IRRESPONSIBLE, RECKLESS, ALARMING:

IRA Will Make the United States Poorer and China Richer

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Executive Summary

The “Inflation Reduction” Act (IRA) is one of the most economically disastrous pieces of legislation ever enacted.

Just about every Democrat claim made in defense of this costly and irresponsible bill, including its title, is false. As this report demonstrates, IRA will make us poorer and China richer.

IRA will further weaken the economy and enlarge the national debt

The energy and climate provisions of the bill are designed to “transition” America over 10 years from U.S.-produced oil, natural gas, and coal to “green” energy sources that are dependent on government handouts and foreign supply chains. It will weaken the U.S. economy and put American taxpayers further in the red.

Democrats sold the bill as reducing the deficit. A key to that promise was the cost of the energy and climate provisions which they pegged at $391 billion. Since its enactment, estimates now place the real cost of these IRA provisions at about $1.2 trillion (Figure ESI). That is $750 billion more spending than previously claimed. Such massive spending will aggravate already stressed supply chains and prolong inflation—just the opposite of what the Democrats said.

It also will add to the mountain of debt President Biden has amassed. The $750 billion in additional spending Democrats didn’t count is three times greater than the $240 billion in deficit reduction the bill was supposed to produce. That will leave taxpayers on the hook for hundreds of billions of dollars in new borrowing. With the debt already at a frightening $33 trillion, we simply cannot afford IRA.

Moreover, modeling of IRA’s energy provisions by the Energy Information Administration, discussed later in the report, shows that it will do nothing to boost the economy or increase employment.

Despite deceptive Democrat salesmanship, IRA will deliver more inflationary pressure, more debt, and less growth—a disastrous trifecta for our economy and for American families.
IRA is gambling with hundreds of billions of dollars in taxpayer money

IRA boosts the Department of Energy’s loan authority by a staggering $350 billion, almost 10 times higher than its current loan portfolio.

As vice president, Joe Biden oversaw the 2009 Obama-Biden green stimulus spending spree. He personally announced the award of a $500 million loan guarantee to a solar company named Solyndra. That turned into a $500 million mistake for taxpayers when Solyndra went belly-up. The Biden Administration has already made similar errors with Proterra, a company once hailed as the future of electric buses. Like Solyndra, Proterra has filed for bankruptcy.

DOE’s recent decisions to select at least two Chinese-connected companies, Microvast and LanzaTech, for financial awards also should alarm us all. But it should not surprise us. The White House said it welcomes Chinese companies as “big players” in renewable and electric vehicle markets. DOE only pulled the plug on these awards after Republicans objected.

With this terrible track record, there is a convincing fear that IRA funding will be similarly abused by DOE. It should go without saying that taxpayer dollars should not be spent by DOE or any other agency to strengthen foreign competitors, especially China.

IRA will endanger our national security and enrich China

It is not just financial awards that should concern us. Shocking as it may seem, the energy “transition” IRA envisions will move America away from the fuels and technologies America dominates and towards those China dominates.

China is executing a strategic plan to control the supply chains for exactly those technologies Democrats are forcing on American families. Chinese companies have led in wind turbine, solar panel, and battery production for many years. More recently, China became the world’s largest manufacturer of electric vehicles. The IRA is the linchpin in the Biden Administration’s strategy to force the United States to abandon the industries and supply chains America dominates and replace them with the industries and supply chains China controls.

### TABLE ES1: TOP 10 LEADING MANUFACTURERS OF RENEWABLE & BATTERY TECHNOLOGIES

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<td>5. Hanwha Solutions Corp.</td>
<td>5. General Electric Renewable Energy</td>
<td>5. SK Innovation Co.</td>
<td>5. Stellantis</td>
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<td>7. First Solar Inc.</td>
<td>7. Zhejiang Fuda Wind Power Co.</td>
<td>7. China Aviation Lithium Battery Co.</td>
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China also directly or indirectly controls the supply chains for many of the key minerals these technologies require. Yet the administration has blocked or proposed blocking future mining for these same minerals throughout the United States. Even with additional mining, large amounts of critical materials will have to be imported to convert the U.S. auto fleet to EVs.

The contrast with America’s recent dominance of global oil, natural gas, and coal production could not be starker. It would be foolish to give up such an economic and geopolitical advantage, but that’s what IRA is designed to do.

**IRA will not improve the environment and may even harm it**

Despite its enormous costs, it is not clear IRA will deliver environmental benefits. Wind turbines, solar panels, and plug-in EVs use tremendous amounts of critical minerals, often produced in countries with poor environmental standards. The administration has given little consideration to environmental and climate impact of increasing energy demand and eco-unfriendly mining in developing countries to extract the very minerals needed for its forced “transition.” America has led the world in emissions reductions by embracing ingenuity and innovation, not by imposing burdensome mandates, tax hikes, and government subsidies that force an expensive energy transition on Americans.

Mineral production is very energy intensive. To make one typical EV battery, for example, takes about 250 tons of mined material that then must be refined before it can be used (Figure ES2). Hybrid vehicles that do not require charging can be produced using far less critical minerals and thus deliver greater emission reductions.

Consumers cannot expect to see EVs achieve price parity with conventional cars anytime soon, if at all. The minerals that go into EV batteries are a large component of the cost of an EV. Artificially increasing mineral demand will cause mineral prices to rise, keeping EVs out of reach for many consumers.

**America cannot afford IRA**

IRA was the wrong bill at the wrong time. In a world desperate for more energy, the last thing we need is a forced and expensive transition that weakens America and enriches China, and that will not deliver promised environmental benefits.

The Republicans “all-of-the-above” energy strategy was good for America and the world. It will be again if we let it.
**Introduction**

In his campaign, President Biden promised to eliminate natural gas, oil, and coal, which account for four-fifths of our energy supply. Since he was sworn in, the president has done everything he can to undermine U.S. energy production in pursuit of an extreme climate change agenda. He has severely restricted production on federal land, cancelled or withdrawn existing leases, dramatically reduced new leases, and raised taxes. Energy prices for American families have skyrocketed under his watch.

Climate change has become the lens through which the administration views all other issues. Everything else is secondary, even our national security.

The Biden Administration’s “whole-of-government” assault on American energy production is just one consequence of his ideology. The president has set emissions goals that cannot be reached, while his appointees are doing everything they can to eliminate the affordable, reliable, and secure energy that powers the nation.

One consequence is the Democrat penchant for throwing around a lot of borrowed money, especially towards politically-connected interests, as IRA will do. Another consequence is a willful blindness when it comes to dealing with China. To the administration, China is an essential partner in the global effort to address climate change, even as China continues to emit with abandon. The administration will not allow national security considerations to spoil the fiction that China is on board with its climate agenda.

