alone. Other respected scientists, including Dr. Richard Lindzen of the Massachusetts Institute of Technology have made similar findings. In his 2019 paper, *On Climate Sensitivity*, Dr. Lindzen found that increases in carbon emissions do not result in commensurate increases in average global temperature and that carbon dioxide is but one of many varying influences on climate conditions.

Climate Predictions and Responses

Can we predict the future climate decades from now, or even years from now? The track record of past predictions says no, which is further argument against trillions of dollars in new spending by the government and forced investment by the private sector.

Atmospheric scientist John Christy, who also worked for NASA, developed a global temperature record using satellite data, for which the agency honored him. Dr. Christy has been a strong critic of climate models that he found have proven wildly inaccurate in their predictions of global warming from fossil fuel increases of carbon dioxide. When he compared average model predictions made since the late 1970s, he found that projected warming averaged two and one-half times what transpired as measured by satellites and weather balloons, with some models having predicted seven times the average global temperature. He presented these findings to a U.S. Senate hearing in December 2015 and in subsequent congressional testimony.

Faulty climate models make for embellished climate predictions which produce harmful and unnecessary climate policies. The practice has persisted for decades, however, going back to the first Earth Day in 1970 and well prior. It's now accelerating in the Biden administration.

The research of these and many other scientists illustrates the utter futility of climate policies that purport to somehow "mitigate" the planet's climate trend. Yet, the Biden administration and perhaps close to half of the U.S. Congress would spend trillions of dollars from the public and private sectors to fight a problem that at the very least is scientifically questionable with a solution of reducing carbon emissions that will have no impact, regardless.

With the climate science at a minimum "debatable," and climate predictions spectacularly wrong going back at least five decades, what sense does it make for the federal government to spend trillions of dollars and force the private sector financial industries to spend trillions more?

Assuming for the moment there was a climate crisis of global warming, what should be -- what can be -- the response?

Solar and wind power cannot in our lifetime replace oil and natural gas. In fact, both "renewable" energy sources depend on fossil fuel for their manufacture and operation, especially when the sun doesn't shine and the wind stops blowing. Environmental activist Michael Shellenberger, in his book, *Apocalypse Never: Why Environmental Alarmism Hurts Us All*, notes that solar and wind energy are far less efficient and take 100 to 1,000 times the land space of fossil fuel plants. He also decries the deforestation necessary to expand wind, solar and bio-fuels, which threaten wildlife habitats. Filmmaker Michael Moore illustrated these very points in his 2020 film, *Planet of the Humans*, only to get censored by YouTube.

Electric-powered vehicles may have real promise in the future, but won't any time soon, if ever, replace the internal combustion engine and gasoline vehicles. Similar to wind and solar energy, electric vehicles require huge inputs of fossil fuel energy for their manufacture, including mining for battery materials, and to sustain their operation. The mining alone requires enormous energy to extract nickel, cobalt, manganese and other battery ingredients, which would have to increase exponentially on a global scale to attempt to produce enough cars to replace gasoline vehicles worldwide. Meanwhile, other major nations, including China, Russia and India aren't playing along with the climate policy obsessions in the U.S. and many European nations.

China is building coal plants domestically and throughout the globe. Russia is rich with oil and natural gas, the exports of which -- including to U.S. allied nations in western Europe -- are its primary source of hard currency. India with its more than 1.4 billion people is rapidly growing its economy and middle class and is necessarily reliant on abundant fossil fuel energy, no different than how the U.S. and other developed nations attained their First World living standards. On development and energy usage, we've already blazed the path for them.

These emerging nations alone will offset any climate mitigation efforts led by the U.S., and will gladly take up a greater share of oil, coal and natural gas development and consumption that is forgone by the U.S. as the Biden administration seeks to force "renewable" energy on the country. Today, the U.S. accounts for a declining 13 percent of global carbon emissions. President Biden's Special Envoy for Climate, John Kerry admitted as much when he said the Paris Climate Accord was "not enough …not when almost 90 percent of all the planet's global climate emissions come from outside U.S. borders We could go to zero [carbon emissions] tomorrow and the problem isn't solved."

