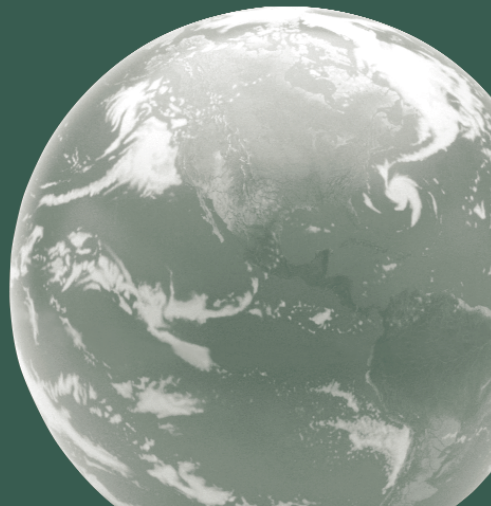


# Green Scissors



## Cutting Wasteful and Environmentally Harmful Spending

Friends of the Earth  
Taxpayers for Common Sense  
U.S. Public Interest Research Group

20/20 Vision  
Alliance for Nuclear Accountability  
American Lands Alliance  
Center for Science in the Public  
Interest  
Clean Water Action  
Concord Coalition  
Defenders of Wildlife  
Earthjustice Legal Defense Fund  
Environmental Voters  
Mineral Policy Center  
National Audubon Society  
National Environmental Trust  
National Parks and Conservation  
Association  
National Priorities Project  
National Wildlife Federation  
Natural Resources Defense Council  
Physicians for Social Responsibility  
Public Employees for Environmental  
Responsibility  
REP America (Republicans for  
Environmental Protection)  
Safe Energy Communication Council  
The Wilderness Society

The organizations listed above do not necessarily endorse or have expertise on every recommendation in this report.

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# Introduction

Every year, the federal government wastes billions of dollars on programs that pollute our air, contribute to global warming, contaminate our water and scar our public lands. These programs encourage the damming of our free-flowing rivers, the logging of our nation's remaining forests, and the production of toxic waste, all at the expense of federal taxpayers.

*Green Scissors 2001* outlines 74 programs that, if cut, would save taxpayers more than \$55 billion and protect our environment. The Green Scissors report is the product of the Green Scissors Campaign, a diverse coalition of environmental, taxpayer, budget watchdog and other groups that have come together to cut environmentally harmful and wasteful spending.

The Green Scissors Campaign has a proud record of accomplishments. Over the past seven years, we have helped cut \$24 billion of programs and subsidies. However, much more remains to be cut from the federal budget.

## Green Scissors is Leading; Will Politicians Follow?

The political climate in Washington has changed. For the first time in decades, there is a projected surplus for the federal budget of more than \$4.6 trillion over the next ten years. Consequently, Congress has been eagerly promoting expensive new spending and tax programs.

However, the current budget surplus is deceiving, as it is based on several uncertain assumptions. Most notably, the budget surplus is predicated on the progressively deeper budget cuts projected in the 1997 Balanced Budget Act and the assumption that federal spending on discretionary programs will grow no faster than the rate of inflation, or 2.7 percent. In reality, however, since the budget surplus first appeared in 1998, federal spending has increased by 5.5 percent.

## Breaking the Logjam

Political leaders of both parties lack a clear mandate from the American people. The 2000 elections produced a president who received a bare majority of the Electoral College vote and lost the popular vote. The much-vaunted Republican Revolution of 1994 has now been diminished to a slim majority in the House of Representatives. And, for the first time in more than a century, the Senate is evenly split between Republicans and Democrats.

In this new political climate, the Green Scissors Campaign believes success depends on finding areas of agreement rather than excuses to disagree. Political leaders must unite behind a common-sense agenda that will end wasteful and environmentally harmful spending. The programs targeted in *Green Scissors 2001* transcend party lines; Democrats and Republicans, Congress and the Administration created the programs listed in *Green Scissors 2001*. The same parties that conspired to create

these wasteful programs and projects must now cooperate to end them or risk squandering this country's fiscal and environmental resources.

The Green Scissors Campaign has a proven track record of uniting both parties to support Green Scissors recommendations. Congressional leaders of both parties have had opportunities to implement Green Scissors recommendations. In the 106th Congress, the House of Representatives and the Senate voted on Green Scissors issues on more than 40 occasions. While most of these votes did not gain congressional approval, the Campaign nevertheless achieved a number of significant victories. (See page 3).

