



Ex-EPA official told lawmakers of project to 'modify the DNA' of capitalism

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FILE: Oct. 1, 2013: Former EPA official John Beale at a hearing on Capitol Hill, Washington, D.C.

A former high-ranking EPA official who recently was sentenced to prison for fraud told lawmakers last month that, before he left the agency, he was working on a "project" examining ways to "modify the DNA of the capitalist system."

The startlingly blunt comment was included in [newly released transcripts of John Beale's deposition before the House Oversight and Government Reform Committee](#). One group that is frequently critical of the Obama administration's energy policy, the Institute for Energy Research, said the claim is a "smoking gun" that reveals the administration's true intentions.

Beale's credibility is not exactly ironclad. He was sentenced last month to 32 months in prison for bilking taxpayers out of nearly \$1 million by pretending to be a CIA agent.

But, in the transcripts, he spoke in great detail about meetings he supposedly had with EPA Administrator Gina McCarthy, back when she was heading the Office of Air and Radiation.

Beale said they started meeting in mid-2009. At a lunch, he claimed his "fabricated story about working at CIA came up," but that they also discussed various projects. Beale recalled telling her about a project he wanted to work on, which he described as "green economics."

He argued that environmental regulation was reaching its "limits" because "the fundamental dynamic of the capitalistic system is for businesses and individuals to try to externalize all costs." So he said he began working on his plan.

This, he said, involved "coming up with specific proposals that could be -- could have been proposed either legislatively or things which could have been done administratively to kind of modify the DNA of the capitalist system."

Beale said this "is not new" and has happened "tens of times" in the history of capitalism.

"It's not a God-given system that was created once and never changes. It changes all the time," he said. He said McCarthy was aware of the project and "we met frequently to talk about it and had actually quite deep discussions." He said, though, that the project was eventually "scrapped."

He also claimed the project began under the George W. Bush administration.

But, at a time when oil and gas companies are complaining about crushing EPA regulations, the IER seized on the comments as proof that the administration is pursuing a power grab.

"This is the smoking gun. For years, we have been saying the real agenda behind this administration's energy and environmental policies is the just what President Obama has said it is: to fundamentally transform America," Senior Vice President Dan Kish said in a statement. "In his testimony under oath, Beale, perhaps unwittingly, has laid bare the administration's end goal. The President's policies are not about carbon, they are not about coal, they are not even about energy and the environment. ... These policies are not about energy, but power."

In releasing the 263 pages of documents, the leaders of the House Oversight and Government Reform Committee did not comment on that section of the transcript. They focused instead on the fraud Beale committed by lying about working for the CIA.

"This is an egregious example of fraud on the highest levels of management at the EPA," Rep. Darrell Issa, R-Calif., chairman of the committee, said.

Rep. Elijah Cummings, D-Md., top Democrat on the committee, said Beale "spun an elaborate web of lies" to fool his EPA supervisors.

The EPA has not responded to a request for comment.

Beale's case was one of the more bizarre schemes run against the government in recent memory. Beale's trickery began more than a decade ago and was largely a scheme to collect unearned pay over roughly 13 years -- essentially by saying he needed to take off one workday a week for CIA missions.

In the committee documents, Beale acknowledged this was a "fantasy."

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