



A Heritage of Shame: The Heritage Foundation's Economic Analysis of the Waxman-Markey Bill

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The [Heritage Foundation's May 13, 2009 Web Memo "analysis"](#) of the precedent-setting Waxman-Markey Bill, the American Clean Energy and Security Act (ACES, HR. 2454), not surprisingly gets it all backwards. An engine of economic growth, job creation, energy security, and protection from dangerous and costly global warming pollution is magically transformed into all that is bad. How? With embarrassingly bad economics and deceptive presentation.

The Heritage Foundation has made itself a predictable source for economic nay-saying on climate and energy issues, with a history of missing the mark on the basics of climate and energy economics. This latest analysis is unfortunately no exception. The usual tricks are all here. Any GDP and income growth predicted by their own model, [a ubiquitous result of all major climate economic models](#)-including [their analysis last year of the Lieberman-Warner Bill](#), is concealed. There are no [costs of inaction](#). And aside from the cap on emissions, virtually *none* of the bill is modeled: 1) the allowance value disappears instead of being spent on consumer relief, clean energy, adaptation, and other measures; 2) no cost containment provisions such as banking, the strategic reserve, and offsets are included; and 3) no complementary policies promoting energy efficiency and clean energy are allowed. And so, the usual results are also here: predicted prices are drastically higher than those found in widely-respected and peer-reviewed analyses done by government agencies and universities, forcing extreme differences in results.

This is one of the most egregious opposition studies I have found. As such, the full critique deserves more than a short blog entry. [Click here to get the full critique](#), and find out what questions to ask of the authors, and of the people who cite the study to defend their obstructionist views (an extension of [my seven-question template](#)).

http://switchboard.nrdc.org/blogs/ljohnson/a_heritage_of_shame.html