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The Left Hates Oil Companies

That's *really* what all this is about.

When oil prices blew sky high in 2008, ExxonMobil paid $36.5 billion in income taxes, $34.5 billion in sales taxes, and $45 billion in other taxes, for a total of $116.2 billion in taxes paid and collected in 2008. That's according to Mark Perry at the Carpe Diem blog.

Exxon will report earnings later this week. And while oil prices aren't quite as high today as they were three years ago, it's all a bit like 2008.

I read somewhere that either Exxon or the whole oil industry pays more in taxes than the bottom 50 percent of the whole income-tax system. So while president Obama is out there ragging on oil companies to remove so-called tax subsidies, it's odd that he doesn't mention how much in taxes the energy firms actually *pay* to Uncle Sam.

There's a laundry list of tax credits that go to oil, both large and small firms. Basically, these tax credits allow for the expensing of high-risk investment. That's what this is about.

Of course, if you really wanted to stop expensive subsidies, you'd kill the ethanol subsidies that have a big carbon footprint and drive corn and wheat prices sky high. But the liberal-left progressives hate oil and gas companies, period. That's *really* what all this is about.

Ironically, besides the usual plea for wind, solar, and biofuels — which amount to virtually nothing in terms of our energy use — the president does include natural gas. But natural gas is produced by oil and gas companies. And you have to *drill* for it. Therefore, oil expenses in the whole drilling process — including leases, permits, geology research, and dry holes, and then drilling, producing, lifting, and ultimately refining for sale — should be 100 percent expensed.

So it would be great if the president understood that you have to drill for natural gas. It also would be great if the president and his pals, instead of harping on a measly $4 billion a year in so-called subsidies (compare that with a $1.5 trillion deficit), focused on real pro-growth corporate-tax reform that drops the rates and includes permanent 100 percent expensing.

That's pro growth. That's tax reform. That will create more oil, more natural gas, and more gasoline.

That would probably stabilize prices, assuming the Fed doesn't totally destroy the dollar. That would generate millions of new jobs and lower unemployment. And that would be a good policy.

– Larry Kudlow, NRO's Economics Editor, is host of CNBC's The Kudlow Report *and author of the daily web blog,* Kudlow's Money Politic$.