



# Executive Alert



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ALL THAT'S NEW IN THE WORLD OF IDEAS

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NCPA Policy Chairman Pete du Pont and Arizona Senator Jon Kyl field questions during the NCPA/Children First America conference on school choice. (See related article on page E2).

## Good News about Biochemical Terrorists

After the 1995 sarin gas attack on the Tokyo subway by the Aum Shinrikyo cult, an array of U.S. leaders made dire predictions of terrorist attacks on Americans with chemical and biological agents. But given the difficulty of using these agents, the weapons of choice for terrorists seeking to cause mass casualties are likely to remain truck bombs and other conventional tools.

Only 342 cases of chemical or biological terrorism have occurred worldwide over the past quarter-century. There were 154 fatalities, none in the United States. The largest death toll from an unconventional terrorist attack was 19, and no one was killed or injured 60 percent of the time.

Terrorists are likely to find it quite difficult to obtain and use biological and chemical weapons effectively. For example:

- Aum Shinrikyo spent an estimated \$30 million on its chemical weapons program, and targeted graduate students and other well trained scientists for recruitment.

***Terrorists will find it difficult to use biological and chemical weapons effectively.***

- Yet their 1995 sarin gas attack killed only a dozen commuters, seriously injured about 40 others and made fewer than 1,000 “moderately ill.”

Obtaining lethal chemicals or isolating lethal strains of biological material is only the first hurdle would-be attackers must clear.

- Ninety percent of any agent sprayed outdoors will not reach its intended targets.

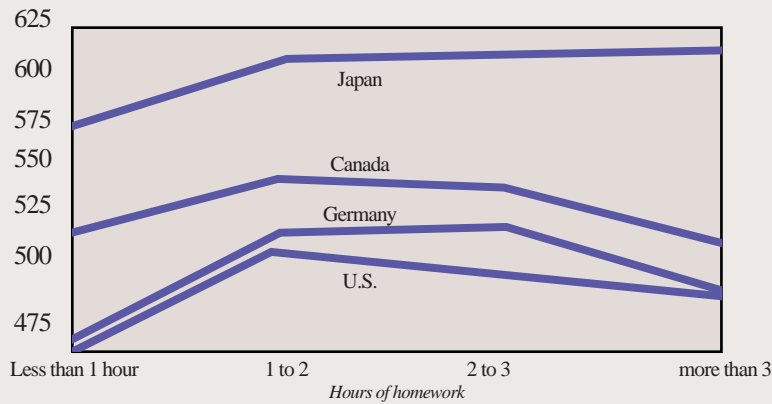
- In most cases, using a bomb as a detonator would kill a bioweapon and destroy chemical agents.

- Other explosive devices often fail to effectively disperse bioweapons and chemical agents.

By contrast, the Oklahoma City and World Trade Center bombings showed terrorists can manufacture conventional bombs at a relatively low cost and with limited expertise.

Source: Amy E. Smithson and Leslie-Anne Levy, “Ataxia: The Chemical and Biological Terrorism Threat and the U.S. Response,” Report No. 35, Henry L. Stimson Center, 11 Dupont Circle, N.W., Ninth Floor, Washington, D.C. 20036, (202)223-5956.

## EIGHTH GRADERS' AVERAGE MATH SCORES



Source: Edwin S. Rubenstein, Hudson Institute, based on U.S. Department of Education statistics.

## Does Homework Work?

Data from the U.S. Department of Education suggest there may be a point at which increasing amounts of homework assigned to students result in diminishing returns.

Researchers correlated U.S. eighth graders' math scores with the number of hours of homework they accomplished and compared the results with similar studies of homework in several other countries.

- Scores peaked for U.S. students when they did about one hour or more of

homework nightly — while at two to three hours they declined.

- In Japan, additional hours beyond one increased math scores, but only slightly.

- Canadian students benefited from one to two hours of homework, but when they worked more, their scores were about equal to when they worked for only one hour.

- German students seemed to do slightly better when they toiled for two to three hours a night — but scores plunged when they were subjected to three or more hours.

Source: Peter Brimelow, "Charticle: Too Much Homework?" *Forbes*, December 25, 2000.

## Disappointing Performance

Four years after American fourth-grade students scored high on an international test of science and math, a follow-up test showed their performance relative to their peers in other countries declined markedly by the time they reached the eighth grade. The survey was based on the Third International Math and Science Study-Repeat tests taken by 180,000 eighth-grade students in 38 nations in 1999. The results were reported at the end of 2000.