## Understanding *Green Scissors 2001*

### Green Scissors on the Web:

[www.greenscissors.org](http://www.greenscissors.org)

The full *Green Scissors 2001* report is available on the web at [www.greenscissors.org](http://www.greenscissors.org). The web report contains a complete description of all 74 Green Scissors projects and programs. The printed version of *Green Scissors 2001* is a condensed version of the report. In it, the Green Scissors Campaign has highlighted nine new issues and ten "Choice Cuts" that promise to be among the most active issues in the coming year.

### Overview

The Green Scissors Campaign highlights programs for reform in the following six sectors: agriculture, energy, international and military programs, public lands, transportation and water. A general overview of each sector is provided in this report. All of the Green Scissors projects and programs that fall within a sector are also included in this report in a chart on the same page as the sector overview.

### How were the programs selected?

The recommendations in *Green Scissors 2001* were carefully developed through consultation with a variety of experts and advocates from diverse perspectives. The 74 recommendations presented in this report and at [www.greenscissors.org](http://www.greenscissors.org) represent compromises between taxpayers, free-market groups and environmentalists. Many of these programs involve highly complex issues that require structural reform or are connected to larger debates and controversies. In general, we have sought to focus on areas of agreement, which are sometimes narrow.

The organizations and coalitions that have led these reforms are excellent sources of additional information. To learn more about a specific issue, consult the contact names and phone numbers listed with each program description.

### How were the savings estimated?

In general, the savings figures in *Green Scissors 2001* represent the total cost of a project to federal taxpayers over the life of the project. Where such information is not available, the savings figure provided is an estimate of the five-year savings to taxpayers. Where appropriate, a one-year savings estimate is given. These numbers are generally intended to be illustrative rather than exact because of the number of variables involved. The savings given are conservative estimates, and phase-in periods are usually not accounted for unless Congressional Budget Office estimates are used.

A “\$n/a” is used for recommendations for which no reliable savings estimate is available.

### New to *Green Scissors 2001*

*Green Scissors 2001* reflects our most recent research and responds to recent events and initiatives. *Green Scissors 2001* adds nine new programs and subsidies to the target list this year. Many of these proposals are the pet projects of individual members of Congress or the previous Administration. New issues include:

Green Scissors Target	Estimated Savings
Apalachicola-Chattahoochee-Flint River Navigation	\$100 million
Beach Renourishment	\$n/a
Calhoun/Clarendon Causeway	\$75 million
Delaware River Deepening	\$224 million
Export-Import Bank: Fossil Fuel and Mining Investments	\$242 million
Land Exchanges	\$n/a
Multilateral Investment Guarantee Agency	\$16 million
New Orleans Industrial Canal	\$532 million
Price-Anderson Act	\$n/a

### “Choice Cuts”

Among the 74 programs and subsidies described in *Green Scissors 2001*, the authors have selected ten that are highlighted as “Choice Cuts.” These programs are in need of reform, and action on them is particularly timely this year. These programs represent a cross-section of government subsidies, including federally funded agricultural programs, water infrastructure, unneeded nuclear research projects and giveaways on our public lands. The “Choice Cuts” include:

Green Scissors Target	Estimated Savings
1872 Mining Law Reform	\$481 million
“Clean Coal” Technology Program	\$325 million
Crop Insurance Program	\$n/a
Low Frequency Active Sonar	\$n/a
National Ignition Facility	\$10 billion
Partnership for a New Generation of Vehicles	\$1.1 billion
Petroleum Research and Development	\$280 million
Sugar Program	\$n/a
Timber Sales	\$1.65 billion
Upper Mississippi Lock Expansion Project	\$1.2 billion



# Victories & Progress 2000

Working together, taxpayers and environmentalists can beat special interests and pork barrel politics-as-usual. Since its inception, the Green Scissors Campaign has helped save taxpayers more than \$24 billion. A more complete description of the many victories can be found at [www.greenscissors.org/victories](http://www.greenscissors.org/victories). The following are the Green Scissors Campaign's victories from 2000.

## Fast Flux Test Facility Restart

The Fast Flux Test Facility (FFTF) is a nuclear breeder type-reactor at the Hanford Nuclear Reservation in Washington State. The plant was shut down in 1983 but has been on "hot standby status" since 1996 at a cost of between \$30 million and \$40 million. In 1999, the U.S. Department of Energy (DOE) initiated the Nuclear Infrastructure Programmatic Environmental Impact Statement (NI PEIS) largely to consider what roles FFTF could play in isotope production, Plutonium-238 production to support future space exploration, and other research initiatives. On December 8, 2000, the DOE released the NI PEIS, which stated that "[t]he preferred alternative [of the NI PEIS] anticipates the permanent deactivation of the Fast Flux Test Facility (FFTF)..." This declaration is a victory for taxpayers, but FFTF proponents are now mounting a full scale campaign to restart FFTF.

