

**Testimony of
Harry C. Alford**

**On Behalf of the
National Black Chamber of Commerce (NBCC)**

**Before the House Committee on Energy and Commerce
Subcommittee on Energy and Power**

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Chairman Whitfield, Vice Chairman Sullivan, distinguished members of the subcommittee, good morning.

I am Harry C. Alford, president and chief executive officer of the National Black Chamber of Commerce (NBCC). I appreciate this opportunity to appear before the subcommittee today to discuss the draft of the Energy Tax Prevention Act of 2011 and, specifically, how bureaucratic regulation of greenhouse gas emissions (GHG) negatively impacts our nation's African American communities.

The National Black Chamber of Commerce is a non-profit, non-partisan, non-sectarian organization dedicated to the economic empowerment of African Americans. Our business association represents 100,000+ Black-owned businesses and engages in advocacy and educational efforts that reach more than 1.9 million Black-owned businesses (US Census Bureau).

Additionally, we are dedicated to sustaining African American communities through entrepreneurship and capitalistic activity within the United States and via interaction with the Black Diaspora. In this light, the chamber strives to increase business development and growth via procurement, capital access and international trade, educate Black communities about our business' benefit to society and provide technical support to our 161 affiliated chapters both here in the United States and abroad.

After failing to persuade the American public of its intentions to pass a cap-and-trade program through the legislative process, the Obama administration has now unleashed its Environmental Protection Agency (EPA) to tackle climate change with non-transparent, burdensome regulations. This bureaucratic zeal is not only disastrous for America's consumers and

businesses at large, but also particularly threatening to the future prosperity of Black communities.

The Energy Tax Prevention Act of 2011 introduced by Representative Upton, Representative Whitfield and Senator Inhofe offers our nation much-needed reprieve from this EPA overreach. And it is my hope that both Democrats and Republicans will join this new effort to stop the agency's power-grab of our domestic climate policy. The Congress must be in charge of policymaking for such a serious issue – one that touches the lives and welfare of virtually every American – not un-elected officials with zero accountability.

The Energy Tax Prevention Act's stated goals, as presented last Wednesday,¹ ensure that our nation is not plagued by overly burdensome environmental regulation, regulation that would skirt the legislative process essential to national policy decisions. Two of these goals go to great lengths to protect the viability of African American communities. I would like to, therefore, briefly highlight their importance.

First, the Act prevents EPA from enacting a cap-and-trade tax that would significantly increase costs for many goods and services on which consumers and businesses depend. A simple review of statistics derived from the Congressional Budget Office's (CBO) methodology and calculated by proponents – yes, proponents – of cap-and-trade show just how dire circumstances will be for African American consumers if EPA is successful in enacting this new climate tax.

¹ House Committee on Energy and Commerce, "Upton, Whitfield, Inhofe Unveil Energy Tax Prevention Act to Protect America's Jobs & Families", February 02, 2011, Washington, DC, accessed at: <http://energycommerce.house.gov/news/PRArticle.aspx?NewsID=8178>.

For example, the Center on Budget and Policy Priorities finds that, for the poorest 20 percent of our population, cap-and-trade increases the cost of home energy by 45 percent, motor fuel by 25 percent and other consumption such as groceries by 35 percent.² Given the current state of our economy, EPA's implementation of cap-and-trade regulations will only victimize further the most vulnerable in our society. Public policy must be based on mutual respect and justice for all citizens. EPA's back-door approach to regulating greenhouse gas emissions thus fails America's less fortunate miserably.

Consumers and businesses are already feeling the pain of higher energy prices due to events outside of our control, such as the current unrest in Egypt. According to the American Automobile Association (AAA), the average price for a gallon of gasoline nationwide today is \$3.12. A year ago, it was \$2.66.³ Our domestic climate policy is in our control, though, and we cannot afford to stand by and let an unaccountable federal agency hijack this policymaking process with regulations that will only further exacerbate energy prices.

And let us remember the following. EPA's own analysis of cap-and-trade legislative proposals finds that small businesses will be hit with a 40 percent increase in energy prices.⁴ Yet, somehow, it now sees fit to regulate this economy-wide burden on our nation's small businesses. This is astonishing.

Second, the Act aims to protect American jobs and businesses, especially in light of increasing competition from developing nations such as China. Again, for the African American business

² Center of Budget and Policy Priorities, "Cap and Trade Can Fight Global Warming Effectively While Also Protecting Consumers", March 03, 2009, Washington, DC, accessed at: <http://www.cbpp.org/files/3-3-09climate.pdf>.

³ American Automobile Association (AAA), "AAA's Daily Fuel Gauge Report", February 07, 2011, accessed at: <http://fuelgaugereport.aaa.com/?redirectto=http://fuelgaugereport.opisnet.com/index.asp>.