- The American fourth graders had been among the leaders in science and at the international average in math in 1995.

- But as eighth graders, American students performed worse in science and math than students in Singapore, Tai-

wan, Russia, Canada, Finland, Hungary, the Netherlands and Australia.

- They hovered at less than the international average in math and at the average in science.

- By the 12th grade they lagged far behind students in most of the 42 nations in both subjects.

The only American group that improved since the 1995 survey was black students, whose achievement rose in math but not science.

Critics say international comparisons can be misleading since some other countries divide students at an early age into academic and nonacademic tracks. Thus, only their top-ranked students take the test.

Source: *Highlights from the Third International Mathematics and Science Study-Repeat (TIMSS-R), 2000*, National Center for Education Statistics, U.S. Department of Education.

## Charter School Facilities

Charter schools formed by teachers, parents or other community members are public schools created to address concerns about educational quality, parental choice and the burden of school bureaucracies. Since 1991, more than 1,600 charter schools have been established in 36 states, the District of Columbia and Puerto Rico. The greatest limitation on these schools is getting a facility set up and running. Unlike most public schools, charter schools don't have access to the most common source of facility funding — tax-exempt bonds.

- The most common financing uses the state's per pupil allocation for operating funds, which usually is only a percentage of the actual amount regular public schools get from the state.

- While loans from commercial lenders are available, new charter schools are considered bad credit risks due to poor cash flows, lack of a credit history, the short terms of their charters and administrators with limited business skills.

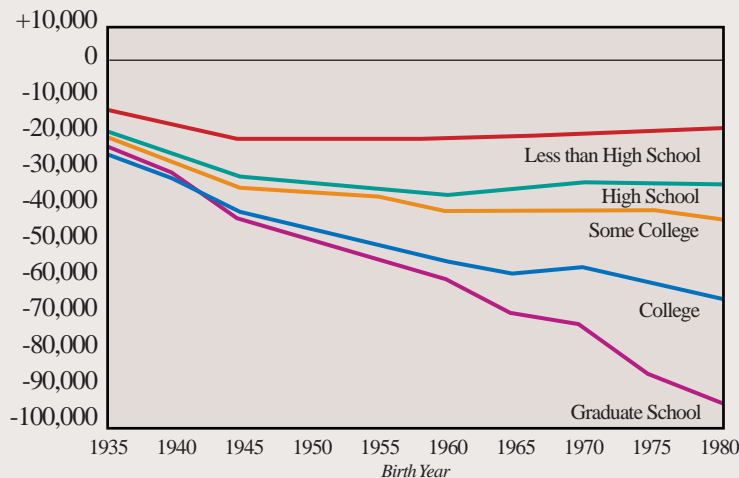
- Private donations of buildings or funds for facilities have been small; for example, of 64 charter schools in Colorado only five identified donated buildings.

Even though charter schools are public schools, school district officials have generally required them to be established as separate legal entities and have refused to share their facilities funds. In eight states surveyed, which contain 60 percent of the charter school population, only a few districts had made money available.

Among the possible ways suggested to provide access to more funds for facility financing are grants, direct loans, loan guarantees, tax-exempt bonds and tax credits.

Source: "Charter Schools: Limited Access to Facility Financing," GAO/HEHS-00-163, September 2000, General Accounting Office, Washington, D.C.

### NET PRESENT VALUE OF SOCIAL SECURITY FOR SINGLE MEN (4 Percent Discount Rate)



## Social Security and Education

Individuals with more education are likely to fare worse from participating in Social Security than those with less education. Incomes vary over the course of a 40- to 45-year work life, so level of education is a better predictor of expected Social Security taxes and benefits than current wages. Accordingly, the Private Enterprise Research Center at Texas A&M University has considered Social Security as an investment for different classes of workers based on their level of education.

The “investment” in Social Security has become progressively less attractive over time for all groups of workers. Using a conservative, inflation-adjusted discount rate of 4 percent, a computer model finds that the net present values of payroll taxes paid — the value today of expected future benefits minus expected costs — are negative in most cases regardless of age or education, but workers with less education lose less than those with more education. Similarly, the rates of return are low in most cases. For example, for today’s 20-year-olds, on average:

- A male high school graduate can expect to pay \$32,667 more in Social Security taxes than he will receive in Social Security benefits over his lifetime, in

current dollars.

