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## Destructive Overreaction

By Richard W. Rahn

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What would you think if members of Congress voted to require the U.S. military to forgo purchases of most of Canada's oil and thus be forced to increase their dependency on Saudi Arabian produced oil? As bizarre as it may seem, this is not a hypothetical question but precisely what Congress did in passing the falsely named "Energy Independence and Security Act of 2007."

Chairman Henry Waxman of the House Oversight and Government Reform Committee wrote a letter to Chairman Jeff Bingaman of the Senate Energy and Natural Resources Committee on March 17 of this year, detailing the "proper interpretation" of the Act.

Mr. Waxman said section 526 of the Act prohibits U.S. government agencies, including the military, from purchasing "fuels derived from tar sands." Mr. Waxman also said the Act prohibits the Air Force from developing "coal-to-liquid fuels."

Most of the oil and gasoline produced from tar sands comes from our friendly neighbor, Canada, which has enormous petroleum reserves in the form of tar, or more correctly, "oil sands." And the prohibition of using coal-to-liquid fuels precludes the United States from using its several hundred years of coal reserves to replace dependence on oil produced in the Middle East and other volatile and unreliable regions.

When members of Congress vote for such destructive legislation, it is difficult to know if they do so because they (and their staffers) have not read the bill, or they do not understand the consequences of their actions, or they just want to undermine the U.S. economy.

The rationale for the provision in the Act was to prohibit the acquisition of fuels that have "higher life-cycle greenhouse gas emissions" (CO<sub>2</sub>) than traditional fuels. However, since passage of the Act, scientists have determined producing corn-based ethanol creates more CO<sub>2</sub> than pumping oil out of wells.

Thus, it now appears the Energy Independence Act, as interpreted by the author (Mr. Waxman) of section 526, contradicts some of the provisions of the ethanol mandates also passed by the same Congress. As crazy as it seems, there may

now be almost no legal way for oil companies to supply many U.S. government agencies, including the military, with the full range of products they need.

This, of course, will give the highly partisan, mean-spirited, and TV-camera-addicted Henry Waxman another excuse to drag oil company executives before Congress to more ritual beatings.

Even members of Congress who are not overly partisan or mean-spirited, such as Sens. Joe Lieberman, Connecticut Independent Democrat, and John Warner, Virginia Republican, inadvertently can engage in destructive overreaction. They have proposed a bill — "America's Climate Security Act of 2007" (S. 2191) — that would enforce a nationwide cap and trade program for the emissions of greenhouse gases and require a major reduction in CO<sub>2</sub> emissions over the next 40 years. However, a new study by SAIC, using the National Energy Modeling System (EMS), and just released by the American Council for Capital Formation and the National Association of Manufacturers, indicates that by 2030 there is likely to be a much bigger impact on jobs (up to 4 million lost) and household income (down almost \$7,000), and much greater increases in gasoline and electricity prices than originally estimated.

Some study critics have complained it did not deal with the "costs of inaction," is a fair point, provided these costs are estimated correctly.

Even though most climatologists believe the Earth is getting warmer — as it has for last couple of hundred years — there is no consensus about the rate of warming. (Note: It now appears the average global temperature this past year was not only one of the coldest on record, but is a continuation of a cooling trend that started about 1998, which may or may not continue, and no one knows for sure.)

Most plants and animals — and most notably, humans — have been adapting well to the gradual warming in recent centuries, so the "cost of inaction" is minimal at the present rates of warming. Unless all the major global CO<sub>2</sub> emitters join in the reduction program, it is economic suicide for one, or even several, countries to move to highly expensive CO<sub>2</sub> reduction programs — and China and India have given no indication that they will join in. (Chinese skepticism is likely to grow after having just experienced a record cold winter.)

Most European nations are already missing their Kyoto targets and hence are now backing off because of the economic costs. Scientists have now determined that the Earth has had much higher CO<sub>2</sub> concentrations in the past, and these periods have been associated with both higher and lower temperatures.

We do know for certain that in the two decades since the global warming "crisis" became highly publicized many of the original assumptions, models and predictions (temperature and hurricane forecasts, et al.) have already been proven incorrect.

We also know for certain that rich countries and rich people can adjust to climate change much easier than can the poor who have fewer options. So it is prudent to try to make more people in more countries more prosperous so they can deal with climate changes, rather than spend large amounts of money on dubious climate change programs, whose only known certain result is to make many people poorer.

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