President Bush’s new plan to address potential global warming, announced on February 14th, is an unfortunate muddle of sound policies and political posturing that doesn’t reflect the President’s previously clear thinking on the issue. Instead, it looks like it was cobbled together by a committee of White House staffers desperate to give the environmentally-correct appearance of “doing something” on global warming. What the President is now stuck with pleases no one besides a few large corporations that hope to cash in on higher energy prices, but could lay the groundwork for doing prolonged economic damage.

On the plus side, President Bush has not said that the scientific debate is over. Therefore, he wants more funding and a new direction for climate research. Billions of tax dollars have already been spent on research, but under the Clinton-Gore Administration, federal funding went to support the agenda of global warming alarmism. Their purpose was to find more reasons to worry and more things to worry about. As it happens, the scientific case for alarmism has been growing much weaker the past few years. Climate scientists, as opposed to computer modelers, are finding out how much we don’t know about all the factors that effect Earth’s climate. President Bush wants to redirect federal funding towards pursuing answers to these real questions, rather than supporting a political agenda.

Another area emphasized by the President is research into new technologies. If global warming does turn out to be a real problem, feeble attempts today to reduce use of fossil fuels will play no part in addressing the problem. World consumption of coal, oil, and natural gas is going to rise dramatically in the next twenty years, according to both the International Energy Agency (IEA) and the Department of Energy’s

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THE CAFE WHITEWASH
by Sam Kazman

When the National Academy of Sciences issued its report on the federal government’s fuel economy program last August, it found that it kills between 1,300 and 2,600 people per year due to its constraining effect on the production of large cars. Given that this program, known as CAFE (for Corporate Average Fuel Economy), has been in effect for more than two decades, its cumulative death toll is incredible.

But even more incredible is how little impact the Academy’s report has had on the ongoing debate whether CAFE should be made even more stringent. It was, however, the topic of a February 25 conference sponsored by CEI and the Heritage Foundation called: “CAFE — Does It Work? Does It Kill?”

If this were a controversy involving chemicals, the claim that substance X endangers a dozen people over a decade would almost certainly trigger environmentalist demands for its prohibition. If that claim was backed by a National Academy of Sciences report, substance X would be toast. But in the case of CAFE, the Academy’s finding has been followed by a push to expand CAFE.

The proponents of higher CAFE standards offer three basic arguments for their claim that CAFE is risk-free. The first argument is that new technologies can give us higher fuel economy and more safety, and so there is no trade-off required. But try this thought experiment. First, imagine a high-tech car with incredibly advanced engines and safety systems. Now add a few additional cubic feet and a few additional pounds to the car, so that it’s a little bit bigger and a little heavier. Two things will happen. The car has become a bit safer, but also a bit less fuel-efficient. That is, you still have a trade-off between fuel economy and safety.

In short, high technology doesn’t get you out of the CAFE/safety bind. In the words of Dr. Leonard Evans, president of the International Traffic Medicine Association, this argument is like a tobacco industry executive saying that smoking doesn’t endanger your health, because with everything we now know about diets and exercising you can smoke and still be as healthy as a non-smoker. Well, it’s true that, with our current knowledge, smokers can be healthier. But this knowledge can make a non-smoker even healthier still. If you smoke, you’re going to be taking a risk no matter what.

The second argument is as follows: Since the 1970’s, when CAFE was enacted, that death rate has steadily improved even though cars have been downsized. So how can downsizing under CAFE make cars less safe when the death rate has been steadily improving? But the vehicle death rate has been improving not just since CAFE was enacted, but for most of the past century. That steady improvement has nothing to do downsizing; in fact, in the absence of downsizing, it would have improved even more.

The last argument they use is that CAFE cannot be deadly because it’s endorsed by such auto safety activists as Ralph Nader, Joan Claybrook, and Clarence Ditlow. But years ago, these very same people stated very forthrightly that larger cars are safer cars. In 1972, for example, Nader and Ditlow published a book called Small on Safety: A Critique of the Volkswagen Beetle. Page after page has such statements as: “Small size and light weight impose inherent limitations on the degree of safety that can be built into a vehicle.”