- A male college graduate can expect to pay \$63,363 more in Social Security taxes than he receives in Social Security benefits over his lifetime — and for a male with a graduate degree, the loss grows to \$93,170.
- A male high school graduate can expect an inflation-adjusted rate of return on his payroll taxes of 1.86 percent, with the rate of return dropping to 1.4 percent for a college graduate and 0.96 percent for a person with a graduate degree.

For single women, the differences in present values at various education levels are similar. However, their losses from Social Security are lower in general than for single men with the same education. The reason is that women have longer life expectancies (resulting in more monthly benefit checks) and lower predicted earnings (resulting in higher relative benefits and lower total taxes).

The picture is much the same for married couples where one spouse never works, but in the future, fewer and fewer families are expected to make it to retirement with only one earner.

Source: Liqun Liu and Andrew J. Rettenmaier, “Social Security and Education,” NCPA Policy Report No. 240, January 2001, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

## Saving the Surplus

Allowing workers to invest some of their payroll taxes in personal retirement accounts (PRAs) is a better use of the Social Security surplus than paying down the national debt. This assumes that the growth of the private accounts will substitute for a portion of the government’s obligations, thus reducing the need to raise payroll taxes in future years.

- Using the Congressional Budget Office’s long-term forecasts, the study finds that the payroll tax needed to pay benefits under the current system will rise from about 12.4 percent today to about 19 percent by 2050.

- However, with personal retirement accounts, Social Security obligations can be met in 2050 with about the same payroll tax as today.

If instead the surplus is used to pay down government debt, the study finds that:

- By 2022 the government will have to start borrowing again.
- By 2029 we will have the same debt as today.

From that point forward, the government could either maintain the same debt as under the PRA plan and increase taxes to meet its spending obligations, or it could raise taxes to meet the PRA tax burden and borrow to fund any additional obligations.

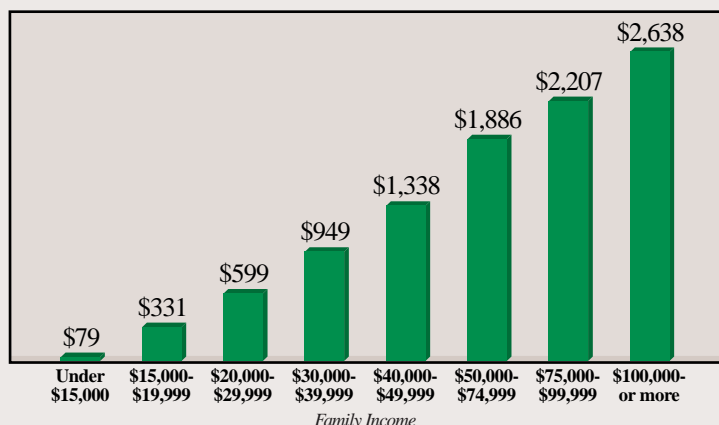
- Under the first scenario, the payroll tax would have to rise to 19.6 percent by 2050 (compared to 12.5 percent under the PRA plan) and to 21.3 percent to 2070 (almost twice the tax rate needed under the PRA plan).

- Under the second scenario, by 2050 the country will have four times as much debt as it will have under the PRA plan, and by 2070 it will have 35 times as much debt.

Thus, although paying down debt initially frees us from government’s outstanding debt, in the long run we end up with greater debt because doing so does not solve the structural problem of Social Security.

Source: Liqun Liu, Andrew J. Rettenmaier and Thomas R. Saving, “Saving the Surplus,” NCPA Policy Report No. 241, January 2001, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

## AVERAGE TAX SUBSIDY FOR HEALTH INSURANCE



Includes subsidy from the income tax exclusion, the Social Security income tax exclusion and the health expenses deduction.  
Source: Lewin Group Estimates.

## Out-Of-Pocket Medicare Expenses Will Rise

Almost since its inception, Medicare's spending growth has outpaced its revenue growth. This trend will be even more evident as the baby boom generation becomes eligible for Medicare. The number of workers per beneficiary, about 4.0 in 1999, is expected to be 3.6 by 2010 and swiftly decline to 2.3 in 2030 as the last of the baby boomers reaches age 65.

- Medicare spending is expected to climb from roughly 2.5 percent of gross domestic product (GDP) in 2000 to more than 4 percent by 2025.

- Assuming no change in the eligibility rules, the number of beneficiaries will increase 77 percent, from about 40 million to about 70 million.