When in 2021 a reporter confronted John Kerry, the president’s climate envoy, about China’s use of forced labor to manufacture solar panels, he could not even rouse himself to condemn it. He said meekly, “that’s not my lane here.” Because the Biden Administration will not stand up to China, China continues to take advantage of America.

This report will delve into how these aspects of the Biden Administration’s ill-conceived IRA, legislation that will increase the national debt, make America less energy secure, and enrich China.

Starting with the name, just about every assurance Democrats made about IRA is false. The evidence presented in this report leaves no doubt: IRA is irresponsible. It is reckless. It is alarming.
The Democrats Green Spending Spree: A Disaster Waiting to Happen

Philosopher George Santayana once observed, “Those who cannot remember the past are condemned to repeat it.”

As a candidate, President Joe Biden promised his “Build Back Better” plan would create millions of jobs in renewable energy. As president, he and Congressional Democrats rammed through the president’s plan under the guise of their wholly partisan IRA. In so doing, they made extravagant claims about all of the economic growth and good-paying green jobs this reckless legislation would produce.

If all of this has a familiar ring to it, it is because President Barack Obama and his Vice President, Joe Biden, made the same sort of preposterous promises for their “green stimulus” package in response to the Great Recession in 2009. As president in February 2009, Obama signed into law a partisan $787 billion “stimulus” spending spree, the American Recovery and Reinvestment Act.

The wreckage that piece of economic mismanagement created was detailed amply in the “The Solyndra Syndrome and the Green Stimulus Delusion” report released in 2021. That report details how the Obama Administration fleeced taxpayers and frittered away billions of taxpayer dollars on green gambles like Solyndra.

Indeed, it was then-Vice President Biden who announced personally that Solyndra would receive hundreds of millions of taxpayer dollars. We know how that ended—in bankruptcy and a $535 million loss for taxpayers. More companies on the receiving end of taxpayer largess wound up in the same place. Government should not be in the business of picking winners or losers. It is even worse when the “winners,” like Solyndra, also wind up being losers in the end.

Like the 2009 stimulus, President Biden's IRA spending spree will take money from the people and give it to his political allies and to foreign entities, some with close connections to our adversaries. At the same time, the president has declared war on the oil and gas industry—which ironically was one of the few sectors of the economy that flourished during the “Great Recession.”

For all of the similarities with the Obama-Biden green stimulus, however, this Democrat spending binge—which was enacted without a single Republican vote—is on an entirely different level. It is green industrial planning on a monumental scale and does absolutely nothing to combat inflation. Rather, it is being implemented in support of the administration's outlandish climate goals, such as a 50 to 52 percent reduction in emissions in the next six years, that are ruinously expensive and cannot possibly be reached. Energy and Natural Resources Committee Chairman Joe Manchin, who coauthored and voted for IRA, belatedly recognized it for what it is: “a radical climate agenda.”

Estimates vary, but the scam that is IRA will wind up costing far more than Democrats claimed. Despite the law’s open-ended commitments to spend taxpayer money, especially through tax subsidies, the Congressional Budget Office Congressional (CBO) and Joint Committee on Taxation (JCT) originally estimated that the law would reduce the debt by $240 billion. Democrats seized on this low-ball estimate. We now know that is not true.
CBO and JCT estimated the energy and climate provisions of IRA would cost less than $400 billion over 2022 to 2031. As the Wall Street Journal states, however, that is a gross underestimate, largely because the bill’s tax credits were not capped: “The Inflation Reduction Act may go down as one of the greatest confidence tricks on taxpayers in history. Democrats used accounting gimmicks to claim the partisan law would reduce the budget deficit. But now a Goldman Sachs report projects its myriad green subsidies will cost $1.2 trillion—more than three times what the law’s supporters claimed.”

The estimates from Goldman Sachs are presented in Figure 1. The $1.151 trillion top line cost estimate reported by Goldman Sachs for energy and climate is consistent with that from the University of Pennsylvania’s Wharton School, which pegs the total cost through 2031 at $1.045 trillion. A paper from the National Bureau of Economic Research also estimates a price tag of about $1.2 trillion, by 2040.

No matter how you slice it, IRA will be much costlier than the American public was led to believe by President Biden and Congressional Democrats. If the cost of the climate and energy provisions reaches $1.15 trillion, as calculated by Goldman Sachs, that would be an increase from the CBO/JCT estimate of about $750 billion. That is three times greater than the $240 billion in debt reduction the bill was supposed to produce as scored by CBO/JCT.

There should no longer be any doubt the IRA will increase, not decrease, the nation’s debt. That money will have to be borrowed and paid back eventually, leaving present and future taxpayers on the hook for hundreds of billions of dollars in additional debt to pay for this green folly.

Spending all of that borrowed money is sure to spur additional inflation, as well, further harming American families. We have already seen how runaway spending under President Biden—in the so-called “American Rescue Plan”—helped create the worst inflation in 40 years.

Despite claims to the contrary, IRA will not change that. In fact, there is good reason to believe IRA will put upward pressure on inflation. As former Treasury official Stephen Miran has explained, “To address inflation, we first have to identify its roots in a demand-supply imbalance. The Inflation Reduction Act will not only fail to address this imbalance, it will exacerbate it. At best there will be an insignificant effect on inflation. At worst it will push inflation higher and further erode American families’ spending power.”
It is not like politically-favored technologies, especially solar, are being starved of Federal support. Quite the contrary; The U.S. Energy Information Administration (EIA) recently published detailed energy subsidy data in its Federal Financial Interventions and Subsidies in Energy in Fiscal Years 2016–2022 report, which includes tax expenditures, direct expenditures, research and development support, and loan guarantees.

EIA calculates that over the seven fiscal years (FY) from 2016 to 2022, energy subsidies totaled $183 billion. Of that, 46 percent ($83.8 billion) went to renewable sources, which accounted for a little more than 12 percent of energy production.

Figure 2 shows the average subsidy for each million British thermal units (Btu)\(^1\) of energy produced. It shows that on average oil and gas producers received 2¢, coal producers 16¢, and nuclear power generators 5¢ for each million Btus they produced. It also should be noted that unlike wind and solar, the tax “subsidy” oil and gas companies receive is the same as other U.S. manufacturing companies also get through the tax code.

In contrast, wind generators were handed 93¢ and solar generators a whopping $4.89 for each million Btus they produced. For each unit of energy produced from fiscal years 2016 to 2022, on average wind got 48 times more than oil and gas and solar 252 times more.

Renewable subsidies were supposed to be a temporary measure until these energy types could compete.

The first wind subsidy, for example, started in 1992. They have been around now for more than 30 years and show no signs of going away anytime soon. They are the perfect example of Ronald Reagan’s maxim that, “Government programs, once launched, never disappear.” IRA extends and increases already extravagant renewable subsidies well into the future. Tax credits under the statute, for example, could cover as much as 70 percent of the cost of a new solar project.