In January, Joan Claybrook appeared before the Senate Commerce Committee and presented a diatribe on how the CAFE/safety trade-off was a myth propagated by industry. But in 1977 she appeared before that same committee and stated, “There are going to be trade-offs.” What happened? Back then, large cars were not politically incorrect. Now they are. For these people, the line all along has been: You want more safety? You need more government. But with CAFE it’s exactly the opposite — more regulation means less safety.

Yet, there is not a single advocate of CAFE who admits that it kills anyone. For this reason, the CAFE debate is, at heart, dishonest; it’s as if we were debating whether to go to war, but none of the proponents were willing to declare that anyone would be put at risk. And in fact, as a widely-covered CEI poll released in February shows, once the public learns about the CAFE/safety issue, their views change dramatically.
The President’s program to try to limit greenhouse gas emissions is silly — yet dangerous and enormously expensive — political posturing.

The interests of this “Carbon Cartel” will be to use government regulation to make money by not producing something. The losers will be consumers forced to pay higher energy prices that result from what is, in effect, energy rationing. The Administration’s plan makes that outcome more likely by creating a framework that may be voluntary now, but can easily be made mandatory — and by creating the expectation that it will indeed be made mandatory.

Finally, and most unfortunately, by proposing a program to cut carbon dioxide emissions, President Bush appears to be conceding the argument that global warming alarmism is justified, contrary to his stated belief. And by making the program voluntary, he appears not to be serious about dealing with a problem he has just admitted is real. That is exactly the opposite of the reality.

The President’s science and technology research initiatives are a serious response to a potential long term problem. His program to try to limit greenhouse gas emissions is silly — yet dangerous and enormously expensive — political posturing.

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Energy Information Administration (EIA). The IEA forecasts that total world energy consumption will rise by 57% from 1997 to 2020 and that in 2020 fossil fuels will provide 90% of the total — which is a higher percentage than today.

That is nothing to worry about, however, because potential global warming is not a 20 or even a 50-year problem. At current rates of increase in total greenhouse gas emissions, global warming could conceivably become a problem in a century or two. Therefore, any solution will not be found in putting the world on a fossil fuel diet today, but in technological innovations that make other energy sources competitive or carbon sequestration inexpensive.

Technological transformation is a huge undertaking that will only be accomplished over many decades. The President thinks that federal funding can increase the pace of innovation. Of course, past experiences with government interference in free markets teach us that this is unlikely. But we have reached the unfortunate point in this debate that all sides now support wasteful government spending; most members of Congress want to spend even more on global warming.

Where the plan goes really wrong — and this is the centerpiece of the President’s new proposals — is where it turns to pandering to the accepted orthodoxy that the only serious global warming policy is one directed at limiting greenhouse gas emissions. Environmentalists have trashed his proposal’s goal to set targets for cutting emissions because the targets are only voluntary. On the contrary, they are not really voluntary at all. When I tell my children that they can either play outside or help clean the house, that’s voluntary. When I add that if they don’t make the right decision, they won’t get dessert, that’s not really voluntary.

Similarly, the Administration’s “voluntary” targets and emissions trading scheme offer potential rewards and punishments. Businesses are being told that if they make voluntary reductions now they will benefit in the future, and if they don’t they will be sorry. That is when the reductions become mandatory. People considering the sorts of mammoth investments and long lead times now required in the energy sector are likely to take the hint.

The result of this subtle coercion is that a large and powerful class of corporations will be created that expects to be rewarded by a future decision to place mandatory limits on carbon dioxide emissions. And not only expects — they will demand to be rewarded by receiving credits that can be sold for all the emissions cuts made under the voluntary program. Past experience with other quota systems, such as the federal peanut program, suggests that Congress will not be able to resist the pressure to pay off a special interest.
Q & A WITH DR. JAGDISH BHAGWATI
EXTOLLING THE BENEFITS OF FREE TRADE AND GLOBALIZATION

Dr. Jagdish Bhagwati is one of the world’s foremost scholars on international economics. He currently teaches at Columbia University and is the Andre Meyer Senior Fellow in International Economics at the Council on Foreign Relations. Professor Bhagwati served as Economic Policy Advisor to the Director General of the General Agreement on Tariffs and Trade, or GATT, between 1991-1993. Currently, he is the External Adviser to the Director General at the World Trade Organization (WTO). The professor has published more than 200 articles and 40 volumes. Three volumes of essays in his honor have been published in the USA, the UK, and the Netherlands. He has received many honorary degrees and international prizes and awards. Dr. Bhagwati here discusses the WTO’s recent ministerial meeting in Doha, Qatar, and various topics from his book The Wind Of A Hundred Days: How Washington Mismanaged Globalization (MIT Press). In particular, he addresses the myth that linking environmental and labor standards to trade liberalization will help less-developed nations overcome poverty and obtain sustained, long-run economic growth. Dr. Bhagwati’s latest book, Free Trade Today, was published by Princeton University Press.