The Medicare payroll tax rate of 2.9 percent is not scheduled to increase in the future. The Part B premium, set by law at 25 percent of Part B spending on elderly beneficiaries, is projected to go up more than 80 percent, from \$631 in 2000 to \$1,151 in 2025. Overall, the portion of Medicare spending that beneficiaries are responsible for paying — the Part B premium, deductibles and coinsurance — is expected to increase almost 3 percentage points. (In some cases, these costs are covered by another payer.)

Out-of-pocket costs for beneficiaries also are expected to rise drastically.

- Annual out-of-pocket costs are projected to rise from \$3,142 per Medicare beneficiary today to \$5,248 in 2025.

- Seniors, who on average now devote 22 percent of their annual income to health costs, will pay 30 percent in 25 years.

Some groups are projected to spend more than 70 percent of their personal income to meet costs Medicare does not cover. Low-income elderly women who are in poor health will be hardest hit. The figures do not include money seniors may spend to buy prescription drugs at retail prices.

Source: Stephanie Maxwell, Marilyn Moon and Misha Segal, "Growth in Medicare and Out-of-Pocket Spending: Impact on Vulnerable Beneficiaries," December 2000, Urban Institute, 2100 M Street, N.W., Washington, D.C. 20037, (202) 833-7200.

## Myths about Employer-Sponsored Health Insurance

For more than 50 years, employers have been the primary source of Americans' health insurance coverage. Employment-based insurance covered 155 million Americans in 1998, compared to only 15.5 million who purchase their own coverage. People receiving employer-based health insurance reap a tax benefit worth about \$141 billion in 2000, or 40 percent of the cost of coverage, according to the Lewin Group.

Many people argue that employer coverage has natural advantages, but these supposed advantages are often myths or at best overstatements.

**Myth:** Employer groups make good risk pools.

**Fact:** Coworkers are actually less diverse than the general population — for instance, they are able to work and tend to be from a single geographical area.

**Myth:** Employers are effective agents for their workers.

**Fact:** Employers are not particularly knowledgeable about either health care financing or medical care services.

**Myth:** Employer-based coverage is administratively efficient.

**Fact:** Larger employers absorb

much of the administrative cost that individuals and small groups must pay for in their premiums. Marketing expenses are lower for employer-based coverage, but Internet marketing and enrollment or nonemployment groups could erode this advantage considerably.

**Myth:** Employers allocate costs fairly among workers.

**Fact:** Since high-risk workers are charged the same premium as young healthy workers, younger workers are more likely to opt out of insurance; thus only 28.6 percent of 25-year-olds have employment-based coverage in their own names, compared to 56.1 percent of 50-year-olds.

**Myth:** Employer coverage is cheaper than individual coverage.

**Fact:** Because of the 40 percent subsidy available only to employer-based coverage, the only ones in the individual market are people who cannot obtain workplace coverage. These people tend to be older, sicker and poorer.

The price advantage for employer coverage would quickly disappear if large numbers of the stable and subsidized workforce entered the individual insurance market.

Source: Greg Scandlen, "Myths about Employer-Sponsored Health Insurance," Brief Analysis No. 344, December 8, 2000, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

## Unintended Consequences of Privacy Laws

“Information privacy” laws sound appealing, suggesting they will give us the power to control information about ourselves, whether the information is genetic, financial or personal. But proposals to protect privacy may have troubling, if unintended, consequences.

When privacy is secured by contract, where one party agrees not to disclose personal information, such protection is legally sound. The difficulty comes when we try to secure these protections in ways other than by contract, particularly when we try to create new “rights” — such as the right to privacy regarding information about ourselves. Experts argue that creating new rights may have high costs in other areas of rights such as free speech.

- To enforce the new rights, government must have the power to stop communications by others about an individual or the individual’s personal information — so government has greater control over individual communications.
- However, the First Amendment generally bars government from controlling or interfering with the communication of information.
- Thus new information privacy laws would require new exceptions to existing free speech rules.

The exceptions required could easily be broad enough to support other restrictions such as bans on speech of a sexual nature, campus speech codes that prescribe politically correct language and online business discussions or consumer complaints.

The adoption of these exceptions in the attractive case of information privacy will create powerful legal precedents for further speech limitations that may be costly to other free speech rights.

*Source: Eugene Volokh, “Freedom of Speech, Information Privacy and the Troubling Implications of a Right to Stop People from Speaking about You,” Stanford Law Review, 2000.*

## Complications of Patient Privacy Rules

Health care industry groups say the sweeping new patient privacy regulations issued by the Department of Health and Human Services in December will be expensive to implement, may create hazards for patients and are a potential legal quagmire for doctors, hospitals, Health Maintenance Organizations and pharmaceutical companies.