## Film Industry Use of National Parks

In 2000, Congress enacted H.R. 154, which requires the Departments of the Interior and Agriculture to charge the film industry market-based fees while filming on federal lands. H.R. 154, sponsored by Representatives Joel Hefley (R-CO) and Mark Udall (D-CO), creates a system that requires the film industry to pay fees based on the number of days the filming takes place, the number of crew members involved in the film production, and the type of equipment used. The bill allows federal land managers to deny a filming permit if the filming activity will harm natural resources. Proceeds from the film fees will be available for use by federal land managers.

## "Low Level" Radioactive Waste Dump Promotion and Support Service

In 2000, Congress cut the National "Low-Level" Radioactive Waste Management Program from the U.S. Department of Energy's budget. Since the inception of the program, the federal government has spent approximately \$70 million to promote new radioactive waste dumps primarily for the commercial nuclear power industry. Using remaining federal funds, an independently funded, incorporated entity has formed to continue promoting nuclear waste sites, but there is no known federal funding in the DOE's fiscal year 2001 budget. Taxpayers should



watch their state budgets for subsidies on the state and local levels.

## Oil Royalties

In the fall of 1999, taxpayers and environmentalists scored a significant victory when the Department of the Interior (DOI) released new oil royalty reform rules. These rules state that major oil companies must use market prices to estimate the value of the royalties they are required to pay the federal government for the drilling they do on public lands. In 1997, the DOI's Minerals Management Service estimated that major oil companies were cheating taxpayers out of approximately \$68 million annually. After a nearly four-year battle with legislators from oil-producing states, the fiscal year 2000 Interior Appropriations bill (H.R. 2466) allowed the new rules to go forward on March 15, 2000. Senator Barbara Boxer (D-CA) was instrumental in getting the new rules implemented.

# Agriculture



Photos: U.S. Department of Agriculture

Since the Great Depression, the federal government has implemented a variety of programs aimed at supporting domestic crop production. The goals of the programs are to stabilize the incomes of farmers, prop up agricultural prices at levels above world market rates and control the production levels of designated commodities. Critics of these farm programs point out that the programs are extremely expensive, interfere with market forces, make farmers overly dependent on taxpayers for their livelihoods, and benefit the largest corporate farms to the detriment of smaller family farms. Furthermore, the programs encourage the use of environmentally damaging agricultural practices. The sugar program, for example (see p. 26), has encouraged sugar producers in Florida to continue to use and destroy large portions of the Everglades. Similarly, the peanut, cotton and tobacco programs encourage farmers to use large amounts of pesticides and over-farm their land.

In 1996, in an attempt to reform some of the agricultural subsidy abuses, Congress passed the “Freedom to Farm” law, which reduced certain restrictions on farmers and allowed the marketplace to dictate crop prices and the amount of land under cultivation. Specifically, the law eliminated several programs designed to manipulate the production and prices of certain crops and replaced previous farm income supports with direct “market transition payments” that were supposed to be fixed and to decline over a seven-year period.

Despite the reductions in taxpayer handouts to corporate farmers promised under “Freedom to Farm,” the federal government has paid a record \$71 billion in direct payments to farmers since 1996. A worldwide glut in agricultural commodities, such as cotton, has resulted in extremely low market prices. As a result, Congress has authorized enormous additional farm subsidies in every year since 1998. These subsidies include subsidized loan programs, marketing assistance and crop insurance, all of which are in addition to the payments made under the “Freedom to Farm” program.

In addition, Congress continues to authorize “market loss assistance” payments, which are emergency payments that compensate farmers for reduced crop quality and quantity. For example, the fiscal year 2001 Agriculture Appropriations bill (H.R. 4461) authorized \$1.9 billion for such emergency payments.

The agricultural subsidies that are described in Green Scissors are a mix of “Freedom to Farm” and other subsidies. All are similar in that they waste taxpayer money, benefit corporate farmers and encourage the production of crops that use large quantities of chemicals or are otherwise environmentally harmful.

