

Congress passes Clean Air Act, prescription for economic suicide

by Rogelio A. Maduro

The most comprehensive and destructive economic bill ever passed in the history of the United States was approved with lightning speed by the House of Representatives, by a vote of 401-21. This means the bill, the Clean Air Act of 1990, which contains major revisions to the already draconian 1970 Clean Air Act, will go to conference, where it will be reconciled with the Senate version of the same bill. It is expected that President George Bush will sign it into law by September of this year.

Debate on the floor of the House lasted less than 13 hours, while hearings on the bill lasted less than three weeks in committees. This is not surprising, given the fact that most congressmen and their staffs have not even bothered to read the bill, according to lobbyists who have tried in vain to explain the devastating consequences of this legislation to them. "The President led, the public wanted it, and the House responded," Rep. John Dingel (D-Mich.) said of the ease with which the House passed the bill.

The truth is more ominous than that: The power elite in this country, the environmental lobby and their news media allies, have kept the public completely in the dark about the contents of the bill. As *EIR* has extensively documented before, 750,000 workers may lose their jobs as soon as the bill becomes law, with as many as 3.7 million affected. Although the administration and Congress are claiming the amendments to the Clean Air Bill will cost the economy only \$20-22 billion a year, that is an absurdly low figure: Just one amendment, the one requiring the use of ethanol in gasoline in 44 cities across the United States, will cost motorists and the economy over \$12 billion a year.

A more honest estimate was given by Environmental Protection Agency head William Reilly on Earth Day, April 22, in a commentary in the *Washington Post*. Reilly estimated that "as the revised Clean Air Act takes effect . . . expenditures on pollution control and cleanup . . . could double in the 1990s." According to Reilly, "The nation spends more than \$80 billion a year to comply with federal environmental regulations, mostly in private funds." In other words, the Clean Air Act revisions will cost over \$80 billion a year. That figure approximates the Business Roundtable's more realistic estimate of \$104 billion a year.

The only half-sane amendment in the entire bill has prompted President Bush to threaten a veto. After a heated debate, the House passed a measure that would provide \$250 million over five years in unemployment and retraining benefits for workers who lose their jobs because of the Clean Air provisions. The measure, sponsored by Rep. Robert E. Wise (D-W.Va.), was approved by a 274-146 vote. Although the modest proposal would only offer retraining assistance and up to six months of additional unemployment benefits to the victims of the bill, it raised the ire of the President. Bush's spokesmen, William Reilly and White House Chief of Staff John Sununu sent a letter to House Speaker Thomas Foley insisting that such a program would set a dangerous precedent. "It would open a multibillion-dollar deficit-increasing door that may never be closed."

Bush's green agenda

Any industry and labor leaders who are praying for a presidential veto to save them from this monstrous bill, should come down from the clouds. On May 24, William Reilly issued a statement exalting the House vote, saying that Bush deserves full credit for the Clean Air Bill victory. "I am especially gratified," Reilly said, "that both the House and Senate bills incorporate the central features of the President's proposals. . . . I look forward to a quick and successful House and Senate conference, and I expect near unanimous passage on both floors."

One of the major reasons the Clean Air Bill is going through the legislative process with such speed, is that the government is desperate to raise money through so-called "user fees." The Clean Air amendments have a "permitting" title which imposes stiff fees for permits to emit any amount of sulfur dioxide, nitrogen oxides, or other by-products of industrial processes. It also has a draconian "enforcement" section which grants the EPA gestapo-like power to jail individual corporate officers and businessmen, without due process, if they fail to file all the paperwork and pay the user fees.

President Bush's strategy is clearly to raise revenue through these "user fees," while still seeming to maintain his pledge of "no new taxes." The *Wall Street Journal*, in a

May 20 feature article, warned of this hidden tax, quoting a spokesman for the Southern Company, which supplies electric power to four southeastern states, who estimates that a tax on sulfur emissions, contained in legislation introduced by Cong. Fortney Stark (D-Calif.), would add \$18 billion by the year 2013 to the company's cost of \$15 billion which it expects to pay in that time frame to comply with the Clean Air Act.

The precedent for this type of new tax was already set by President Bush last year, when he imposed a levy or excise tax on chlorofluorocarbons (CFCs) by signing into law a "user fee" for these chemicals. The House bill tightens the screws on CFCs, calling for a complete phaseout of production by the year 2000.