The rules establish national standards for the use and distribution of personal health information, and set criminal and civil penalties for breaching patient privacy.

- Insurers and physicians are required to inform patients about how their information is being used and to whom it is being disclosed.
- Each patient has a right to a “disclosure history” listing the entities that received the patient’s personal medical information.
- Patients also have the right to access their own medical files and to request amendments or corrections.
- Doctors and hospitals are required to obtain written consent before using a patient’s health information, even for routine purposes.

## Marketing and Patient Privacy

Despite the many restrictions in the privacy rules written to comply with the Health Insurance Portability and Accountability Act (HIPAA), medical records have less protection from marketing uses and disclosures than the Video Privacy Protection Act gives to video rental records. The Video Privacy Protection Act allows video operators to disclose the categories of movies (not actual titles) that an individual rented only if the individual is given an opportunity in advance to opt out. The HIPAA health privacy rules allow disclosure of any protected health information for many marketing purposes without mandating an advance opt-out or requiring the affirmative con-

The Health Insurance Portability and Accountability Act required HHS to write privacy rules. However, the regulations go far beyond those proposed a year ago, and now cover paper, oral and electronic health care information.

- The Clinton administration estimated the cost of implementing the regulations in their final form at around \$18 billion over 10 years.
- Since the new regulations do not preempt contrary and more stringent state rules, health care providers will incur additional costs to conform to differing state standards.

The Health Insurance Association of America has warned that differing standards “could directly affect consumers by impeding the flow of important and potentially life-saving medical information, thereby making it difficult for some consumers to receive necessary health care.”

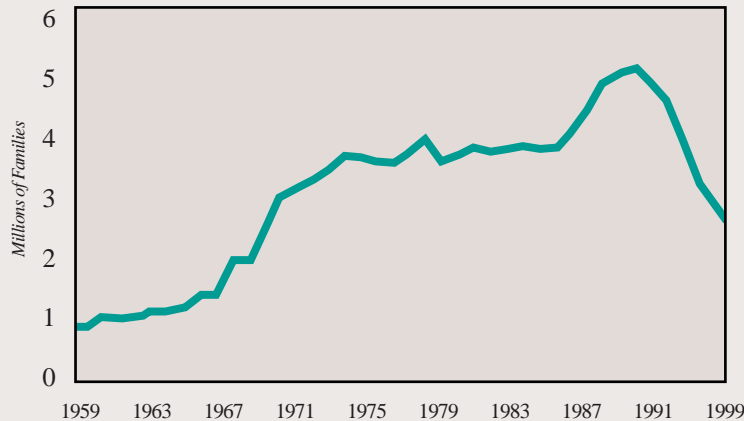
*Source: Reuters Health, “Privacy Rules Pose Difficult Implementation Issues for Health Industry,” Medscape, December 21, 2000; “Federal Government Underestimated Cost Of HIPAA Privacy Rules, AHA Says,” BNA’S Health Care Policy Report, December 18, 2000; and press release, “New Medical Information Rules Lack Uniformity; Add Complexity, Confusion, And Cost,” December 20, 2000, Health Insurance Association of America.*

sent of the individual.

- The marketing rule expressly authorizes disclosures for marketing without patient consent or the opportunity to opt out in advance.
- All protected health information can be disclosed for marketing.
- Patients have the right to opt out of marketing only after receiving a marketing communication, so a family of four with a dozen doctors, clinics, hospitals, etc., might have to write 48 separate letters to opt out of each organization’s marketing activities.
- The rule is not clear about what actually is meant by opting out, nor does it specify a procedure for opting out.

*Source: Robert Gellman, “Analysis of the Marketing Provisions of the HIPAA Privacy Rules,” Medscape General Medicine, February 9, 2001.*

## NUMBER OF FAMILIES ON WELFARE, 1959-1999



Source: Congressional Research Service.

## Welfare Reform

The most controversial part of the welfare reform law passed in 1996 was replacing the Aid to Families with Dependent Children (AFDC) program with Temporary Assistance to Needy Families (TANF). This change converted welfare from an entitlement that paid mostly cash benefits to needy parents into a combined cash benefit/work program with a benefit contingent on meeting work or work preparation requirements.

Based on a number of studies, it is clear that most states have dramatically revamped their welfare programs, with local offices no longer simply writing checks, but instead helping people prepare for and find jobs. Most revealing, the spending patterns of state and local offices have changed dramatically.