CEI: What were the World Trade Organization’s goals going into the Doha Ministerial, and were these goals accomplished? Has the organization rebounded effectively from its failure to launch a new round of negotiations in Seattle?

Bhagwati: The Doha meeting was critical in two ways. To begin with, if it had not launched a new round of Multilateral Trade Negotiations (MTN) the anti-globalists would have chalked it up as yet another victory against the evil forces of free trade and its Vatican, the WTO. That would have set back the WTO by years. Again, we need to continue lowering trade barriers. They have certainly come down hugely as a result of successive Multilateral Trade Negotiation rounds since the GATT was founded, but a lot remains to be done. Now that our agricultural support has been “tariffied” in a big way, everyone knows — what some of us knew for years — that the developed countries have immense trade barriers in agriculture to be reduced; and they also have peak tariffs in textiles and other labor-intensive products. The developing countries also have many industrial tariffs still in place worldwide, except for a few shining exceptions such as Singapore and Chile. And both types of countries have a ways to go in reducing barriers to services trade. We should keep going, instead of losing momentum. As for the WTO regaining optimism, it certainly has.

CEI: You received a great deal of publicity for putting together your statement of third world leaders and non-governmental organizations opposed to linking labor and environmental standards to trade liberalization. Do you feel that your efforts have helped open eyes here in the U.S. to how people in poor nations truly view free trade?

Bhagwati: I believe that this TWIN-SAL statement — published originally in The Earth Times and circulated widely at the UN General Assembly meeting in the summer of 2000 — did alert the more sophisticated observers and policymakers in the rich countries to the fact that, just because some NGOs and unions wanted this linkage of environmental standards to trade liberalization, it did not mean that the poor countries wanted it too. Besides, as I have made the argument clearly in terms of economic logic and appropriate policy design, issues such as labor standards are better dealt with in institutions that are supposed to address them. In fact, I argued in Chapter 2 of my latest book, Free Trade Today, that there is no rationale for putting labor standards into trade treaties and institutions. There is little reason to fear that trade with the poor countries is driving down our real wages or that it is leading to a “race to the bottom” in our labor standards. If you want to advance linkage, however, for altruistic reasons, there are better
ways of doing it. So, I am delighted that at Doha we did not succumb to the pressures to surrender logic and appropriate design to crude politics.

CEI: In The Wind of a Hundred Days you point out that policymakers in many third world countries have recognized the folly of their autarkic strategies of the past and want to experience the long-term gains of liberalization, but intellectuals in wealthy nations won’t let them. You call this the “ironic reversal.”

Bhagwati: Yes. A Canadian polling firm released at the last World Economic Forum findings on attitudes toward globalization in 25 countries and I was pleasantly surprised to find a confirmation of my thesis. The response on globalization’s agreeableness was far more positive in the developing than in the developed countries. Also, if I may add another wrinkle that I keep emphasizing, the more pessimistic among the developing countries were those that had been devastated by the recent international financial, and endogenous financial, crises: Argentina, Indonesia and Turkey among them. This shows that people will often aggregate all kinds of globalization, thinking that if short-term capital flows are a problem, freer trade must be also! For this reason alone, because Asia was devastated by a hasty and imprudent shift to financial liberalization without accompanying institutional changes, I urge that this area of globalization needs to be handled with the utmost care, or else we will imperil in the public eye even the far more benign policies such as trade liberalization.

CEI: What can be done to make policymakers and intellectuals see that trade liberalization produces growth and prosperity?