The following table highlights nine federal agricultural programs targeted by the Green Scissors Campaign and the savings that would accrue to taxpayers if the recommendations of the Green Scissors Campaign were followed. Full descriptions of the programs and the Green Scissors recommendations can be found at [www.greenscissors.org/agriculture](http://www.greenscissors.org/agriculture).

Green Scissors Target	Estimated Savings
Cotton Program	\$n/a
Crop Insurance Program	\$n/a
Irrigation Subsidies	\$2.2 billion
Market Access Program	\$450 million
Mohair Subsidies	\$100 million
Peanut Program	\$n/a
Sugar Program	\$n/a
Tobacco Program	\$n/a
Wildlife Services Livestock Protection Program	\$50 million

# Energy



Every year, the federal government subsidizes the use and production of polluting forms of energy. Taxpayers contribute anywhere from \$4 billion to \$30 billion in subsidies annually to the energy sector.\* These subsidies include tax breaks and direct research dollars to the oil and gas industry, special government programs to assist nuclear power utilities and research programs that encourage coal consumption. In addition, some energy

production subsidies are military programs that are promoted as having a secondary purpose of providing electricity generation.

Energy is a necessity for modern life, but energy production from fossil fuels and nuclear power can create huge environmental problems. At every stage of production, transportation and consumption, these dirty energy sources pose risks to the environment.

Every year, the United States burns more than 900 million tons of coal. Coal combustion releases smog and soot forming pollution, as well as more than 51 tons of mercury, a long-lasting poison, and nearly 2 billion tons of global warming causing carbon dioxide into the air every year. Petroleum production and transportation results in the leakage of approximately 280 million barrels of petroleum each year, contaminating water supplies, poisoning wildlife, and ruining landscapes. Finally, nuclear power for civilian and military use generates toxic waste that remains dangerous for generations and for which there is currently no safe disposal option.

In order to provide for our energy needs while protecting taxpayers and the environment, we must eliminate subsidies for the commercial nuclear and fossil fuel industries and give cleaner sources of energy a chance to compete.

The bulk of government assistance in the energy sector has been directed to the nation's most profitable and dirtiest energy sources. For example, between 1948 and 1998, the federal government spent \$111.5 billion on energy research and development programs. Of this amount, 60 percent, or \$66 billion was dedicated to nuclear energy research, and 23 percent, or \$26 billion, was directed to fossil fuel energy research. This year alone, the federal government will spend at least \$1.5 billion on fossil fuel and commercial nuclear research programs.

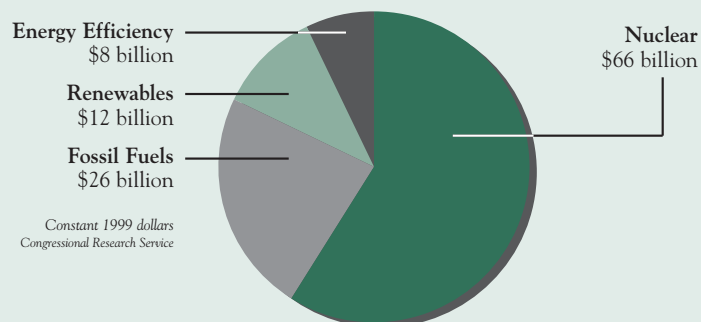
Also included in the Energy sector are nuclear weapons production research, development and disposal programs funded by the U.S. Department of Energy (DOE). Most of these programs are not necessary in the post-cold war era, especially given promised reductions in nuclear weapons production. Not only do these programs harm the environment and waste taxpayers dollars, but they also undermine U.S. non-proliferation goals and policies.

\*Reports done by the Department of Energy (DOE) and the Alliance to Save Energy varied widely in their assessment of domestic energy subsidies. In 1989, the DOE estimated subsidies between \$4.9 and \$14.1 billion. In 1992, the Alliance to Save Energy estimated subsidies between \$21 and \$36 billion.

The following table highlights 18 federal energy programs targeted by the Green Scissors Campaign and the savings that would accrue to taxpayers if the recommendations of the Green Scissors Campaign were followed. Full descriptions of the programs and the Green Scissors recommendations can be found at [www.greenscissors.org/energy](http://www.greenscissors.org/energy).