- Before welfare reform, state and local offices typically spent around 80 percent of their welfare money on cash benefits, with the rest going to administration, education, training and child care.

- Now states often spend 50 percent or less of their funds on benefits (although few states have reduced their benefit levels for individual recipients), while they have expanded and diversified spending on job search, education, training, child care and other work-related activities.

One very clear outcome of welfare reform has been a substantial decline in the

welfare caseload of every state. More than half the states were implementing their own welfare reform programs under waivers from federal law by 1994, so caseload reductions were already under way before the 1996 law. By the end of 1999, the national cash welfare caseload had declined by more than 50 percent from its 1994 peak, and welfare rolls had declined for five consecutive years, the most ever. Studies of mothers who have left welfare and studies of changes in women's employment generally have found:

- About 60 percent of mothers were employed at the time of the interview and about 75 percent were employed at some time since leaving welfare.

- After a decade of relative stability, the number of single mothers working rose by about 25 percent between 1993 and 1999.

- The number of never-married mothers who had a job increased 50 percent.

As the welfare caseload has declined each year, so has overall child poverty and black child and Hispanic child poverty.

The TANF program and many other welfare reform provisions were authorized for six years. With a deadline of October 1, 2002, welfare reform legislation must be reauthorized by the current Congress.

Source: Ron Haskins, Isabel Sawhill and Kent Weaver, "Welfare Reform: An Overview of Effects to Date," *Welfare Reform & Beyond, Policy Brief No. 1, January 2001, Brookings Institution, 1775 Massachusetts Avenue, N.W., Washington, D.C. 20036, (202) 797-6105.*

## Occupational Licensing on the Rise

The main benefit claimed for occupational licensing is improved quality for those persons receiving the service. However, restricting entrance into a field restricts the freedom of consumers and tends to raise prices due to reduced competition. Thus it is not surprising that licensure is popular among those practitioners who benefit:

- About 18 percent of U.S. workers are covered by some type of occupational licensing.

- The percentage of workers covered by either state or local licenses is rising as more occupations are regulated.

- More than 800 occupations are licensed in at least one state, ranging from fortune tellers in Maryland to rainmakers in Arizona, according to the Council of State Governments.

- Occupational licensing increases hourly wages, on average, about 27 percent for higher-wage occupations such as dentistry but has virtually no impact on wages for cosmetologists or barbers.

Skeptics of occupational licensing point out that empirical evidence of any increase in quality, level of training or avoidance of catastrophes generally is thin or nonexistent. Moreover, they argue that any beneficial effects of occupational licensing are more than offset by the monopoly effects of restricting the supply of practitioners.

One alternative to licensing often proposed is certification. With certification, some agency attests to a person's qualifications, but the certificate is not legally required for the practice of that occupation. Thus certification is a way of assuring quality that has less effect on wages or prices because it does not restrict supply.

Source: Morris M. Kleiner, "Occupational Licensing," *Journal of Economic Perspectives, Fall 2000.*

## Discouraging Entrepreneurship

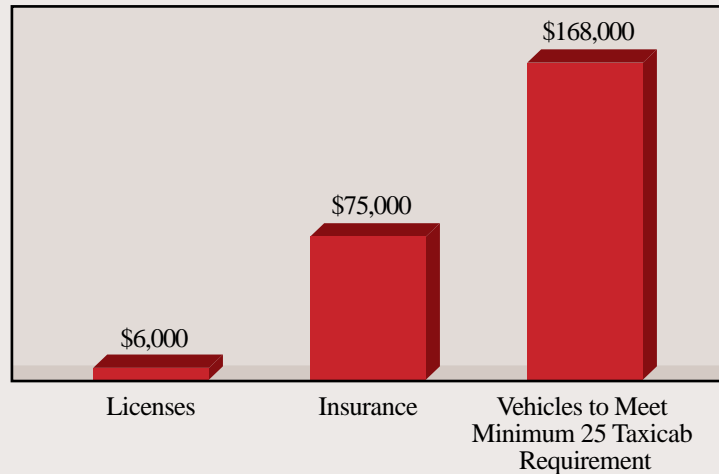
Small businesses that require relatively little education and skills are the most likely venues for revitalizing poor urban neighborhoods through neighborhood-based entrepreneurship. These include such occupations as operating taxicabs, street vending, in-home catering food preparation, nail care and hair braiding. Yet case studies in four major cities show that regulatory barriers thwart new small business development, especially affecting those low-income areas that most need help.