⁴ National Federation of Independent Business (NFIB), "Cap and Trade = Massive Loss for Small Business", accessed at: <http://www.nfib.com/issues-elections/issues-elections-item/cmsid/49480/v/1>.

community, and Black workers nationwide, EPA's regulatory overreach will kill their competitiveness and innovation and impose significant burdens to new employment. Back in 1979, manufacturing employment here in America reached its high-point, providing jobs for roughly 19.6 million Americans. Since then, we have lost more than eight million manufacturing jobs.⁵ Now many of the factories that once employed our workers here in the U.S. are now popping up in China, Indonesia and other Asian countries.

When I was a young man, I began my career in Detroit. Upon revisiting throughout the years, I can attest to how cumbersome government regulations have come to destroy small businesses and starve families. EPA's plan to implement emissions regulations will sadly result in far greater strife.

This strife will be borne particularly hard by the African American labor force, one that has not only been underrepresented in the U.S. workforce historically, but also badly wounded since the financial meltdown. Today, 16.5 percent of African American men and women are out of work.⁶ And the situation is only getting worse. According to a new study by the Economic Policy Institute, the Black unemployment rate is projected to hit a 25-year high by the third quarter of this year.⁷

Just blocks away from this hearing room, the African American community continues to face an ever-steeper mountain of challenges to securing a job. In fact, the Institute's researchers find

⁵ Associated Press, Paul Wiseman, "Despite China, U.S. Factories Maintain Edge", January 31, 2011, accessed at: <http://www.time.com/time/business/article/0,8599,2045257,00.html>.

⁶ U.S. Bureau of Labor Statistics (BLS), "Employment status of the civilian population by race, sex, and age", January 2011, accessed at: <http://www.bls.gov/news.release/empsit.t02.htm>.

⁷ The *Washington Post*, V. Dion Haynes, "U.S. unemployment rate for blacks projected to hit 25-year high", January 15, 2011, accessed at: <http://www.washingtonpost.com/wp-dyn/content/article/2010/01/14/AR2010011404085.html>.

that Black unemployment in Washington, DC will reach 18.9 percent later this year.⁸ EPA's proposal to regulate into our lives the enormous cap-and-trade program that this great deliberative body rejected last year will only add insult to injury for these struggling Americans.

And upon close examination of the growing competition emanating from nations such as China, the idea of EPA imposing cap-and-trade regulations restricting our businesses' ability to innovate becomes more reprehensible. From construction and manufacturing to financial services and human resources, Black-owned businesses make breakthroughs every day that add to America's innovation and competitive edge. But the deck is being stacked against us. One specific example paints a clear picture. Before the end of this year, China is projected to surpass America for the first time in the number of patent applications filed.⁹ The higher costs and red-tape sure to arise from EPA's regulatory overreach will only further restrict American businesses' ability to keep up with the world's most populous country in creating the new technologies and services of tomorrow.

Now, I know that many witnesses before me have come to your committee to opine that small businesses are the backbone of the American economy. But given the threat EPA's proposal to quietly slip a cap-and-trade program into our economy poses to the health of these small businesses, it is definitely worth repeating. EPA's proposal to implement a cap-and-trade system by way of regulation would make it extremely difficult for businesses to create new jobs. These regulations would also have a ripple effect straight down the supply chain, hurting the suppliers, distributors and transporters with which America's small businesses work.

⁸ Ibid.

⁹ *TIME*, "Sizing up the U.S. and China", January 31, 2011, New York, NY, p. 37.

Additional EPA proposals that have sought to tighten air quality standards with regard to ozone exemplified mammoth business-destroying implications, as well. For instance, the National Federation of Independent Business (NFIB) found that, “As many as 675 counties across the U.S. would violate the proposed standard, triggering job-killing mandates, costly compliance fees and financial penalties for businesses in those areas”.¹⁰ Just imagine how many businesses would be forced to close, and how many workers would be laid off, if EPA’s broader proposal to implement a regulatory cap-and-trade scheme is successful.

Long story short, the environment belongs to everyone. For EPA to think that it can use the Clean Air Act to now ram through cost-prohibitive climate regulation is something I will not stomach. And it certainly is not something that the African American business community is prepared to accept, either. While paying a higher heating bill this month or dolling out more money for gasoline on the way into the office from McLean or Bethesda may mean little to government bureaucrats, people living paycheck to paycheck and small businesses trying to get by simply cannot afford it, especially now.

I applaud all members of the legislature who are working hard to make sure that EPA does not enact a cap-and-trade scheme, and, therefore, are standing up for not only America’s future economic health in general, but also for the well-being of our nation’s African American communities specifically.

Again, thank you for this opportunity to testify here this morning on the importance of the Energy Tax Prevention Act and halting EPA’s regulatory overreach. I look forward to answering any questions you may have.

¹⁰ National Federation of Independent Business (NFIB), “Cap and Trade”, accessed at: <http://www.nfib.com/issues-elections/issues-elections-item?cmsid=49409>.

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