Bhagwati: My view, expressed in Free Trade Today, is: argue, argue, argue! We have to do this in the public domain. Thus, I have debated Ralph Nader twice, including once at Seattle. And I can assure our erstwhile presidential candidates that they need not have chickened out from debating him, partly because he is not such a formidable foe. I have also debated his trade deputy Lori Wallach, Naomi Klein, and others. But we also need to counter the occasional skeptics that always surface within economics itself. My book takes that task seriously. And I believe that I have destroyed the latest set of critics from within the profession.

CEI: In your book, you describe free trade as “an important moral force for good” and a catalyst, over time, to enhance “values and institutions such as democracy and respect for human rights.” Will supporting free trade be the key to helping the developing world in the 21st century?

Bhagwati: There is no magic bullet in development. But the package of good policies to help development, and indeed to reduce poverty, must include free trade and globalization on other dimensions such as direct foreign investment and short-term capital flows, properly managed, of course. What is wrong with several opponents of globalization is that they think globalization is part of the problem when it is part of the solution, to both economic prosperity and to advancement of social agendas such as reduction of child labor, reducing gender discrimination, etc.

CEI: You say that poor nations today are speaking with a virtually unified voice and asking that wealthy nations keep their borders open to both trade and immigrants from the Third World. What has enabled Third World leaders now that it was wrong to believe that “integration into the world economy would lead to disintegration of the national economy.” The sad thing is that, in the few countries that have had upheavals through international financial crises, there could be the wrong and illogical inference that the shift away from autarky in trade and investment has failed. There is no shortage in these countries of leftist critics who are pining away to return to center stage and who would grasp at straws, especially when handed to them by those who have mismanaged the macroeconomics of these economies.
The Good, the Bad, and the Ugly

The Good: Cannon Sticks to his Guns on National Monuments

Former President Bill Clinton’s unprecedented use (some say abuse) of the Antiquities Act to designate nearly 20 new U.S. national monuments during his term frequently didn’t sit well with elected officials in the states and localities affected most, who felt their objections were overridden by a President engaged in political pandering and legacy-building. Perhaps nowhere were those hard feelings more acutely expressed than in Utah, which saw some of the largest clean coal reserves in the world locked away from development by the stealthy 1995 designation of the Grand Staircase-Escalante National Monument. The decision spurred Congressional efforts to reform the Antiquities Act and remains a bone of contention in the region to this day.

More than a few people were surprised, therefore, by a recent proposal by Utah Gov. Mike Leavitt, a Republican, to create yet another national monument in the state; this one in a dramatically rugged area known as the San Rafael Swell. Utah representatives, who had long decried Clinton’s monuments as abuses of power and symbols of Washington’s paternalism, suddenly were on the horns of a dilemma: How could they back Leavitt’s proposal after years of railing against Clinton’s designations as an abuse of executive authority? Most have gone into contortions arguing that the two are somehow apples and oranges (though they’re often actually lemons to resource industries and local economies). The laudable exception has been Republican Rep. Chris Cannon. Cannon isn’t adamantly opposed to the designation if that’s what the local people decide they want, but he at least stands by his position that designation of such a large monument may be an inappropriate application of the Antiquities Act. “The previous resident of the White House abused the power to designate national monuments,” Cannon said in a statement. “In contrast, President Bush has only the best intentions and will go through an open and public process. But declaring 620,000 acres of San Rafael Swell (or any other large area of land) a national monument without Congressional approval would affirm dangerous precedents.” Bravo, Chris Cannon, for sticking to your guns on a question of principle.

The Bad: Daschle Declares Drilling in ANWR “Dead”

The Bush Administration’s proposal to open Alaska’s Arctic National Wildlife Refuge (ANWR) to oil drilling, as part of his comprehensive energy plan, has been declared “dead” by Senate Majority Leader Tom Daschle (D-S.D.) — not only delivering what appears to be a fatal blow to the President’s comprehensive energy strategy, but also to the prospects of weaning the U.S. from continued and growing dependence on foreign oil. Daschle, recognizing that Senate Republicans lacked enough votes to prevent an expected Democratic filibuster on ANWR drilling, hopes they will instead line up behind his own alternative plan, (see Update, Oct. 2001, p. 10), which is big on bureaucracy and pouring federal money into pie-in-the-sky “renewable” and “alternative” energy sources. Any possibility of a deal or trade-off between those senators wanting more energy development in ANWR and those wanting higher federal fuel economy standards (see Page 2) seemed to have been squelched by Senate Energy Committee Chairman Jeff Bingaman (D-N.M.): “The ANWR issue is probably the least susceptible to compromise” of all energy-related issues, said Bingaman, seeming to back Daschle’s dogmatic refusal to budge on ANWR.