Of the four cities studied — Atlanta, Boston, Dallas and Los Angeles — Dallas was the most business-friendly. Yet some of its regulations were particularly hard on minorities, recent immigrants and single parents. For example:

- Dallas places strict licensing requirements on African-American style hair braiding, often requiring costly formal training in unrelated areas. The Texas Cosmetology Commission relentlessly pursued Dallas hair braider Dana Brantley in 1995 and 1997 for operating without a cosmetology license, and she eventually received a criminal conviction.
- Dallas regulations hamper home-based businesses, including preventing them from selling any products on the premises and advertising either on or off the premises via a sign, display or telephone directory advertisement.
- The city's taxicab regulation makes it nearly impossible for an entrepreneur to start service, requiring a minimum of 25 taxicabs, all no more than five years old (a minimum capital cost of at least \$168,000 plus yearly insurance costs of about \$75,000), at least \$6,000 in licensing fees — and eliminating the opportunity to enter the market with one car or on a part-time basis.

*Source: Samuel R. Staley, H. Sterling Burnett et al., "Giving a Leg Up to Bootstrap Entrepreneurship: Expanding Economic Opportunity in America's Urban Centers," Policy Study 277, January 2001, Reason Public Policy Institute, with the National Center for Policy Analysis, Georgia Public Policy Foundation and Pioneer Institute for Public Policy Research.*

### MINIMUM COST OF STARTING A TAXICAB BUSINESS IN DALLAS



*Source: Samuel R. Staley, H. Sterling Burnett et al., "Giving a Leg Up to Bootstrap Entrepreneurship: Expanding Economic Opportunity in America's Urban Centers," Policy Study 277, January 2001, Reason Public Policy Institute, with National Center for Policy Analysis, Georgia Public Policy Foundation and Pioneer Institute for Public Policy Research.*

## Tort Award Bias

Some observers note that tort awards in states where judges are popularly elected are significantly higher against out-of-state corporations. They liken this to "tax exporting," in which state residents vote for politicians who provide more services to residents without raising taxes by shifting the burden onto out-of-state residents.

Elected judges, like other politicians, have an incentive to shift costs from in-state plaintiffs to out-of-state defendants because only the former are potential voters. Also, trial lawyers prefer larger awards that yield larger fees. Consequently, trial lawyers are the single largest campaign contributors to elected judges.

Researchers who tested this reasoning using data on more than 7,000 personal injury lawsuits found little difference between awards in the 13 states that elect judges on nonpartisan ballots compared to the 27 states in which judges are appointed. However, they found substantial differences between these states and the 10 states that elect judges on a partisan ballot.

- In states with partisan judicial elec-

tions, the average award against an out-of-state corporation was seventy percent larger than in states that use nonpartisan elections (\$652,720 compared to \$384,540).

- When the defendant was located in-state, awards were only slightly higher in states with partisan judicial elections.
- On average, out-of-state corporations pay \$376,400 more than in-state corporations in partisan states but only \$176,583 more in nonpartisan states.

While partisan and nonpartisan states have about the same percentage of cases in the \$100,000 to \$499,000 range, average awards are higher in partisan states because more cases in those states lead to exceptionally large awards. Therefore, moving a case from a nonpartisan to a partisan state raises the expected award by some 23 percent or about \$233,000.

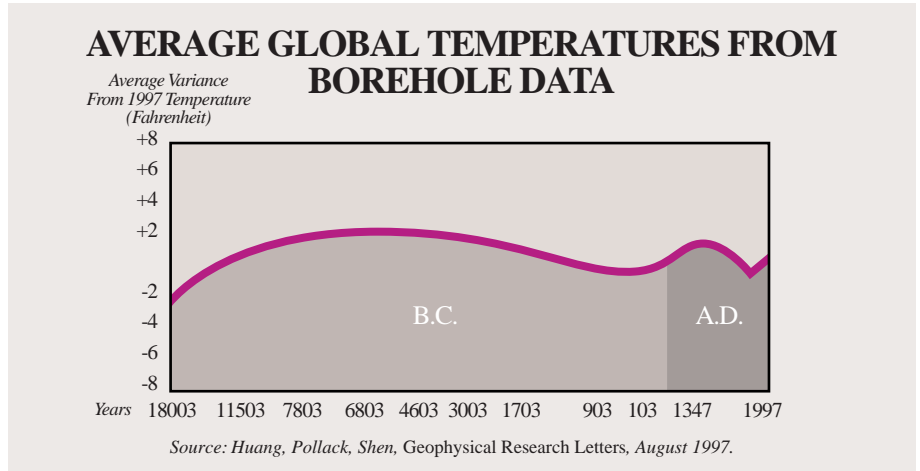
Limiting awards to scientifically proven compensatory damages could reduce the impact electoral systems might have on determining awards, say researchers.

