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POLITICALLY DIRECT

End oil ... no, *all* subsidies!

Exclusive: Jane Chastain has idea for gov't paper pushers who'd lose their jobs

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By Jane Chastain

The president has renewed his call to end the billions of dollars in oil subsidies so that he can "invest" the savings into alternative energy vehicles. House Speaker John Boehner got caught up in the rhetoric and put his foot firmly in his mouth. The speaker indicated that he might be interested in eliminating the subsidies for all but "small independent oil and gas companies."

It is no secret that the Obama administration wanted \$5-a-gallon gasoline. Now that the president has achieved this goal, he is looking to deflect public outrage by beating up on the oil and gas companies, again. But is Boehner pilling on? And what about eliminating tax breaks and subsidies for "big oil" but not "little oil"?

The GOP is supposed to believe in the free market. If oil is such a valuable commodity, then little oil should have no trouble attracting investors. The truth is "big oil" is made up of millions of little investors. If you have a retirement plan, chances are you are one of them. Are you comfortable with this kind of favoritism?

If we subsidize little oil but not big oil, then what about little mom-and-pop grocery stores? After all, these stores have a hard time competing with the big chains and giants like Wal-Mart. If we subsidize "little oil," don't we have a moral obligation to subsidize "little grocery" as opposed to "big grocery"? What about little hardware stores and little clothing stores? Shouldn't these owners be standing in line for a government handout, too?

The truth is much of the rhetoric about subsidizing the oil companies is just that, rhetoric. The Obama administration counts virtually any revenue it allows a business to keep or reinvest as a tax break, unless, of course, it is one of his favored industries. Ronald J. Sutherland did an analysis of these so-called subsidies - "Big Oil at the Public Trough?" - for the libertarian Cato Institute. Sutherland concluded that these subsidies "are a small share of oil revenues and far less generous than the preferences and subsidies provided for rival businesses and technologies."

Rival industries and environmental groups continue to churn out studies showing billions of dollars of subsidies that are supposedly flowing into the oil companies. These subsidies fall into three primary categories:

- Tax deductions for expense.

- Indirect expenditures in the form of defense outlays for the Middle East, the Alaska pipeline and the Strategic Petroleum Reserve. (Tanks and planes don't run on windmills; therefore, the government has to buy oil and gas and make sure we have sufficient reserves.)
- The environmental costs related to oil consumption. (The contribution to air pollution and global warming - we're straining at gnats here!)

What we need is a level playing field. Tax deductions should be the same for all related industries - and that includes windmills and alternative fuels. The government should not be in the business of picking winners and losers.

(Column continues below)

A little-known fact is that one out of every five dollars invested in alternative energy comes from the petroleum industry. If and when alternative energy becomes cost-effective, the petroleum industry wants in on it. What is wrong with that?

While we are on the subject of those dreaded subsidies, we should get rid of all of them. We simply cannot afford to subsidize Planned Parenthood or any other nonprofit. If those nonprofits are worthwhile, they will survive. If they are not, they won't. It's that simple. We can't afford to subsidize art or broadcasting. There is no shortage of either.

We should not be subsidizing farmers or big agribusinesses. We should not be paying the advertising budgets for McDonald's or any other company overseas. Get rid of the National Endowment for the Arts, the Corporation for Public Broadcasting, the Overseas Private Investment Corporation and all the rest. Close the Department of Education and consolidate the rest of the government agencies.

Of course, this downsizing would mean a lot of government workers would be without jobs. Neither Democrats nor Republicans have the stomach for this. What would we do with all of these displaced paper pushers? Put them to work pedaling windmill devices. Now that is a form of subsidized alternative energy I could support.