Green Scissors Target	Estimated Savings
Accelerated Transmutation of Nuclear Waste and Pyroprocessing	\$400 million
"Clean Coal" Technology Program	\$325 million
Coal Research and Development	\$850 million
Mixed Oxide Power Reactors	\$767 million
National Ignition Facility	\$10 billion
Nuclear Energy Research Initiative & Nuclear Energy Plant Optimization	\$200 million
Nuclear Waste Fund Fee Adjustment	\$315 million
Partnership for a New Generation of Vehicles	\$1.1 billion
Petroleum Research and Development	\$280 million
Plutonium Manufacturing Project	\$4 billion
Power Marketing Administrations	\$1 billion
Price-Anderson Act	\$n/a
Radioactive Recycling	\$286 million
Rural Utilities Service	\$300 million
Savannah River Site Reprocessing Canyons	\$1.75 billion
Swan Lake-Lake Tyee Intertie	\$58 million
Waste Isolation Pilot Plant	\$90 million
Yucca Mountain High-Level Nuclear Waste Repository	\$390 million

## U.S. Department of Energy Research and Development Fiscal Years 1948-98



# International and Military Programs

Taxpayer interests and environmental concerns also intersect in the area of international and military programs. The federal government funds international financial institutions, such as the Multilateral Investment Guarantee Agency and the Export-Import Bank, which finance environmentally destructive oil, mining and gas projects among others. U.S. taxpayers should not be asked to support unaccountable institutions that wreak major environmental damage on developing countries.

The Green Scissors Campaign also targets certain programs under the Department of Defense that are economically unsound and cause serious environmental problems, such as emitting toxic pollutants into our air. These projects include the Navy's Extremely Low Frequency Transmitters, the Navy's Low Frequency Active Sonar and the Army's Chemical Weapons Incineration Program. The following table highlights the five international and military programs targeted by the Green Scissors Campaign and the savings that would accrue to taxpayers if the Green Scissors recommendations were followed. Full descriptions of these programs can be found at [www.greenscissors.org/international-military](http://www.greenscissors.org/international-military).

Green Scissors Target	Estimated Savings
Army Chemical Weapons Incinerator Program	\$n/a
Export-Import Bank: Fossil Fuel and Mining Investments	\$242 million
Extremely Low Frequency Transmitters	\$60 million
Low Frequency Active Sonar	\$n/a
Multilateral Investment Guarantee Agency	\$16 million



# Public Lands



In the 19th century, the federal government initiated policies to encourage the development of the western United States. These policies helped to make resource extraction from public lands easy and inexpensive. More than 100 years later, the nation’s priorities have changed. The West has been developed, and resource extraction industries no longer need federal assistance. Nevertheless, many archaic federal land policies continue to subsidize destructive practices at taxpayer expense.

The Green Scissors Campaign supports the concept that public lands, and the resources therein, are assets held in trust for all taxpayers. The federal government should manage these assets to provide a fair return to all taxpayers and to maintain our nation’s economic and environmental health. In contrast, many federal public lands programs have wasted billions of taxpayer dollars and have seriously damaged ecosystems that were once pristine. For example, the 1872 Mining Law has allowed mining companies to take more than \$245 billion worth of precious minerals and mining rights from public lands without paying a dime in royalties to taxpayers. Moreover, under this archaic law, taxpayers have been left with a \$32 to \$72 billion cleanup bill for half a million polluted abandoned mine sites. More than seventy of these sites have been designated Superfund sites.

The U.S. Forest Service’s (USFS) commercial timber program has created a legacy of waste and abuse, both fiscally and environmentally. A 1998 General Accounting Office (GAO) report documents that the USFS lost more than \$1 billion in timber sales from 1995 to 1997. This report is an update to a

1995 GAO study that cited \$995 million in losses between 1992 to 1994. Together, these reports reveal more than \$2 billion in taxpayer losses over six years. Logging in our National Forests has eliminated many old growth forests and has damaged habitat for numerous species, such as salmon, grizzly bear, and wolf. Logging and road building in our National Forests have also led to soil erosion that has polluted drinking water and caused deadly and costly mudslides.

Another example is artificially low livestock grazing fees that are charged to a small percentage of livestock producers who have access to Bureau of Land Management and USFS grazing allotments. These low fees encourage overgrazing, with resultant degradation of fish and wildlife habitat on tens of millions of acres of public land and National Forests. At the same time, the federal land management agencies are deprived of revenues to carry out much needed rehabilitation programs on these lands.

The Green Scissors recommendations for federal public lands embody the core of the Green Scissors Campaign goals - reforming policies that waste taxpayer money and harm the environment. The 1872 Mining Law and USFS timber sale programs included in the “Choice Cuts” are two of the most egregious examples of wasteful and environmentally harmful policies, but many others exist. Numerous other programs are targets for our reform efforts, ranging from below-cost grazing fees to timber road construction.