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\(^1\) A British thermal unit is a measure of the heat content of a fuel or energy source. One Btu is the quantity of heat required to raise the temperature of one pound of liquid water by 1° Fahrenheit.
No Boost to Employment and Economy

Democrat claims about all the economic growth and good paying jobs IRA would produce also do not hold up under examination. Among other extravagant claims, the White House asserted IRA would reduce the deficit, lower costs for families, grow the economy, and create jobs. Recent forecasts, however, do not support these claims.

Take manufacturing jobs. The most recent Bureau of Labor Statistics (BLS) Employment Projections—released September 6, 2023, more than a year after the IRA was enacted—estimate nearly 114,000 manufacturing jobs will be lost between 2022 and 2032.

Digging deeper into the data for jobs in renewables, BLS projects that positions for wind turbine service technicians and solar photovoltaic installers will increase by a combined 11,500 by 2032. That is just a little more than the estimated 11,000 jobs President Biden eliminated with the stroke of a pen when he killed a single energy project, the Keystone XL pipeline, in 2021 (Figure 3).

EIA's Annual Energy Outlook 2023 (AEO2023) also gives us a pretty good idea of how IRA will impact the overall economy and energy sector.

Each year, EIA issues a “business as usual” reference forecast that includes, to the extent possible, laws and rules on the books. It also issues forecasts that incorporate different policy, economic, and technology assumptions. Among the many AEO2023 scenarios EIA released were one without IRA (“No IRA”) and one where businesses and consumers make full use of IRA’s provisions (“High IRA Uptake”).

Comparing the output of these two scenarios, the high IRA case results in less total economic growth, fewer non-farm jobs, and lower disposable income (Figures 4 and 5). That is not what the sales pitch said.
“We know some of this money is going to be wasted. There are going to be mistakes made. Some people are being scammed already.” So admitted Joe Biden in a candid moment in June 2009 talking about the Obama-Biden green stimulus he was charged with overseeing. The more things change, the more they remain the same.

The then-Vice President also added, “Our credibility depends on transparency.” That is something that has been in short supply during his administration.

DOE is awash in money. In testimony before the House of Representatives in April 2023, DOE Inspector General Teri Donaldson noted that between IRA and the Infrastructure Investment and Jobs Act (IIJA), the CHIPS and Science Act, and the 2023 Consolidated Appropriations Act’s Puerto Rico Energy Resilience Fund, DOE was authorized or appropriated over $128 billion. IRA alone bumped up its loan guarantee authority by $350 billion—more than ten times the $35 billion obligated in the loan program’s current portfolio. These are staggering amounts of money for a department that in fiscal year 2022 had a budget of $44.3 billion—and even that was extraordinarily large by historical standards.

IG Donaldson points to the experience of pandemic relief programs that, in a desire to get money out the door fast, the federal government wasted billions in taxpayer dollars. A review of these programs by the Pandemic Response Accountability Committee found more than $3.6 billion in Paycheck Protection Program money was sent to individuals listed in the Department of Treasury’s “Do Not Pay” system while another $3.5 billion in Economic Impact Payments money was sent to individuals using the identities of deceased people. DOE also wants to move fast, which as the IG warns, runs the “risk that it may fall into a ‘pay and chase’ model of oversight that may result in substantial losses.”
It does not help that funding for the Office of the Inspector General (OIG) has not kept pace with DOE budgets. From FY2010 to FY2022, while the DOE budget jumped more than 70 percent, the OIG budget grew less than 20 percent. While other agencies like the Environmental Protection Agency (EPA) and the Department of Agriculture typically devote from 0.44 percent to 0.25 percent of their budgets to OIG funding, DOE can muster only an anemic 0.10 percent. How can we rely on DOE to protect taxpayers’ money with its institutional watchdog being fed table scraps? DOE should seek to reprogram funds from IRA to OIG. Unfortunately, to date DOE has been unwilling to support greater oversight.

Given the attitude of the Biden Administration officials managing these programs, vigilant OIG oversight is sorely needed. The Director of DOE’s Loan Programs Office, Jigar Shah, admitted recently that some of the loans he oversees have high “executional risks” and are “likely” to lose money. Taxpayers work hard for their money. They do not want to see it wasted.

Yet DOE has loaned $102 million to a battery-anode processing plant owned by Syrah Technologies LLC, a U.S. subsidiary of an Australian company, that it admits is unlikely to be repaid. The processing plant gets its graphite from Mozambique, a country in the grips of a regional Islamist insurgency that could limit mine production. Director Shah said, “we also rated the project as likely to lose money for us. Because it’s super risky. You’ve got a supply chain from Mozambique.”
Politically-Connected Make Out Well While Taxpayers Get the Shaft

When President Obama placed then-Vice President Biden in charge of spending the green stimulus money, he said, “To you, he’s Mr. Vice President. But around the White House we call him ‘the sheriff,’ because if you’re misusing taxpayer dollars, you’ll have to answer to him.”

We know now reality was quite different. Joe Biden oversaw a political operation where politically-connected companies got the inside track. The Washington Post reported that the Obama-Biden Administration’s green technology program—the program “Sheriff” Biden oversaw—was, “infused with politics at every level” and that, “Political considerations were raised repeatedly by company investors, Energy Department bureaucrats and White House officials.”

Political connections seem to be driving the Biden presidency as well. President Biden and his Administration routinely touted electric bus maker Proterra, even gifting its top executive a position on a White House board. Separately, Energy Secretary Jennifer Granholm sat on Proterra’s board prior to her tenure as secretary. She even possessed hundreds of thousands of shares in the company after taking office. In August, despite the White House’s best efforts, Proterra filed for bankruptcy. This has left communities saddled with shoddy vehicles that do not work. It is a sign of things to come.

The same sort of political connections that unduly influenced decisions in the Obama-Biden Administration green programs may be influencing decisions in the Biden-Harris Administration. It has been revealed by the Washington Free Beacon that a private trade association founded and headed by Jigar Shah, Director of DOE’s Loan Programs Office, has become a “gatekeeper” for companies seeking loans and loan guarantees. According to the article, “The Cleantech Leaders Roundtable has seen a surge in its influence and revenue since its former president, Shah, was tapped to lead the powerful $400 billion Department of Energy Loan Programs Office (LPO) in 2021.” The group has not been shy about touting its connections:

“The Cleantech Leaders Roundtable has seen a surge in its influence and revenue since its former president, Shah, was tapped to lead the powerful $400 billion Department of Energy Loan Programs Office (LPO) in 2021.”

Jigar Shah, Director of the Loan Programs Office, February 23, 2023 and May 23, 2023 regarding a project approved for financing
The potential political conflicts of interest this reporting has uncovered could not be clearer.