Interior Secretary Gale Norton continued to make the Administration’s case for ANWR, however, claiming that it “is the largest untapped source of energy as far as we can predict” and could eventually produce 1 million barrels of oil a day — or 5 percent of the nation’s daily consumption. Norton also said that drilling in ANWR had the potential to create 700,000 jobs nationally. “The United States will always require some oil imports to meet our needs,” said Norton, “but ignoring domestic oil production will lead to a dangerous overdependence on foreign oil.”

The Ugly: Bjorn Lomborg Burned at the Stake by the Green Inquisition

Just as Spain had its Inquisition and Salem its witch trials, environmental fanatics of our era have their own ways of dealing with heretics who dare to question their religious conviction that the world is coming to an end. Burning people at the stake being out of fashion, the Green Inquisition settles instead for silencing dissenters through character assassination, ridicule, and intellectual bullying. Danish statistics professor Bjorn Lomborg, author of a well-reviewed refutation of such doomsaying titled The Skeptical Environmentalist (see Update, Oct. 2001, p. 12 & Update, Dec. 2001, p. 8), is the latest, though certainly not first, “heretic” to be on the receiving end of a green slime job. And as the book has sold copies, stirred debate, and opened minds to an alternative interpretation of reality, the attacks have become increasingly vicious, ranging from a pie in the face at Oxford University to orchestrated, gangland-style hit pieces in “respected” journals such as Science, Nature, and Scientific American.

Though Lomborg’s book has earned plaudits in The Washington Post, The Economist, and London Daily Telegraph, it has been slammed by every mouthpiece or organ of the environmental establishment — including by doomsday guru Paul Ehrlich, whose apocalyptic predictions in The Population Bomb won him fame but all turned out duds. In January, Scientific American ran an 11-page attack on Lomborg penned by four agenda-oriented “scientists,” then smugly refused to provide the author with an opportunity to rebut their accusations of “blunders” and “distortions” in the same issue.
CEI’s latest poll on federal fuel economy standards, supervised by General Counsel Sam Kazman, featured in a recent editorial:

Today, more than one-half of all new [passenger vehicle] sales in this country are light trucks and SUVs, and it isn’t just because they’re soccer-mom fashionable. According to a survey from the Competitive Enterprise Institute, the two major reasons Americans cite for buying an SUV are extra room and safety. Electric/gas “hybrid” cars, those much ballyhooed paragons of fuel efficiency, have been a commercial flop.

— Wall Street Journal, February 28

Senior Fellow Christopher C. Horner challenges Fox’s Alan Colmes on the necessity of alternative energy automobiles:

COLMES: During the campaign, George W. Bush mocked Al Gore for wanting hybrid cars. And now he’s supporting it. Why? What happened? Why is he changing? It was something ridiculed before.

HORNER: What happened is, they’re scrapping what the automakers finally agreed was corporate pork. And that was the old series of failed, hybrid-advanced auto programs. And they’re focusing on sort of a hydrogen vehicle because that’s where the research has shown the promise is. So what if the focus is on one program instead of a series of failed programs?

— Hannity & Colmes (Fox News Channel), February 27

CEI President Fred L. Smith, Jr. takes on the Georgia mortuary scandal and the calls for greater regulation of the funeral business from co-host Bill Press:

PRESS: Wouldn’t you, even you Fred Smith, have to agree that we have finally found the one area where there is a crying need for more government regulation? Even at the state level, if necessary?

SMITH: Well, there’s one good point to make, that basically not everything that’s good to do has to be done by government. And not everything done by government has to be federal. We’ve got a federal system. There is more regulation at the state level. It obviously didn’t work here, which suggests we need to think more carefully about the ways markets regulate behavior. Go to reputable dealers, make sure that you know what you’re doing. This is a family business. And the people who … got caught up in this trap — not just the families, but the funeral homes that were using this guy, homes are going to lose reputation — they’re going to lose business. And that is part of the corrective we’re seeing happening now.