The following table highlights nine public lands policies and programs targeted by the Green Scissors Campaign and the savings that would accrue to taxpayers if the recommendations of the Green Scissors Campaign were followed. Full descriptions of the programs and the Green Scissors recommendations can be found at [www.greenscissors.org/publiclands](http://www.greenscissors.org/publiclands).

Green Scissors Target	Estimated Savings
1872 Mining Law Reform	\$481 million
BLM Public Domain Forestry	\$30 million
Forest Highway Program	\$405 million
Land Exchanges	\$n/a
Rangeland Reform	\$100 million
Recreational Trails Program	\$75 million
Timber Roads Construction	\$175 million
Timber Sales	\$1.65 billion
Tongass National Forest	\$132 million
University of Alaska Land Grab	\$n/a
U.S. Forest Service “Replanting Fund”	\$250 million
U.S. Forest Service Salvage Fund	\$118 million

# Transportation



In 1998, Congress enacted the Transportation Equity Act for the 21st Century, known as TEA-21. This law will serve as the nation's primary transportation policy until 2003. TEA-21 opened the federal funding faucet for highway construction, guaranteeing an increase in transportation dollars of nearly 50 percent.

A recent report by the Surface Transportation Policy Project found that the portion of federal funds being spent on new roads (and widening existing roads) has jumped by 21 percent since the passage of TEA-21, while funds used for alternatives to roads have fallen by 19 percent. Federal dollars are being spent on efforts to solve congestion problems by building new roads, even though a growing body of research shows that new and wider roads do not relieve traffic.

Across the country, state highway departments are promoting huge highway projects despite the objections of local residents. In the past, fiscal constraints helped keep many poorly planned highway projects from moving from the design stage to construction. With the passage of TEA-21, however, funding is no longer an obstacle. The massive increase in federal funding means that many road proposals that were once deemed too

expensive are now back on the planning boards. Some destructive projects identified in Green Scissors received specially earmarked funding, including I-69 in Indiana and Corridor H in West Virginia.

New highway projects contribute to the degradation of the environment by bisecting and paving over forests and farmland and by opening up new areas for sprawl development. Road-related sprawl development often drains communities of tax revenue by feeding development in suburbs and areas far from traditional downtowns. Main street businesses close down or move away from traditional city centers - often to previously undeveloped, unspoiled land.

The complicated way that TEA-21 is written makes it very difficult for reformers to challenge projects. However, some members of Congress have challenged road projects through the appropriations process. For example, former Representative James Rogan (R-CA) was successful in blocking federal funding for fiscal years 2000 and 2001 for the destructive Route 710 Freeway in South Pasadena, California. Unfortunately, other members of Congress have been slow to follow his example.

The road projects cited by the Green Scissors campaign are examples of the types of environmentally harmful and wasteful projects communities must deal with in the wake of TEA-21.

The following table highlights 12 federal transportation projects targeted by the Green Scissors Campaign and the savings that would accrue to taxpayers if the recommendations of the Green Scissors Campaign were followed. Full descriptions of the programs and the Green Scissors recommendations can be found at [www.greenscissors.org/transportation](http://www.greenscissors.org/transportation).

Green Scissors Target	Estimated Savings
Calhoun/Clarendon Causeway	\$75 million
Corridor H Highway	\$1 billion
Highway Beautification Project	\$n/a
Highway Demonstration Projects	\$12.5 billion
Houston Grand Parkway	\$3.6 billion
I-69	\$910 million
Inter County Connector	\$880 million
Loop Road Paving Project	\$7 million
Route 6 Expressway	\$432 million
Route 710	\$1.12 billion
Stillwater Bridge	\$120 million
Western Transportation Corridor	\$n/a

# Water



Photos: U.S. Army Corps of Engineers

From the settlement of the West to the days of the great public works projects of the 1930's and 1940's to the present, members of Congress have sought unneeded water infrastructure projects for their home states and districts. Many of these water projects have no other purpose than to support a small number of local jobs and businesses at the expense of federal taxpayers. For example, since 1902, irrigation subsidies have cost taxpayers an estimated \$70 billion.

Water projects undertaken by the Department of the Interior's Bureau of Reclamation and the U.S. Army Corps of Engineers (Corps) have diverted the flow of our nation's rivers and streams at a tremendous financial and environmental cost. Yet, Congress continues to ignore less expensive and less environmentally destructive alternatives.