Gasohol pollutes worse than gasoline

Enormous profits are to be made from the Clean Air Bill, and that consideration dictated some of the amendments that were introduced. One of those is the amendment requiring the use of oxygenated "clean fuels" in those cities that are out of compliance with the EPA air standards. The only way to reach the oxygen levels in gasoline required by the bill, is to use ethanol as a fuel, or added into gasoline to make gasohol.

But a recent scientific study by Sierra Research Corp. demonstrates that ethanol is much more polluting as a fuel than gasoline. So who benefits? Mainly Archer Daniels Midland, the grain cartel company which controls over 75% of the ethanol production in the United States. Dwayne Andreas, chief executive officer of ADM, has given millions of dollars in contributions over the past few years to the political campaigns of the same politicians who introduced the legislation. Since the Carter administration approved the use of ethanol in gasoline, as gasohol, producers have received a windfall of \$4.6 billion in subsidies from the government. Most of this bonanza has ended up in the coffers of Archer Daniels Midland.

The House Clean Air Bill requires that 44 cities be using gasohol as a fuel by the winter of 1992. That will mean consumers will have to pay 10¢ to 25¢ more per gallon of fuel, while the grain cartels receive a steep 60¢ per gallon subsidy from the government (since it costs twice as much to produce a gallon of ethanol than a gallon of gasoline). On top of that, gasohol is exempted from paying 6¢ per gallon tax to the the Highway Trust Fund.

Overall, the "clean fuel" provision in the bill will cost consumers over \$12 billion a year. This, however, does not include the cost of retooling petroleum refineries, which may run as much as \$30 billion, and steep price increases from fuel shortages, since none of the infrastructure exists right now to comply with the requirements. In fact, the legislation absolutely prohibits the delivery of any gasoline into the nine areas of this country which have the most severe non-compliance problems, if the standards cannot be met.

The "clean fuel" requirement will also cause severe dislocations in the food supply, according to a study that has just been released by the American Petroleum Institute. The study, conducted by Sparks Commodities, Inc. of McLean, Virginia, shows evidence that as a result of mandating the use of ethanol in gasoline, food prices would likely increase by \$4.2-6.3 billion annually by the year 1996, while food supply will contract significantly. Since one bushel of corn makes about 2.5 gallons of ethanol, it would take 1.29 billion bushels of corn to produce the ethanol required for fuel.

Annual domestic corn production will be about 9.1 billion bushels by 1991, the study says, which means 15% will be eaten up on ethanol. This would place a substantial strain on the agricultural sector, with the result of a 35% increase in corn prices and a significant increase in many other farm commodity prices. Over 60% of all food items now consumed would be affected by the shift into ethanol, with meat and dairy products at the top of the list.

The natural gas swindle

As in the ethanol swindle, it was the Texas natural gas interests that provided Rep. Henry Waxman (D-Calif.) with many of the recommendations for the fleet provisions in the amendment. Under the language of the Waxman-Lewis amendment, fleet owners would be required to convert a minimum of 70% of their vehicles to compressed natural gas (CNG), regardless of whether the appropriate vehicles are manufactured. To comply, fleets will be forced to convert existing vehicles to CNG, a process which will cost the commercial fleet industry \$2.3 billion in the top nine non-attainment areas alone. Moreover, CNG fueling facilities designed to serve 100 vehicles a day will cost more than \$700,000 each, according to a recent study by United Parcel Service.

As with ethanol, this won't clean the air, either. Former EPA official John N. Campbell noted serious flaws in the Waxman-Lewis amendment's reliance on CNG for environmental solutions. "EPA studies indicate that CNG-powered vehicles emit more nitrogen oxide, an ozone-forming pollutant, than gasoline-powered vehicles under current law."

As for any alleged benefits, even White House staffers are now privately admitting that Bush was wrong in claiming that the bill would prevent the premature deaths of as many as 40,000 people. Speaking off the record, the staffers have put the number of premature deaths prevented as "closer to zero." Several recent scientific studies have demonstrated that most air pollution comes from hydrocarbons released by trees, not cars and industry.

Can this environmental monster be stopped? So far, Lyndon LaRouche has been the leading political spokesman to attack the environmental insanity now reigning in Washington. "Stop this insanity. . . . Take it back to the drawing board," LaRouche demanded in a radio spot broadcast in the northern Virginia area, where he is campaigning as an independent Democrat for Congress.