— Crossfire (CNN), February 25

Director of Global Warming & International Environmental Policy Myron Ebell clarifies Enron’s relationship with Washington policymakers:

Myron Ebell, an expert on global warming issues at the Competitive Enterprise Institute, a Washington-based conservative think tank, added: “The fact is that Enron was working for both deregulation and re-regulation. Along with lots of other companies, they supported many provisions that they hoped would benefit them and opposed others that they thought would hurt them, but were not on just one side of the argument.”

— Los Angeles Times, January 24

Environmental Policy Analyst Paul Georgia rebuts claims made by activists on the compatibility of energy suppression and economic growth:

Although the study [published by the Economic Policy Institute and the Center for a Sustainable Economy] says the plan pays for itself, there’s no way it would actually do that, said Paul Georgia, environmental policy analyst for the Competitive Enterprise Institute, a free-market think tank. “The carbon tax they want to impose is essentially an energy tax, and when you tax energy use it will eventually go down, which means the amount of tax revenue will go down and you won’t be able to pay for all these costly programs,” Georgia said. “It’s the same old story we always get from environmentalists. They think we can massively suppress energy use and it will be good for the economy. That’s simply not true.”

— Gannett News Service, February 20

Environmental Policy Analyst Paul Georgia defends President Bush’s decisions to funding from the Environmental Protection Agency’s enforcement division:

“It’s really a tiny cut and the reality is the EPA could be more efficient with their dollars,” said Paul Georgia, policy analyst with the Competitive Enterprise Institute, [a free-market] think tank. He said Bush’s proposal not to fill vacant EPA enforcement jobs was a good idea, because it would shift responsibility to states that understood local issues better. Bush proposes to give states $10 million instead to step up enforcement.

— Boston Globe, February 5
Fooling Most of the People Most of the Time

The federal takeover of airport security is off to a rocky start, as the government agency in charge hustles to meet the law’s hopelessly unrealistic deadlines. Yet Americans seem to have faith that replacing surly, underqualified, minimum-wage baggage screeners with surly, underqualified, union-wage federal workers will somehow improve their security and deter terrorist acts against aircraft. According to a recent CNN/USA Today poll, 71 percent of respondents said they believed that the federal takeover of airport security will improve their safety; 22 percent more-astutely said the change would probably have no effect; while just 5 percent wisely predicted that things would, as a result, likely get worse.

PETA Sues New Jersey Over Too Many Deer

After two activists for People for the Ethical Treatment of Animals (PETA) had a too-close-for-comfort, fender-bending encounter with a deer on the New Jersey Turnpike in February, the group is suing the state for failing to manage an exploding deer population it calls a threat to public safety. The group is asking for $6,000 to pay for damages to its Honda Civic (an old-fashioned fossil-fuel-burner, we note, rather than a battery or solar or wind-powered alternative fuel vehicle, as one might expect). The group blames the collision on hunters rather than the hunted, however, claiming in a letter that the collision was “a result of [a New Jersey] deer management program, which includes, in certain circumstances, an affirmative effort to increase deer populations” in spite of “known dangers an increased deer population poses to motorists in the state.”

What’s good enough for Central Park …

The New York Daily News headline sounded ominous. “Tree-Killing Beetle seen in Central Park,” it read, over a story about how two maple trees infected with Asian longhorned beetles had, for the first time, been found in that arcadian centerpiece of the Big Apple. So dire seemed the situation, in fact, that new Mayor David Bloomberg held a news conference to make the announcement, warning city residents they “could potentially lose your parks over this.” The city’s response to the situation was decisive: the trees were immediately felled, chipped, and incinerated in order to halt the invader’s spread. So where, in the case of Central Park, are the tree-perching anti-logging protests and Sierra Club lawsuits that regularly halt the efforts of U.S. land agencies to cut away similarly blighted trees in order to save millions of acres that are being lost to insects and disease elsewhere in the nation? Nowhere to be found — because to protest New York’s rational response to the threat would point out the folly and idiocy of the position they are taking elsewhere in the land, where they irrationally stand against every timber sale, whether it’s for the benefit of forest health or not.