



Subsidy or Despotism?

Posted by [Glenn](#) on March 27, 2006 - 10:08am in [The Oil Drum: Local](#)

Topic: [Policy/Politics](#)

Tags: [congress](#), [despotism](#), [offshore drilling](#), [oil](#), [peak oil](#) [[list all tags](#)]

A first step toward appropriately pricing a barrel of oil is to remove all subsidies for its production and consumption. The NY Times has an [indepth article today](#) about the Federal law that has allowed offshore drilling without royalty payment.

..the Bush administration confirmed that it expected the government to waive about \$7 billion in royalties (for oil drilling) over the next five years, even though the industry incentive was expressly conceived of for times when energy prices were low. And that number could quadruple to more than \$28 billion if a lawsuit filed last week challenging one of the program's remaining restrictions proves successful.

If prices are low, that would seem like a good incentive to keep it in the ground, but oh no we must drill that stuff no matter how hard it is to recover.

Many Libertarians say "The government does not have any money it does not first take" implying a form of despotism is in play. Well I say that the government cannot receive any money that its citizens or its representatives do not allow it to legally - anything else is despotism.

However, it seems that some elected governments will actively refuse to receive money in exchange for selling the public's assets on publicly owned land or off the coast. Some might say that the government taking any money encourages despotism. I would say that giving it away to corporations for free is the real despotism.

The program's original architect said he was surprised by what had happened. "The one thing I can tell you is that this is not what we intended," said J. Bennett Johnston, a former Democratic senator from Louisiana who had pushed for the original incentives that Congress passed in 1995.

Mr. Johnston conceded that he was confused by his own law. "I got out the language a few days ago," he said in a recent interview. "I had it out just long enough to know that it's got a lot of very obscure language."

That's the most depressing commentary about representative democracy I have read in a long time.



This work is licensed under a [Creative Commons Attribution-Share Alike 3.0 United States License](#).