No less troubling is DOE’s recently announced multi-billion dollar loan to Ford Motor Company at the same time Ford’s top lobbyist occupied a seat on the Secretary of Energy’s Advisory Board. These circumstances would appear, at the very least, to constitute a conflict of interest.

We are just at the beginning of massive IRA spending, and already we are seeing signs that DOE has little inclination to be impartial as it allocates hundreds of billions of dollars of taxpayer funds.

Handouts for China?

One of the most unreported stories is how many foreign firms are lining up to line their pockets with taxpayer money DOE controls. This is especially true when it comes to companies with leadership or financial ties to the People’s Republic of China (PRC) and the Chinese Communist Party (CCP).

That does not seem to bother John Podesta, the Senior Advisor to the President for Clean Energy Innovation and Implementation. In remarks delivered in March 2023, he was upfront about the fact that the administration expects Chinese energy and technology companies will be, in his words, “big players” in future U.S. energy production and electric vehicle manufacturing. He welcomed the idea that Chinese companies would be eligible for funding under IRA and the CHIPS and Science Act, even though he admitted the Chinese are “perfectly prepared to use their economic power when it serves their interests in a strategic way.” Such is the mindset of high-level officials in the Biden White House.

In October 2022, DOE announced it would be awarding $200 million to Microvast, a lithium battery company that operates primarily outside China. However, Microvast’s close relationship with the People’s Republic of China is well documented. A company prospectus states, “Our operations are subject to extensive PRC government regulation . . . we could become subject to regulations issued by the [Cyberspace Administration of China] and requirements of the PRC’s Cyber Security Law or Data Security Law.”

Even in the midst of China siphoning hundreds of billions of dollars in research and development from the United States each year, Microvast stated in recent Securities and Exchange Commission (SEC) filings that it will “… plan to continue leveraging [its] knowledge base in the PRC and to continue expanding [its] R&D efforts there as well.”
Additionally, before Microvast was selected to receive a grant from DOE, it was listed by the SEC in May of 2022 as a company not in compliance with the Holding Foreign Companies Accountable Act. This law is intended to prevent companies that, like Microvast, employ China-based auditors from obscuring their financial records from U.S. regulators.

It was subsequently revealed that Microvast’s CEO participated in a CCP talent program designed to entice overseas talent to return to China for the benefit of the CCP. According to DOE Deputy Secretary Turk’s testimony before the Senate Energy and Natural Resources Committee on February 2, 2023, “any persons participating . . . in a foreign government-sponsored talent recruitment program . . . [are] prohibited from participating in projects selected for federal funding.”

Microvast’s CEO boasted to Chinese media about the company’s strong ties to China. He stated, “It is a great honor that this is a technology we developed in our country, and this technology is all made by Chinese people, without any foreigners participating, it is a group of Chinese people who made this technology.”

None of this stopped DOE from selecting Microvast to receive $200 million in taxpayer funds. The IIJA was intended ostensibly to develop robust domestic manufacturing bases and supply chains free from the predations of China. DOE’s decision to award $200 million in taxpayer funds to a company joined at the hip with the People’s Republic of China is demonstrably antithetical to the IIJA’s intent.

In 2022, Republicans in Congress questioned DOE’s review process for this award, but received few answers.

Microvast’s deep Chinese connections were hiding in plain sight. Microvast mentioned the “PRC” 471 times in its filing with the Securities and Exchange Commission (SEC). The picture nearby is a translation of an article appearing on the Huzhou Municipal United Front Work Department website with the CCP logo on prominent display (no longer available). Anyone with an internet connection could have discovered these connections. DOE’s vetting process for loans and grants is lax, to say the least.
When confronted with these facts, DOE said there would be a “post-selection” security review of awardees, including Microvast, guided by a new “Pilot Research, Technology, and Economic Security” vetting process. The fact that our national and economic security hinged on an obviously rushed pilot process that occurred after an awardee was selected and announced publicly is disturbing. Such a process should occur before an awardee is selected, not after.

The House Energy and Commerce Committee requested DOE appear before it on May 23, 2023 to answer questions about the award and DOE’s applicant vetting process, but it refused. On May 22, 2023, the night before the hearing at which it had declined to appear, and after months of Republican scrutiny, DOE announced that it was no longer moving forward with the Microvast award. While DOE eventually appeared before that committee, questions regarding why DOE selected that company for an award in the first place remain unanswered.

Only after intense Republican oversight did DOE finally relent and announce that it would pull the Microvast award. The award never should have been made in the first place.

Microvast is not the only example. LanzaTech Inc., a carbon capture technology company, has received more than $10 million from DOE. The company has unambiguous ties to the PRC. According to its recent SEC filings, “[LanzaTech’s] business operations in China include a joint venture, several strategic investors located in China, including Sinopec, and a core team of technical, business and administrative professionals at a LanzaTech office in Shanghai.” The filings further state that “we are subject to the risk that the Chinese government may intervene or influence our operations at any time.”

LanzaTech’s 2021 Annual Report highlights Bo Ren, the Managing Director for Sinopec Capital, the investment arm of the Chinese state-owned oil conglomerate. Mr. Ren, who sat on the company’s Board of Directors, previously worked for CITIC, a state-owned investment company. He also graduated from Tianjin University, which is on a federal trade blacklist for “systematically coordinat[ing] and committ[ing] more than a dozen instances of theft of trade secrets from U.S. corporations.”

DOE cannot afford to keep making the same mistake of enriching China’s technological efforts at the expense of American taxpayers. It is imperative that DOE awards support the national security of the United States, not undermine it. We must take the threat of Chinese companies making inroads into domestic supply chains more seriously.

More recently, Gotion High-Tech, a Chinese manufacturer, announced it is setting up shop in Illinois.

Senator Rubio and other Republican lawmakers recently highlighted in a letter to Treasury Secretary Yellen that “Li Zhen, [Gotion’s] founder and Chairman, is a member of the Anhui Provincial Federation of Industry and Commerce, which is part of the CCP’s United Front system...His son, Li Chen, who is also [Gotion’s] CEO, is a member of the Baohe District Chinese People’s Political Consultative Committee, which is an advisory body of the CCP.” According to The Daily Caller, Gotion’s Silicon Valley research center is home to an “Overseas Talent Work Station” set up by the CCP to recruit American and European talent.
According to a recent analysis, the Gotion battery plant in Illinois could ultimately receive $7.5 billion in federal incentives thanks to the 45x production tax credit in the IRA. Gotion also is planning “taxpayer-backed” battery manufacturing capacity in Michigan.

Separately, Ford Motor Company has teamed with Chinese company CATL, the world’s largest producer of lithium ion phosphate batteries for EVs, to create an electric vehicle battery plant in Michigan (though this project is currently on hold). Many House committees have pressed for more information about this partnership, citing concerns such as CATL attempting to exploit tax credits intended to support domestic companies, the use of foreign workers, and impacts on the project in the event of a deteriorating relationship between the United States and China. The committees have fought for months to obtain requested documents, and the lack of transparency has intensified concerns about Chinese control of American manufacturing.