For seven years, the Green Scissors Campaign has championed the cause of eliminating unneeded irrigation and water infrastructure projects and increasing cost-shares for local interests that benefit from federal projects. The Campaign has also supported decommissioning existing water projects that are not financially viable. Beginning in January 2000, news outlets such as the *Washington Post* began investigating alleged abuses in the Corps' operations. The news reports scrutinized questionable projects, such as lock expansions, dredging of channels and harbors, and brownfields remediation projects. Many of these projects are highlighted in *Green Scissors 2001*.

In one prominent case, sworn affidavits by an agency whistleblower demonstrated a deliberate pattern by officials at the Corps to falsify economic cost analyses in order to justify expansion of the locks on the Upper Mississippi River. The Office of Special Counsel at the Department of Defense stated, "based on the information...there exists a substantial likelihood that officials in the

Corps have engaged in violations of law, rule or regulation and gross waste of funds." The Special Counsel's office concluded that the Corps' aggressive efforts to expand its budget and mission, as well as its eagerness to please corporate customers and congressional patrons, have helped "create an atmosphere where objectivity in its analyses was placed in jeopardy."

Like Corps projects, Bureau of Reclamation projects are also often boondoggles authorized at the expense of both federal taxpayers and the environment. In the face of strong congressional support for costly water projects, efforts to reform the Bureau of Reclamation have stalled repeatedly, while legislation has continued to authorize the construction of new dams, new irrigation schemes, and giveaways of public assets to private entities.

The following table highlights 16 federal water projects and two insurance programs targeted by the Green Scissors Campaign and the savings that would accrue to taxpayers if the recommendations of the Green Scissors Campaign were followed. Full descriptions of the programs and the Green Scissors recommendations can be found at [www.greenscissors.org/water](http://www.greenscissors.org/water).

Green Scissors Target	Estimated Savings
Animas-La Plata Water Project	\$422 million
Apalachicola-Chattahoochee-Flint River Navigation	\$100 million
Beach Renourishment	\$n/a
Big Sunflower River "Maintenance" Project and Yazoo Pump Project	\$240 million
Columbia River Channel Deepening	\$200 million
Deep-Draft Dredging	\$n/a
Delaware River Deepening	\$224 million
Flood Control Construction	\$1.25 billion
Garrison Diversion Project Add-Ons	\$1 billion
Inland Waterway Operation & Maintenance	\$1.2 billion
Missouri River Navigation	\$15 million
National Flood Insurance Program	\$n/a
New Orleans Industrial Canal	\$532 million
Non-Federal Levee Repairs	\$n/a
Oregon Inlet (North Carolina)	\$80 million
Proposed Natural Disaster Reinsurance Fund	\$n/a
Snake River Salmon Restoration	\$n/a
Upper Mississippi Lock Expansions	\$1.2 billion

# A Boondoggle for Barges

Apalachicola-Chattahoochee-Flint River Navigation.....**\$100 million**

The Apalachicola-Chattahoochee-Flint (ACF) River System through Florida, Alabama and Georgia is a small part of the inland waterway system used by ships and barges that is operated and maintained by the U.S. Army Corps of Engineers (Corps). Although the ACF River System is virtually unused, federal taxpayers spend nearly \$20 million each year to maintain it. The Corps proposes to spend an additional \$46 million on structural solutions to reduce the impacts of dumping dredge spoils in the river's side channels, plus \$9.4 million annually for operation and maintenance of the river system.

## Green Scissors Proposal

Decommission this underused navigation system, saving taxpayers an estimated \$20 million annually or \$100 million over the next five years.

## Current Status

In 2000, Representative Bob Barr (R-GA) and Senator Bob Graham (D-FL) investigated options to close the ACF to commercial navigation but faced stiff resistance from other legislators from Alabama and Georgia. Navigation proponents played up unsubstantiated fears that ending navigation on the ACF would also reduce the total water available for municipal and agricultural water supply in the region, a sensitive issue in the midst of a tri-state fight over water consumption on the ACF.

## Project Hurts Taxpayers

**This virtually unused navigation system is a drain on the federal Treasury.** Federal taxpayers spend nearly \$20 million annually to maintain the ACF River System despite the fact that, on average, fewer than two barges use the system each day, and less than half of these barges use the Apalachicola River alone.