*Source: Eric Helland and Alexander Tabarrok, "Exporting Tort Awards," Regulation, Vol. 23, No. 2, 2000, Cato Institute, 1000 Massachusetts Avenue, N.W., Washington D.C. 20001, (202) 842-0200.*

## Cooling Global Warming Rhetoric

Environmental groups have used selective science and inaccurate news reports to demand that the United States accede to international demands for drastic, immediate action to reduce greenhouse gas emissions. A closer look shows uncertainties in the studies they use, and other studies cast doubt on the need for immediate emission cuts. One example:

- In the July 14, 2000, issue of *Science*, Thomas Crowley of Texas A & M University concluded the 20th century has been the warmest century of the past 1,000 years and that greenhouse gas emissions from human energy use are responsible for as much as 75 percent of this warming.
- Crowley used data from tree rings and ice core boreholes to construct estimates of temperature trends, saying that previous studies using such data were hampered by “inadequate lengths of the time series being evaluated.”
- However, in an analysis published by the National Center for Policy Analysis that looks at temperature records over even longer periods, David Deming of the University of Oklahoma points out that Earth’s average temperature was higher than at present for more than 7,500 of the



past 10,000 years.

- Indeed, borehole measurements indicate Earth was as much as 1.5 degrees Fahrenheit warmer for 5,000 of those years.

The overview of the draft “National Assessment on the Regional Impacts of Climate Change in the United States,” issued by the Clinton administration in June 2000, made claims unsupported by the underlying research and misrepresented scientific findings concerning links between global warming and hurricane activity. Further, advocates of reducing greenhouse gas emissions ignored research that indicated that the sun’s impact on current warming negated the effects of reducing energy use. They also ignored a

report by Dr. James Hansen, who brought the term “global warming” to public attention in 1988. Hansen’s new report concludes that urban air pollutants and greenhouse gases other than CO<sub>2</sub> are the main sources of human-caused warming. Until this report, he had maintained that emissions from fossil fuel use were the primary culprits.

These examples demonstrate that although global warming is a serious issue, our knowledge of its causes and consequences is far too speculative to justify precipitous action intended to prevent it.

Source: H. Sterling Burnett, “Cooling Overheated Global Warming Rhetoric,” *Brief Analysis No. 345*, December 20, 2000, National Center for Policy Analysis, 12655 N. Central Expressway, Suite 720, Dallas, Texas 75243, (972) 386-6272.

## Oil Drilling in Alaska

Environmental opposition to opening the Arctic National Wildlife Refuge to oil exploration ignores the history of ecologically safe oil drilling in Alaska and the considerable benefit the refuge’s vast oil reserves would provide. Opponents contend that oil exploration would turn the area into a vast landscape of unsightly derricks, roads and pipelines that would irreparably harm the refuge’s scenic attractions. They also claim that oil drilling poses unacceptable risks to the polar bears, caribou and other wildlife. But evidence says otherwise.

- At Prudhoe Bay on Alaska’s North Slope, 60 miles west of the refuge, companies recover 1.4 million barrels of oil per day, yet drilling rigs, production facilities and gravel roads cover only 2 percent of the 250,000 acre field.
- Due to advances in drilling technology,

oil companies would use as little as 2,000 acres of the 19-million-acre Arctic National Wildlife Refuge to recover huge amounts of oil, estimated to be as much as 16 billion barrels.

Although no endangered species are involved, wildlife would be protected.

- For example, the Marine Mammals Protection Act protects the polar bears in the North Slope oil fields, and not a single polar bear has been killed or injured due to operations at Prudhoe Bay.
- Similarly, caribou at the refuge would be unharmed; the Prudhoe Bay caribou herd actually has grown in size since drilling started there in the 1970s.

Source: John Carlisle, “Environmentalists’ Opposition to Oil Exploration in the Arctic National Wildlife Refuge Is Unfounded,” *National Policy Analysis No. 324*, January 23, 2001, National Center for Public Policy Research, 777 N. Capitol Street, N.E., Suite 803, Washington, D.C. 20002, (202) 371-1400.

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