It is becoming more and more apparent China has developed and is implementing a clear-eyed strategy to control the supply chains for a variety of alternative energy technologies. It already is by far the largest producer of wind turbines, solar panels, and batteries globally (Table 1). It shows no sign of relinquishing its lead in these areas.

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Chinese domination of both the solar supply chain and the solar panel market are bad enough. But even worse, key parts of Chinese solar panels are manufactured in Xinjiang province, where China uses the Muslim Uyghur minority as forced labor. Though the Chinese government denies this, it has not permitted independent inspectors access to the manufacturing facilities. These claims raise a big red flag on an entire Chinese green industry.

Where China cannot innovate advanced energy technologies, it is not above stealing them. As the February 2023 Annual Threat Assessment from the Office of the Director of National Intelligence warned:

“China will remain the top threat to U.S. technological competitiveness, as Beijing targets key sectors and proprietary commercial and military technology from U.S. and allied companies and institutions . . . Beijing uses a variety of tools, from public investment to espionage to try to advance its technological capabilities, protect domestic firms from foreign competition, and facilitate these firms’ global expansion. Beijing’s willingness to use espionage, subsidies, and trade policy . . . advances Beijing’s attempts to assume leadership of the world’s technological advancement and standards.”

More and more we are seeing reports detailing how researchers connected to China’s military and intelligence services have penetrated our university system and research institutions, exploiting an atmosphere of open inquiry and free exchange of ideas to pilfer intellectual property. We need to wake up to the threat, not finance it. The IRA should not be used to fund America’s Chinese competitors. Unfortunately, it appears few real safeguards are in place to prevent this misuse of taxpayer dollars.
The Electric Vehicle Mirage

Among the energy and climate provisions of IRA, the largest amount of money will go towards electric vehicle (EV) subsidies, charging stations, batteries, and other related handouts. While the CBO’s and JCT’s initial estimate for the bill’s EV provisions was on the order of $14 billion, the more realistic estimate from Goldman Sachs is an astonishing $393 billion, 28 times greater than the original estimate. That $393 billion figure is more than twice the combined market value of the traditional Big Three U.S. automakers—GM, Ford, and Stellantis (Figure 6).

![Figure 6. Estimated IRA EV Spending vs. Big Three Market Value](image)

There is so much Federal subsidy money sloshing around, it is no exaggeration to say that American auto companies are in danger of becoming wards of the state more beholden to the Federal Government than to consumers. This is industrial planning on a monumental and dangerous scale.

It also is a huge gamble. Forbes describes the size of the risk: “To understand the magnitude of what is at stake: the U.S. auto industry contributed ~3 percent of the U.S.’s GDP, a trade surplus of $105 billion and 9.6 million jobs in 2022, or roughly 5 percent of all private sector employment.”

The Federal Government does a lousy job of picking winners and losers (e.g., Solyndra, A123 Systems, Fisker Automotive, Ener1, Beacon Power). It does a better job when it supports innovation across a range of new technologies and lets consumers ultimately determine what is best for them.

Many Americans, especially those in rural areas who drive long distances, count on vehicles that are affordable and reliable. EVs are neither. They do not have enough range and they take too long to recharge. (The Secretary of Energy recently found that out the hard way on a four-day EV road trip that unintentionally highlighted the shortcomings of road trips using EVs.)

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2 As of this writing, GM’s market capitalization is 46.5 billion, Ford’s $50.2 billion, and Stellantis’s $61.5 billion. See: https://companiesmarketcap.com/automakers/largest-automakers-by-market-cap/. Accessed September 20, 2023.
During an Energy and Commerce Committee hearing in June, Minnesota Auto Dealer Association President Scott Lambert testified that EV batteries perform worse in extreme weather, losing 40 percent of their range in the cold. This makes conventional cars the vehicles of choice for long trips. People are also finding that electric cars are more expensive to insure and repair, and they have lower resale value than conventional cars. Recent reports out of the United Kingdom, for example, say insurance premiums for EVs could rise 1,000 percent, which reflects the fact that they “can be particularly expensive to repair, costing around a quarter more to fix on average, compared to a petrol or diesel vehicle.” Moreover, media reports suggest that charging an electric car under cold conditions could cause a fire.

Nevertheless, the Biden Administration is trying to force all Americans to drive expensive electric cars many do not need, do not want, and cannot afford. A recent Pew Research Center poll found, “Half of U.S. adults say they are not too or not at all likely to consider purchasing an EV.” It also found that the share of the public interested in purchasing an EV “is down 4 percentage points from May 2022.”

The public also opposes efforts to ban cars with internal combustion engines. “About six-in-ten Americans (59 percent) say they oppose this, while 40 percent favor it.” Public support for phasing out gasoline-powered vehicles also is down seven points since 2021. It seems the more the American public learns about and experiences EVs, the less likely it is to support Federal programs pushing their adoption.

The president is betting hundreds of billions in taxpayer dollars on this single technology. It is a gamble that could cost America’s taxpayers and its automotive industry a bundle.

It is not just the IRA that is distorting car markets. The Administration wants to abuse its regulatory authority by issuing Corporate Average Fuel Economy and tailpipe standards that will make it very difficult for auto manufacturers to produce and sell vehicles that use fuel. The standards that the National Highway Traffic Safety Administration and EPA are proposing for emissions are so onerous automakers can only meet them by electrifying their fleets. EPA estimates that with this rule, EVs would account for about two-thirds of all car sales in 2032 from about 6 percent today, an almost impossibly rapid increase.

EPA lauded IRA investments and indicated that its electric vehicle tax credits will enable these proposed emissions standards. When House Energy and Commerce Republicans questioned the EPA on how it planned to factor in auto manufacturers and retailers potentially exploiting “loopholes” associated with these tax credits, EPA provided no information.

The EV subsidies in IRA will distort the American automobile market and deny many Americans the freedom to buy the vehicle that best suits their needs. The average electric car costs $62,000. That’s $16,000 more than a gasoline-powered vehicle. The steep price tag is a major reason dealers recently were sitting on a 92 day inventory of electric cars—almost twice that of conventional cars.
Despite enormous taxpayer subsidies, dealers are having a hard time moving these costly cars off their lots. Even at these high prices, many manufacturers are losing money on every sale. It is estimated that Ford lost an average of more than $70,000 on each EV it sold in the second quarter of 2023 while Rivian is reportedly losing $33,000 on each vehicle it sells.

