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Anti-CO2 Campaign Like An Atom Bomb On U.S. Economy

By S. FRED SINGER | Posted Friday, March 06, 2009 4:30 PM PT

The CO2 wars have begun. Presumably following White House directions, the EPA is ready to issue an "Endangerment Finding" on carbon dioxide, paving the way for regulations to control CO2 emissions. But with over one million "major stationary sources," a full-blown application of the Clean Air Act would be the equivalent of an atomic bomb directed at the US economy — all without any scientific justification. Hence there is speculation that the White House strategy is to use the threat of EPA regulation to force Congress to take action.

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Is this just a bluff — and how will Congress respond, in view of the financial meltdown, failure of emission-trading in Europe, and Chinese refusal to cut CO2 emissions? The answer seems to be: "Not this year!"

An endangerment finding that CO2 is detrimental to "health and human welfare" must be based on scientific facts — and they will certainly be disputed. Furthermore, in July 2008 the EPA issued an Advance Notice of Proposed Rulemaking and there have been many negative comments to which the EPA must respond — under threat of litigation.

So, proposed action by EPA is not a "done deal" and may only be an empty threat. Many in Congress understand these matters well — or should. With fossil fuels supplying over 85 percent of all energy in the US, there will be much hesitation before passing any CO2 legislation. Keep in mind also that the Senate once turned down Kyoto-like regulation by unanimous vote and recently defeated attempts to pass Cap & Trade bills to place national limits on CO2 emission — a costly method of rationing, even if emission permits can be traded.

Short of direct regulation by mandates, Cap & Trade is probably the worst possible scheme, involving not only reporting of emissions, monitoring, inspection, and punishment, but also special deals for favored industries and other parties. Some in Congress therefore like the idea of Cap & Trade, which does not sound like a tax but would cost even more. The White House estimate is \$650 billion over an eight-year period. And of course, it would be an open invitation to lobby Congress for special favors: the "Lobbyists Full Employment Act of 2009."

One of the worst features of Cap & Trade is the idea of "soft caps," which would allow Congress to increase the yearly allowance if the price for permits seems too high. In essence, anyone who bought emission permits for future use could find his investment nullified by Act of Congress. This feature alone may scuttle the legislation.

Professional economists, in and out of the government, prefer a straight carbon tax to Cap & Trade: it is more transparent, easier to administrate, and less subject to abuse. But here too Congress can legislate exemptions — as it does for any other tax. For example, should fire departments and police departments pay a carbon tax on their fuel use? Should hospitals? Clergy? Department of Defense?

A carbon tax would of course represent a huge subsidy — not only to uneconomic biofuels, like corn-based ethanol, but also to nuclear energy. Environmental lobbies would object and soon argue for an all-encompassing energy tax — not just on fossil fuels. But of course, they would try to exempt biofuels, wind and solar.

Perhaps the only tax that makes sense is a tax on motor fuels, principally gasoline — even if one is not concerned about global warming. It would reduce the amount of driving, decrease oil use and imports, congestion and traffic deaths. It could be raised gradually, perhaps to the four-dollar level of last year, and kept there — independent of the price of crude oil. It could be made revenue-neutral and used to eliminate other regressive taxes.

But why reduce CO2 emission at all?

- CO2 is not a "pollutant." The best evidence we have from climate science shows that any warming from the emission of greenhouse gases is insignificant — contrary to claims by the UN-IPCC. See the NIPCC report, *Nature Not Human Activity Rules the Climate*, at www.sepp.org.
- The climate has not been warming since 1998 — in spite of steadily rising CO2 levels. But even if it were warming, reputable economists have shown that it would yield overall benefits. For details, see the NIPCC report.
- Finally, the level of CO2 is now largely controlled by emissions from China. But even if all nations were to cut emissions according to the Kyoto Protocol, CO2 levels would continue to rise, albeit at a slightly slower rate.

We conclude therefore that the drive to reduce CO2 emissions is not concern about climate. After all, there are no comparable efforts to limit the global emission of methane, a potent greenhouse gas; perhaps because methane comes from farming and cattle-raising, while CO2 is associated with energy production and industry, and therefore considered "bad."

Ultimately, ideology may be what's fueling the CO2 wars.

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