What if the planet continues to warm? What if anything can be done? The short answer is adaptation strategies. For example, if oceans rise, fewer houses and communities will be built near coastlines; more seawalls and barriers can be constructed. Dr. Koonin is sanguine about the ability of humans to adapt, especially through markets and ongoing technological advances. "As a species, we're very good at adapting," he said earlier this year.

More broadly, as Mr. Shellenberger argues in his book, *Apocalypse Never*, abundant energy, including oil, nuclear and hydropower should be more accessible in developing nations to accelerate the declining trend in global poverty and increase living standards. As global poverty further recedes, people tend to have fewer children on their own and economic conditions improve as does environmental quality. Restricting such energy abundance to instead impose "renewable" energy on developing nations, Shellenberger writes, "is hypocritical and unethical [and] thus a slower path to prosperity than the West followed."

It behooves our elected officials, policymakers and media figures to scrutinize the science on both sides of the climate debate, starting by acknowledging that a debate exists. An honest review of the science and data should at least give pause before any attempt to transform the U.S., beginning with its energy resources and markets, and inserting the government in unprecedented regulatory fashion into America's financial system.

The basic question comes down to this: does it matter if the planet warms by two degrees average, three to eight decades from now, and is it worth trillions of dollars for the U.S. virtually alone among nations to attempt to mitigate? Does science and data dictate this Biden Executive Order on Climate Change Financial Risk or is something else influencing climate policy?

Conclusion

Politics in the government sector always comes down to who wields power and who is in control. Billions of dollars are spent in the U.S. annually on lobbying government officials and running campaigns for public office. The squelching of scientific debate and the money involved suggest that climate policy is more about wielding power and control over society than the level of average global temperature 30 years from today.

The vast majority of present-day elected officials rarely think beyond the next election cycle and almost none think about trends occurring decades from now, which mostly explains the political insouciance regarding the exploding national debt of nearly $30 trillion; that is, the debt crisis always is assumed to be a distant problem. With such a pervasive mentality among politicians about future problems, are we supposed to believe that climate policies are about fixing a problem occurring in 10, 30 or 80 years from now?

Climate policies are about how Americans live today. Climate policy will dictate whether the U.S. continues to be the most prosperous and most desirable place on the planet to live and work and recreate versus whether the government increases it role in society to control those activities.

Climate policies are about more than what energy we use to attempt to reverse the planet's climate direction. To the Biden administration, many members of Congress and the vast array of climate interest groups, climate policies are about issues that have been debated since the nation's founding. They entail the role and size of government, and the liberties enjoyed by the citizens of the U.S.

The Biden Executive Order on Climate Change Financial Risk goes beyond shifting the source of energy that Americans produce and consume. It's simply another major attempt to redefine the constitutional lanes between government and individual and economic freedom.

The first 10 amendments to the U.S. Constitution, adopted in the early-1790s, are about restricting the powers of the federal government over the individual citizen, and protecting the individual against government encroachment on liberties (*Congress shall make no law …)*. In 21st century America, climate policies being advanced at federal and state levels of government are ultimately about reversing this constitutional construct, where the state dictates every aspect of life in the U.S., rather than operating within legal, economic and social constraints.

The Biden Order to use the financial sector to accelerate changes to energy use adds to the list of climate policies being pushed by interest groups and elected officials that would dictate foods we will eat; the kinds of appliances and how often we use them; the degree we can travel and by what means; what kind of home we can build; whether suburbs can continue in their current form, or be transformed to communities populated by apartment buildings and housing projects; what can be reported by news media and social media; and if we continue to have a constitutional right and means to object to such policies affecting our liberty and livelihoods.

Americans need to know the scientific facts about climate and the stakes of a fledgling federal government intervention in the U.S. financial sector underway. The implications of these climate actions by the Biden administration, rather than mitigate a climate "crisis," will bring a new crisis to the American constitutional experiment in individual liberty and economic prosperity.

The Committee for a Constructive Tomorrow (CFACT) is a Washington, D.C.-based 501 nonprofit organization founded in 1985 that advocates for free-market solutions to environmental issues.