**Jeopardizing America’s Leadership in Emissions Reductions**

The U.S. produces some of the cleanest energy in the world. We have led in emissions reductions by embracing American ingenuity and innovation—particularly in cleaner energy sources like natural gas—all while maintaining some of the highest labor and environmental standards. The development of American natural gas helped reduce U.S. emissions in the power sector by 36 percent from 2005 and 2022. As a result, America’s energy-related carbon dioxide emissions, both total and power sector, are at their lowest level since the mid-1980s.

The IRA’s natural gas tax threatens to reverse these trends while making life more unaffordable for people, who are still paying more to heat homes, cook, and manufacture thousands of essential products than when President Biden first came into office. This is a tax on every part of our economy, which harms communities and shuts down production.

According to an independent assessment from the Congressional Budget Office, the tax will result in as much as $337 million in fees per facility. This harms independent producers in particular, which communities across the country rely on. The systematic shut down of American natural gas and other critical energy resources is failing to reduce emissions, while increasing the cost of living and is forcing America to turn to countries with worse environmental and human rights records to meet energy needs. Not to mention the processing and refining of these key minerals, which is concentrated in China. IEA indicated that China controls 50 percent of global lithium refining capacity, 70 percent of global cobalt refining capacity, and 90 percent of global rare earth element refining capacity.

**Replacing Domestic Energy with Imported Minerals**

Without major reforms, manufacturing costs are unlikely to continue falling because electric cars require extraordinarily large amounts of specific minerals, whose prices are increasing. An electric vehicle uses more than twice the amount of copper and manganese than a conventional car. Moreover, unlike a conventional car, an EV uses significant amounts of lithium, nickel, cobalt, neodymium, and graphite.

An analysis from the United Kingdom found that to replace all of the United Kingdom’s nearly 32 million cars with electric cars would take about twice the cobalt, nearly all the neodymium, 75 percent of the lithium, and 50 percent of the copper produced in the entire world in 2018. By extension, converting the entire U.S. fleet of 260 million cars would take about eight times more.

The World Bank estimates that over the next 25 years, the world will need to mine the same amount of copper mined over the past 5,000 years combined largely because of the push to renewables and EVs. By 2040, the International Energy Agency (IEA) sees demand for lithium soaring 4,200 percent, graphite 2,500 percent, nickel 1,900 percent, and rare earths 700 percent. The IEA also reports that globally it takes it takes 10 to 16 years to open a new mine, making it highly unlikely world production will keep up with world demand for these minerals.
The headlong rush to electric vehicles (and wind and solar) promises to make us even more dependent on foreign sources of the key minerals used in these technologies. Democrats and the Biden Administration are under the mistaken impression that these minerals will just magically appear. If they have a strategy in place to secure supplies of these resources, they have kept it a secret.

Our climate and energy policy should not give our adversaries a geopolitical edge, but that is where we are headed. For decades the United States could do little to influence international energy markets on the supply side. The shale revolution within the oil and natural gas industry changed all of that and made the United States a key player in international markets on the supply side. That reduced our exposure to the Organization of the Petroleum Exporting Countries (OPEC) cartel, and it gave the United States greater geopolitical leverage by diminishing OPEC’s ability to manipulate energy markets. Greater U.S. oil output meant that sanctions on Iran and Venezuela, both large oil producers, had no impact on global prices. Swapping U.S. oil for imported minerals will reverse this trend.

**The Rush to EVs Benefits China**

In trying to wean itself off of Russian oil and natural gas, Europe has embarked on a program to electrify vehicles. A recent report prepared by the Spanish presidency for European Union leaders, however, notes that this could make Europe more dependent on China: “Without implementing strong measures, the European energy ecosystem could have a dependency on China by 2030 of a different nature, but with a similar severity, from the one it had on Russia before the invasion of Ukraine.” It would be foolish if we were to accept the national security vulnerabilities that will prevail once we become dependent on authoritarian regimes like China for critical minerals.

There also is no getting around the fact that converting our auto fleet to EVs means importing large amounts of critical materials. While the United States has a lot of these minerals, the truth is we will never be able to mine the amount of critical minerals needed to replace every car in America with an EV, especially with the Biden Administration’s anti-mining policies.

Moreover, current data from the U.S. Geological Survey’s (USGS) Mineral Commodity Summaries 2023 suggest other countries, including geopolitical rivals like China and Russia, have much bigger resources of six key minerals used in EVs than we have. These include copper, cobalt, graphite, lithium, manganese, nickel, rare earths, and zinc.

World and U.S. production of these minerals is presented in Table 2. The data indicate that the U.S. already depends on imports for most of these mineral ores. The U.S. also imports greater than 96 percent of the rare earth compounds and metals and 76 percent of the refined zinc we use.

While the Biden Administration has been traveling the globe to strike mineral deals in places like Mongolia, Italy, South Africa, Congo, and Zambia, it has blocked or proposed to block future mining in states such as Minnesota, Arizona, Alaska, Nevada, and Wyoming. Such an incoherent policy cannot be sustained.
As explained above, on top of the EV subsidies EPA has proposed vehicle regulations that would essentially outlaw the internal combustion engine in cars. The Alliance for Automotive Innovation asks what will happen if EPA gets its way:

*The minerals have to come from somewhere, right? Enter China and Chinese-backed mining companies in Chile, The Democratic Republic of the Congo and Indonesia . . . In other words, official U.S. policy will have thrown open the doors (and the ports, as it were) to China. Before long, Chinese automakers will accelerate their entrance into the American market with low-priced EVs that meet the aggressive (and arbitrary) EPA requirements for model years 2027-2032.*

| Table 2. Mine Production and Import Reliance for Key Minerals Used in EVs: 2022 |
|---|---|---|---|---|
| **Mineral** | **Global Production (1,000 Metric Tons)** | **U.S. Production (1,000 Metric Tons)** | **U.S. Share of Global Production (%) (1,000 Metric Tons)** | **U.S. Net Import Reliance (%)** |
| Co | 190.0 | 0.8 | <1% | 76% |
| Cu | 22,000.0 | 1,300.0 | 6% | 41% |
| Graphite | 1,300.0 | 0.0 | 0% | 100% |
| Li | 130.0 | NA | NA | >25% |
| Mn | 20,000.0 | 0.0 | 0% | 100% |
| Ni | 3,300.0 | 18.0 | <1% | 56% |

Thanks to America’s shale revolution, America became energy independent in 2019 for the first time since Dwight Eisenhower was president. President Biden’s policies are setting us on a course to future dependency in vital minerals. José Fernandez, Undersecretary for Economic Growth, Energy and the Environment at the State Department, told attendees at a recent UN climate meeting that China will continue to play a leading role in providing key minerals for EV batteries. “We are perfectly happy to work with them on this, and right now we purchase many of the minerals from Chinese companies.”

The Biden Administration is not “de-risking” America’s supply chains for resources critical to our energy security, as it claims. It is “re-risking” them.

