

Fight over bid to suspend California's global warming law gets ugly

George Shultz warns of the dangers of dependence on foreign oil, and backers of Proposition 23 respond with attacks on him and his co-chairman in the opposition campaign, Thomas F. Steyer.

Margot Roosevelt, Los Angeles Times, 9-10-10

The fight over Proposition 23, a November ballot initiative to suspend California's global warming law, turned ugly this week, with personal attacks and emotionally charged rhetoric on both sides.

In a conference call with the news media Thursday, former Secretary of State George Shultz, co-chairman of the campaign against the initiative, warned of the danger to national security from dependence on oil imports, noting that part of "this money is undoubtedly slopping over into the hands of terrorists."

The state's 2006 global warming law would promote a transition from oil to clean energy, he said, adding, "We can't let these Texas oil characters take it away from us. So, 'No on 23.' "

Two Texas-based refiners, Valero Energy Corp. and Tesoro Corp., along with Kansas-based oil giant Koch Industries, are primary backers of the proposition, which would delay the law's curbs on carbon dioxide from fossil fuels and other planet-heating emissions until unemployment in the state dropped to 5.5% for at least a year. The jobless rate is now more than 12%.

Proposition 23 backers shot back with a statement titled, "Have they no shame?" which charged that Shultz, 89, who served as secretary of State in the Reagan administration, "is solidly behind higher gas prices for California's 2.2 million unemployed and those who worry they will be next."

Shultz responded through a spokesman: "The people attacking me must be desperate. They retreat from honest discourse to malicious misinformation."

The Proposition 23 campaign also characterized Thomas F. Steyer, Shultz' co-chairman on the No campaign, as a "billionaire hedge fund manager [who] talks a good game, but loves his oil profits."

Steyer's \$20-billion San Francisco-based fund, Farallon Capital Management, it said, has investments in oil and gas companies operating in Texas, Louisiana and Oklahoma, as well as in an Indonesian coal company.

Steyer also once owned Valero stock, the statement said, "presumably feeling no guilt about getting those fat dividend checks until divesting himself of that lucrative asset when the company's profits began to decline."

In an e-mail, Steyer responded, saying, "I don't object to private enterprise or to oil and gas. I simply want them to be fairly and properly regulated.... We need to start the process, which will take decades, of moving to independent and clean sources of energy."

Last week, Steyer issued a public challenge to Valero Chief Executive William Klesse to debate Proposition 23 and disclose the company's California profits.

California's climate change law, also known as AB 32, aims to reduce the state's emissions of greenhouse gases to 1990 levels by the end of the decade. It would force power plants and other industries to cap their emissions

and would slash the carbon intensity of gasoline by 10% by 2020, a rule that refiners say would increase their costs.

Shultz and Steyer were accompanied on the Thursday call by retired Adm. Dennis McGinn, a former deputy chief of naval operations who was part of a group of senior military retirees who warned in an influential 2007 report that climate change was a threat multiplier, potentially provoking instability in volatile nations vulnerable to floods, drought and rising sea levels.

"This effort by Texas oil companies to repeal California's clean energy law ... will clearly threaten national security," McGinn said. "We continue to send out a billion dollars every day to pay for our oil addiction. Some of that finds its way to the Taliban and Al Qaeda. We are killing our troops with petro-dollars."

Saudi Arabia, a principal sponsor of radical Islamic movements overseas, is the second-largest exporter of oil to the U.S, after Canada.