

# AMERICANS FOR PROSPERITY®

## **Exposing the Special Interests Behind Waxman-Markey**

*Influence, Corruption and Control in H.R. 2454*

Policy Paper Summary – September 2009

Numerous studies have shown the economic damage cap-and-trade would exact on the country. Alternatively, AFP released a study to expose the backroom dealings that helped the U.S. House pass this flawed legislation. We examined how campaign contributions, pork-barrel projects and free carbon emission allowances were all used to buy votes. The paper also shows how Wall Street trading houses, electricity producers and the Left's political allies all stand to benefit from the Waxman-Markey energy tax bill.

### **Buying Votes**

- In a one-week span surrounding the vote, Democratic leadership PACs contributed \$130,000 to the reelection campaigns of 41 swing votes.
- Earmarked projects include:
  - o Rep. Bobby Rush (D-Ill.) \$1 billion in energy-related job training
  - o Rep. Alan Grayson (D-Fla.) \$50 million hurricane research center
  - o Rep. Mary Kaptur (D-Ohio) \$3.5 billion federal power authority,
  - o Rep. Frank Kratovil (D-Md.) \$1 billion in Maryland agriculture offsets

### **Free Allowances: The Biggest Corporate Welfare Program in History**

The paper explains how giving away emission allowances, as Waxman-Markey does, amounts to corporate welfare. Explanations from environmental economists Kristen Sheeran and James Barrett, the Government Accountability Office, White House Budget Director Peter Orszag, and energy company CEOs John Rowe and Mike Morris all say the same thing: consumers will pay, companies will benefit. Gifted allowances can be traced to:

- Rep. Collin Peterson (D-Minn.) \$400 million for rural electric cooperatives
- Rep. Rich Boucher (D-Va.) 43% of free permits for coal-burning utilities
- Rep. Gene Green (D-Texas) 2% of free permits for oil refiners

### **Eco-Protectionism: Are Carbon Tariffs Smoot-Hawley II?**

Waxman-Markey contains a dangerous return to protectionism. The bill allows the president to impose carbon tariffs on imports whose companies have not reduced emissions. The paper compares these provisions to the 1930 Smoot-Hawley Act that sparked a trade war contributing to the Great Depression. China and India have already reacted harshly to threatened carbon tariffs.

### **Union Giveaways and Green Construction**

Finally, the paper outlines how Waxman-Markey was designed to benefit Democrat's union constituencies. All projects must meet Davis-Bacon requirements, which increase costs and favor union contractors. The bill also funds massive green jobs training programs, which are narrowly focused on benefiting minorities and "empowerment zone" communities.

The paper is online at: [http://www.americansforprosperity.org/files/Policy\\_Paper\\_0909\\_0.pdf](http://www.americansforprosperity.org/files/Policy_Paper_0909_0.pdf)