As energy expert Daniel Yergin recently testified before the Senate Energy and Natural Resources Committee:

*Securing enough supply of these minerals to meet demand will be increasingly challenging for the United States given current planned capacity increases, existing trade patterns, new sourcing requirements, geopolitical tensions, and the long and complicated lead times for permitting and developing new mines.*
Replacing U.S. Cars with Chinese Imports

It is not just key minerals we should be worried about. In addition to leading in the mining and refining of key EV minerals and in EV battery manufacturing, China is making serious inroads into EV manufacturing. According to IEA, in 2022 China accounted for 60 percent of EV sales globally.

China has a grip on the global supply chain for minerals needed for EVs. Chinese EV manufacturers are heavily subsidized, which has given them a foothold in global markets. Chinese companies also have lower labor and regulatory costs than American, Japanese, or European auto companies, an advantage that is unlikely to change anytime soon.

That has created an existential threat to “legacy” automakers. “China’s auto sector—in particular electric vehicles (EVs)—is expanding at such breakneck speed,” reports Radio Free Asia, “that competitor manufacturers everywhere from Germany to South Korea are lamenting that the entire sector faces being flooded and going into crisis.” One auto executive described what is going on as a “Chinese takeover.”

European manufacturers, in particular, are up in arms about unfair Chinese competition that threatens their very existence. The situation has gotten so bad that the European Commission recently announced an investigation into whether to impose punitive tariffs to protect European Union auto manufacturers from Chinese EV imports that benefit from state subsidies. European Commission President Ursula von der Leyen stated the obvious when she said, “Global markets are now flooded with cheaper electric cars. And their price is kept artificially low by huge state subsidies.”

Europeans are right to be worried. According to Matthias Schmidt, the publisher of the European Electric Car Report, the company with the fastest growing EV sales in Europe is China’s BYD, with registrations so far this year (through July) spiking up 323 percent. UBS estimates that by 2030, Western automakers’ global market share will drop from 81 percent to 58 percent. “That would be a crisis moment for Western legacy companies,” said UBS.

The United States has a 27.5 percent tariff on Chinese EVs. IRA also includes domestic content requirements that make them ineligible for subsidies of as much as $7,500 (a provision that the Treasury Department attempted to weaken in its guidance). Nevertheless, Chinese EVs have an “overwhelming” cost advantage. The growing market clout of Chinese auto makers puts them in a commanding position. Tariffs and subsidies can be skirted by building cars in North America. Chinese EVs already have a growing presence in Mexico, for instance. AutoWeek points out how, “Chinese automakers could consider constructing factories in Mexico, where their business is growing quickly, to build cars for the US market without the high tariffs.”
China will find a way around our tariffs and threaten our domestic auto industry. That is too high a price to pay for an unrealistically rapid transition to EVs that consumers do not even want. But that is the price we almost certainly will pay if we continue down the path President Biden has set.

Indeed, Chinese battery suppliers already are making moves, including joint ventures, to gain greater access to the U.S. market. An executive at GEM, a Chinese battery material supplier, said, “The U.S. can’t completely shut out Chinese suppliers from its market either, as much of the upstream supply chain is concentrated in China.”

This is the predictable result of policies that force customers to purchase EVs instead of allowing them to choose EVs when they are the more attractive option. If the Biden Administration compels adoption of EVs, China is the winner. When consumers are empowered to make the choice that is right for them, U.S. firms can innovate to meet that demand.

**Emissions Reductions Claimed for EVs May Not Materialize**

All energy sources and technologies have tradeoffs. No fuel or technology is perfectly clean. Each affects the environment in different ways.

The stampede to EVs likely will sabotage the president’s own emissions goals. Toyota reports that the material used to produce one long-range electric car could make 90 hybrid electric vehicles that do not require charging. Those 90 hybrids would deliver 37 times more emission reductions compared to a single all-electric vehicle.

Because non plug-in hybrids consume gasoline, however, the administration does not support them. Subsidizing and mandating electric cars is not about reducing emissions. It is about eliminating fossil fuels, the source of 95 percent of the energy used in the U.S. transportation sector.

As a recent report, *Electric Vehicles for Everyone? The Impossible Dream*, from the Manhattan Institute's Mark Mills points out, “No one knows how much, if at all, CO2 emissions will decline as EV use rises.” Along with the emissions from generating the electricity EVs require, the emissions from mineral mining and processing, which are very energy intensive, are big unknowns. That is important because it takes an estimated 500,000 pounds—250 tons—of mined material—over burden and ore—to make one one-thousand pound EV battery (Figure 7).
Keep in mind that there are around 1.5 billion vehicles already on the world’s roads, and the number is growing. Providing the minerals needed to replace this global vehicle fleet with EVs and meet growing demand would require an almost incomprehensible amount of mined material. The United States has very strict mining regulations. Much of the rest of the world does not.

Many poor countries that produce EV minerals have terrible environmental records, often on top of poor human rights records, including the use of child labor in mining.

For example, in 2022, 68 percent of global cobalt production, which is essential for EV batteries, occurred in the Kinshasa region of the Democratic Republic of the Congo (Congo). The Congo is also home to more than half of worldwide cobalt reserves. Approximately 40,000 Congolese children mine for cobalt under the incredibly harsh conditions known as “artisanal and small-scale mining,” where the children search for critical minerals by digging with their hands.

Forced labor and child labor concerns are not unique to the Congo. Solar modules, solar cells, polysilicon, and photovoltaic wafers produced in China are characterized by the Department of Labor’s Bureau of International Labor Affairs as having inputs produced with forced labor. Forced labor conditions are especially acute in the Xinjiang region of China, where the Uyghur Muslim community is being persecuted. Congress took action to help prevent goods, including solar panels, produced with forced labor in China from entering the United States through the passage of the Uyghur Forced Labor Prevention Act in late 2021, but work remains to secure fully solar supply chains against forced labor. In addition, lithium-ion batteries from China are considered to include inputs produced with child labor.

Addressing what is perceived as an environmental problem may provoke other problems that are equally unappealing. Europe’s thirst for biodiesel, for example, increased Indonesian palm oil production. Establishing palm oil plantations however, involves clear-cutting of rain forest, which emits carbon dioxide and results in loss of biodiversity. While clear-cutting forests for palm oil plantations has declined in Indonesia, there has been a recent surge related to nickel mining. Nickel is a key mineral used in EV batteries.

In some cases, the cure to a perceived environmental ill may be worse than the disease. We may find over time and with experience that EVs are no better for the environment, and maybe even worse, than the traditional types of cars people currently drive.
Price Parity with Traditional Vehicles May Never Happen

The Manhattan Institute report also noted that it is an open question whether EVs will ever reach price parity with traditional vehicles. The prices of the minerals that go into them are based simply on “guesses” about the future of mining industries here and abroad.

