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Katrina spurs conservation kick on Capitol Hill

Congress aims for 50-per-cent reduction in American oil consumption by 2031

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WASHINGTON -- Spooked by the post-Katrina gas price spike, the U.S. Congress has suddenly found the religion of conservation.

A broad and powerful coalition of lawmakers -- from environmentalists to fundamentalist Christians -- introduced sweeping legislation yesterday that aims to cut U.S. oil consumption in half by 2031 and would require that half of all cars sold be fuel-miserly hybrids within a decade.

"There was a mental sea-change that we saw in America when gasoline hit \$3 (U.S.) a gallon," explained Republican Senator Sam Brownback, one of the bill's co-sponsors.

Democratic Senator Joe Lieberman warned that the United States risks becoming a "pitiful giant" unless it curbs its dependence on foreign oil, which accounts for two-thirds of the roughly 20 million gallons a day the country consumes.

"We will become like Gulliver in Lilliput, pegged down and subject to the whims of those smaller nations because we are giving them, by our own consumption patterns, the ropes and helping them tie the knots that keep us down."

The legislation includes tax breaks of up to 35 per cent to get fleet operators to buy hybrid gas-and-electric or alternative fuel vehicles. It would also provide loan guarantees to get auto makers to move from producing gas guzzlers to making lightweight and fuel-efficient autos, as well as new incentives for bio-fuels, such as ethanol and cellulose biomass.

The measures would cost an estimated \$6-billion over five years, according to the sponsors of the bill, who have introduced companion legislation in the House of Representatives.

"All of these things aren't just tinkering at the margins, but are really dramatic steps," said Indiana Senator Evan Bayh, considered a possible Democratic presidential challenger in 2008.

The bill does not, however, deal with the controversial issue of mandated fuel efficiency standards.

Since 2001, the Bush administration has been pushing Congress to rewrite the country's energy policies. But those efforts, culminating in this summer's passage of energy legislation, focused mainly on expanding production, rather than conservation and fuel efficiency. Indeed, efforts to insert targets for curbing oil consumption were voted down by Republicans.

"Since that vote we've experienced \$60 a barrel oil," Mr. Lieberman pointed out. "That was an economic shock [that] awakened a lot of people to the possibility of a national security shock based

on our dependence on oil."

The mood in the country appears to have shifted significantly since early September when the price of oil briefly shot past \$70 a barrel and pump prices hit \$3 a gallon across the country.

Meanwhile, the White House and the Republican leadership in Congress are still fighting to open Alaska's Arctic National Wildlife Refuge to oil and gas drilling. The fate of the measure, now attached to a broader budget bill, remains uncertain.

The allure of conservation, always popular with environmentalists, is growing among conservatives, who worry about the geopolitical and economic consequences of the country's heavy reliance on oil from the volatile Middle East.

Testifying at a Senate hearing yesterday, former U.S. defence secretary James Schlesinger warned that the United States' dependence on foreign oil is one of the main causes of growing and dangerous global financial imbalances.

He pointed out that oil and gas imports account for \$300-billion of the roughly \$700-billion a year U.S. current account deficit, which includes both trade and financial flows in and out of the country.

"The United States is steadily adding to its financial obligations to others," Mr. Schlesinger, now a senior adviser at broker Lehman Brothers Inc., told the Senate foreign relations committee. "How long this process can continue is uncertain, but high oil prices add to the dilemma."

Oddly, however, the recent oil price spike was largely a made-in-America phenomenon. Hurricanes Katrina and Rita ripped through the Gulf of Mexico, knocking pipelines, oil rigs and refineries out of commission.

Indeed, neither Mr. Schlesinger nor the Senators acknowledged that Canada and Mexico -- two close allies of the United States -- are the largest oil suppliers to the United States.

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