



Written by [Ron Paul](#) on March 26, 2019

## The Green Bad Deal

The recently-proposed Green New Deal is proof that climate change is for progressive Democrats what terrorism is for neoconservative Republicans: a ready-made excuse to expand government and curtail liberty. This radical plan would authorize the US government to seize control of major sectors of the US economy, phase out gasoline-fueled cars, make buildings “energy efficient,” and even replace air travel with rail travel.



Supporters of the Green New Deal claim that the science regarding the risk of climate change is “settled.” However, the science is far from settled. Many of the claims regarding climate change have been debunked.

Some supporters of policies like the Green New Deal have actually supported criminalizing dissent from the so-called “settled” science of climate change. This reveals the authoritarianism of some people demanding Americans give up real liberty and prosperity because of phantom fears of impending environmental disaster.

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Like all forms of socialism, the Green New Deal suffers from what Ludwig von Mises identified as the “calculation problem.” Knowledge of the most efficient use of resources is conveyed by prices set in a free market. Prices reflect individuals’ subjective preferences regarding the best use of resources. When government uses force to remove resources from the marketplace, it makes it impossible for the price system to function, leaving government officials and private citizens unable to determine the most efficient use of resources. That is why every attempt at government management of the economy inevitably reduces the people’s standard of living.

Congresswoman Alexandria Ocasio-Cortez has dismissed concerns regarding the almost 100 trillion dollars ten-year cost of implementing the Green New Deal by suggesting that Congress simply make the Federal Reserve pay for it by creating new money. Rep. Ocasio-Cortez’s claim is rooted in Modern Monetary Theory. This theory states that, when government controls the currency, it need not worry about running up large debt for welfare and war; it can have the central bank print more money to pay for more government.

Modern Monetary Theory is not modern. The Federal Reserve has facilitated the growth of government by printing money since its creation. It is no coincidence the birth of the Federal Reserve was immediately followed by the rise of the welfare-warfare state.

Whether done to monetize the federal debt or to jump-start economic growth, the Federal Reserve’s creation of new money harms the economy. In fact, Fed-induced distortions, caused by actions including money creation and interest rate manipulation, are the root cause of the boom-and-bust cycle that plagues the American economy. The Green New Deal would, in addition to its other negative impacts, hasten and deepen the inevitable Federal Reserve-caused economic crisis facing America. It would also



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increase the hidden and regressive inflation tax.

Ironically, the Green New Deal also would likely damage the environment. History shows that the most effective way to protect the environment is with a free-market economy that respects property rights. Therefore, those concerned with protecting the environment should support the free market, along with a legal system that holds private property owners accountable when their actions damage the environment or harm other individuals or their property.

*Ron Paul is a former U.S. congressman from Texas. This article originally appeared at the [Ron Paul Institute for Peace and Prosperity](#) and is reprinted here with permission.*



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