TRIBLIVE

Rendell, Wolf & Soakem Inc.

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The sad thing is, Tom Wolf probably believes the rhetoric he's been charged with selling.

Mr. Wolf is Pennsylvania's acting revenue secretary. He's a Ph.D. from MIT, no less, with a long history as a businessman in York. Wolf went before the state Senate Transportation Committee last week to defend Gov. Ed Rendell's proposed gross profits tax on not just Big Oil but lots of the smaller-guy companies that do business with the oil companies.

The governor, always on the lookout for a good "public-purpose" swindle, wants to capture 6.17 percent of the oil industry's "staggering" and "ungodly" profits. Mr. Rendell sees it as something of a painless, duck-soup way to create a kitty -- now reported to range from $760 million to $830 million annually -- and dedicate it to a new swag to "save" mass transit.

Painless, supposedly, because the governor will have the state attorney general make sure the tax won't be passed on to consumers; duck soup, supposedly, because those who ply the oil trade can "afford it."

Never mind, as we editorialized last month, that raising the cost of business leads to less business being conducted. And never mind that attempting to prohibit a company from recovering the cost of doing business is a very sleazy, backdoor attempt at price controls, which always have the exact opposite effect proposed by our beneficent government officers. In this case, that primarily would be shortages.

And it won't just be Big Oil that's affected. No, no, no, no, the state can't selectively slap a new tax on Big Oil; that would be unconstitutional, Wolf said (which is an odd assessment, considering the Rendell administration routinely and firmly places a thumb to its nose and waggles its fingers furiously at the state charter).

As Wolf said, as reported by The Associated Press, this proposed tax would be applicable to 274 companies that benefit from the sale of vehicle fuel, heating oil and propane, whether they drill for it, refine it or deliver it.

So, not only would those "ungodly" Big Oil gross profits be slapped with a 6.17 percent excise, so, too, would be the poor Joes and Janes and Marks and Marys who have decidedly smaller profit margins than their suppliers. For 2007, that would be a $346 billion pool of money just begging to be taxed by Rendell, Wolf & Soakem Inc.

By the way, those "staggering" and "ungodly" Big Oil profits that Rendell gets all exercised over average about 10 cents for every dollar of sales. Will he next go after, say, PNC Financial Services Group, which has profits of more than twice that amount per dollar of sales• Not Rendell -- he and local governments have molested taxpayers' pockets for a nearly $50 million subsidy to help PNC build a new Pittsburgh skyscraper.

Not only was Tom Wolf not very convincing in his defense of theft by government in his appearance before the Senate committee, his ignorance of human action and economic behavior was astounding. Company shareholders would absorb the extra cost of the higher government touch, he said; companies that pull out of Pennsylvania because of the tax would be replaced posthaste.

No they won't and no they won't. Enacting a policy that only makes worse an existing bad business climate is like hanging signs on your borders reading "Welcome to Pennsylvania. Closed for business."

Still, Wolf says, "We don't see in a competitive marketplace ... that this would drown out competition or keep people from wanting to compete in a state so rich with consumers."

On what planet would that be, Mr. Wolf• Certainly not this one. What, reading John Maynard Keynes again in the Capitol bathroom• Taxing a competitive marketplace out of competitiveness is bad enough; not understanding -- or simply ignoring -- that economic truism should make Pennsylvanians wonder what this guy is doing in this job.

Is the Rendell administration so economically ignorant it fails to understand that its proposal, among many others, won't lead to economic revitalization but economic destabilization with a very dangerous ripple effect• Apparently so, or it would not have proposed such a destructive gross profits tax.

But there's more to this story:

This is a classic tale of interventionist government requiring a follow-up intervention to mask a past interventionist lie. In this case, Rendell's stepping in to "save" mass transit for Pittsburgh and Philadelphia during the last labor negotiations. He's got to pay for those bloat-preserving union contracts *somehow* , now doesn't he.