The report concludes that, “Ultimately, if implemented, bans on conventionally powered vehicles will lead to draconian impediments to affordable and convenient driving and a massive misallocation of capital in the world’s $4 trillion automotive industry.”

The International Monetary Fund largely agrees that future prices for key battery minerals are likely to explode. It notes, “Prices could reach historical peaks for an unprecedented length of time—and even delay the energy transition itself. A resulting surge in prices for materials such as cobalt and nickel would bring boom times to some economies that are the biggest exporters—but soaring costs could last through the end of this decade and could derail or delay the energy transition itself.”

The cost of basic materials now accounts for 60 percent to 80 percent of the cost of an EV battery. An EV battery already accounts for an additional $10,000 to the price of an EV. Any increase in the price of EV minerals ultimately means higher prices for consumers.

Industrial planning is bad enough, but what we are witnessing is industrial planning without any discernible planning.

None of this means electric cars, which are constantly improving, are not the right choice for certain customers. It simply means they should not be a family’s only choice.

It has been reported that the average price for a new car in America has climbed to around $50,000, a record high. We can expect more of this. It was noted earlier that car companies are having a hard time making a profit on EVs, even though they cost more than traditional vehicles equipped with internal combustion engines. That puts upward price pressure on the traditional vehicles people actually want to buy. Thus, we get headlines such as this recent one from CNN: “Ford’s EV losses climb but overall profits rise”.

It is bad enough that Federal taxpayers—present and future—are lavishing subsidies of as much as $7,500 for the purchase of an EV (with some states adding even more). However, buyers of gasoline-fueled vehicles, especially pick-ups and SUVs, also are subsidizing EV sales to keep auto manufacturers profitable.

Republicans’ previous “all-of-the-above” energy strategy has been a success. This nation needs a comparable “all of the above” car policy that encourages investment and innovation in a variety of new and improved technologies. More efficient internal combustion engines, fuel cells, compressed natural gas vehicles, hybrids, and batteries all have a potential role to play in the future of driving and in reducing emissions.
Conclusion

The Biden Administration’s radical climate change obsession—which is the core purpose of IRA—led it to abandon the “all-of-the-above” energy policy Republicans support and that has served the country so well. All-of-the-above has allowed us to reduce carbon dioxide emissions, make energy more affordable for families, and enhance our energy and national security. The administration’s obsession is gambling with our energy security and with our national security.

In his 2023 State of the Union Address, the president let slip that he thinks America will need oil and gas for another decade or so. His climate envoy John Kerry suggested seven or eight years. They are living in a dangerous fantasyland. Every credible energy forecast indicates the world will be using vast amounts of oil, natural gas, and coal for the foreseeable future.

Instead of facing this reality, however, the president has taken his cues from Europe. A previous investigative report, Europe’s Energy Crisis: A Warning to America, made the case that the Biden Administration has launched a European-style energy policy. The results there have been as predictable as they have been devastating.

That report warned that the United States could experience see something similar to Europe’s current energy crisis if Democrats passed their reckless tax and spending spree legislation now known as IRA. Europe has suffered through been sky-high prices for energy and electricity, shortages of natural gas and other fuels, more blackouts, and less geopolitical clout. With enactment of the fraudulent IRA, the same is likely to occur here.

Inexpensive energy is a huge competitive plus for the United States. Yet the Biden Administration seems determined to surrender this national advantage by working to eliminate the low-priced fuels that supply 80 percent of our energy and by saddling energy producers with more taxes and regulations and taxpayers with hundreds of billions of dollars more debt.

The evidence suggests IRA will do nothing to boost the economy but spend taxpayers’ money and add to the nation’s ballooning debt.

It was noted earlier how EIA’s most recent annual forecast shows no economic benefits associated with a High IRA Uptake compared to scenario in which IRA had not been enacted. EIA also looked at a future with significantly greater oil and gas output. When this High Oil & Gas Supply scenario is compared to the High IRA uptake scenario, the results are revealing (Figures 8 and 9). From 2023 to 2050, the high oil and gas supply case produces $35 trillion more in total GDP (all dollar figures in 2023$). That is more than the entire federal debt of about $33 trillion.

The benefits of a robust oil and gas sector do not stop with GDP and revenue. EIA data show the average number of U.S. jobs would be almost 4.5 million higher each year. Families and businesses would enjoy lower prices for electricity, gasoline, diesel fuel, home heating oil, natural gas, and propane. Disposable income would average almost $645 billion more per year.
Moreover, carbon dioxide emissions from energy would be 11 percent lower in 2050 than in 2022. That is comparable to the decline the International Energy Agency is forecasting for global carbon dioxide emissions.

A robust oil and gas industry more than pays for itself in greater economic growth, jobs, and revenues and lower energy costs for families. Rather than attacking this industry, we should be encouraging it while we continue to support innovation into alternative technologies. Innovation cannot be force-fed to the American public on a political timetable.

The energy security implications of the Democrats' anti American-energy policy also are predictable. Europe tied its energy security to Vladimir Putin's Russia. The Biden Administration's pursuit of an aggressive transition to renewable and battery technologies that require impossibly large amounts of imported critical minerals coupled with its blind cooperation with China on climate change shows that the Biden Administration has learned nothing from the European experience.

Chinese Communists are not in the cooperation business any more than Russian oligarchs are. The Biden Administration is sleepwalking the country into greater dependence on China and other bad actors who control the supply chains for many key minerals. On the one hand, the administration subsidizes and mandates technologies, like EVs, that rely on critical minerals. On the other, it prevents the domestic mining that could supply large amounts of those minerals. China wins.

Today China dominates solar panel, wind turbine, and EV battery manufacturing, just as it dominates and taints with its human rights abuses the supply chains for many minerals used in these technologies. In contrast, America remains, despite the Biden Administration's best efforts, a global leader in oil, gas, and coal production—the fuels President Biden want to eliminate—and nuclear technologies.

The Biden Administration insists on playing into China's hands by supporting an energy transition that gives greater economic and geopolitical leverage to China. America can no longer afford an administration that uses climate change as a pretext for appeasement.
The disastrous impacts of the IRA in pursuit of these policies should come as no surprise. It was Vice President Biden who was put in charge of the Obama-Biden green stimulus plans that brought us the Solyndra fiasco and not much else. Now President Biden is in charge of gambling with an even larger pot of (borrowed) money thanks to IRA. Given the president’s track record, we have a pretty good idea what the results will be—more inflation, more debt, more insecurity, and more dependence on China.

In a world so desperate for more energy, the last thing we need is a forced and expensive “transition.” It is important that we remain energy self-sufficient—not just for oil, natural gas, and coal, but for nuclear, solar, wind, and batteries, too. It is good for America and good for the world.

The facts are clear. IRA will make us poorer and China richer. It cannot be salvaged. It must be repealed.