*“Based upon our review and conversations with the Corps, I believe that maintaining navigation on the ACF is not economically justified or environmentally defensible.”*

Assistant Secretary of the Army  
Joseph Westphal in letters to  
Senator Bob Graham (D-FL),  
August 9, 2000 and Representative  
Bob Barr (R-GA), August 14, 2000.

A Congressional Budget Office (CBO) analysis from the early 1990's found that the ACF River system is one of the most highly subsidized navigation projects in the entire inland waterway system. In the study, the CBO calculated that ACF navigation costs more than 50 times the national average for navigation channels.

## Project Hurts the Environment

**Disposal of dredge material resulting from the maintenance of the ACF system has already smothered one-quarter of the Apalachicola's banks with mountains of sand.**

State and federal wildlife agencies have raised concerns over the loss of preferred habitats for federally protected fish and shellfish. The Apalachicola

floodplain is a biological factory fueling Apalachicola Bay. It is one of the cleanest remaining estuaries in the Southeast. The bay is home to 15 percent of America's and 90 percent of Florida's annual oyster harvest. A decline of 50 percent to 75 percent in gamefish populations has been estimated near dredge material disposal sites.

## Contacts

- Steve Ellis, Taxpayers for Common Sense, (202) 546-8500 x126.
- Ansley Samson, Earthjustice Legal Defense Fund, (850) 681-0031.
- Marilyn Blackwell, Help Save the Apalachicola River Group, (850) 639-2177.

# Artificial Beach Control

Beach Renourishment.....\$n/a

The U.S. Army Corps of Engineers (Corps) is conducting a national experiment on our nation's seashores and lakeshores. In a process often called "beach renourishment" or replenishment, the Corps is mining and dredging sand from the bottom of the ocean and then pumping it onto eroding beaches and inlets to preserve overcrowded and overdeveloped waterfronts. Far from "renourishing" or "replenishing" beaches, this sand pumping destroys the natural functions of beaches that are critical for plants, wildlife and storm protection.

Since the 1950's, a total of 1,305 beach renourishment projects have been undertaken in nearly 400 locations throughout the United States. Between 1921 and 1998, these projects cost more than \$2.4 billion, of which federal taxpayers paid 77 percent or \$1.8 billion. Increasingly, beach renourishment is being utilized to retard beach erosion in areas where high-risk development is found near or on an eroding beach. Congress has authorized beach renourishment projects along the nation's coastlines in New York, New Jersey, Delaware, Maryland, North and South Carolina, Georgia, Florida, the Great Lake States and California.

*"I am antagonistic about the way (beach replenishment) is paid for. Locals should pay a larger share. I am philosophically opposed to state and federal taxpayers paying for local costs."*

Norbert Psuty, Professor of Marine and Coastal Studies, Rutgers University, *New York Times*, Oct. 29, 2000.

## Project Hurts Taxpayers

While federal taxpayers subsidize the majority of the projects' costs, they do not all benefit from the projects equally. The beneficiaries of beach renourishment projects are often private homeowners and resort guests. Some coastal areas dissuade public beach use by imposing strict parking regulations, allowing padlocked gates and posting "no trespassing" signs to block beach access.

Coastal areas should pay more for the beach renourishment. Each year, approximately 180 million Americans spend more than \$74 billion on visits to the ocean and to bay beaches. The communities that benefit should invest some of that money back into their own beaches. Many of these communities can afford to pay for more of the projects' costs.

Beach renourishment projects encourage high-risk development along the shoreline that increases the costs of taxpayer-subsidized flood insurance payments when floods and other natural disasters occur.

## Project Hurts the Environment

Beach renourishment can adversely affect the nesting areas of endangered and threatened turtles. In the southern regions of the U.S., threatened or endangered sea turtles, such as the loggerhead, leatherback and green turtles, nest in areas where beach renourishment occurs. Pipelines used to pump beach sand can block turtles from reaching nesting areas. Also, the increased human activity and the additional light and noise can deter female turtles from nesting.

Beach renourishment can adversely affect surf zone environments. Beach renourishment can increase turbidity levels and change wave movement within the surf zone. High turbidity levels and suspended sediment can smother organisms, inhibit filter-feeding processes and decrease plant photosynthesis.

## Contacts

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## Green Scissors Proposal

- 1) Place a moratorium on new federal beach renourishment projects until the National Shoreline Study authorized in the Water Resources Development Act of 1999 has been completed and its recommendations have been fully considered.
- 2) Increase the local cost-share for the initial beach renourishment projects to 65 percent.

## Current Status

In November 2000, Congress passed the Water Resources Development Act (WRDA) of 2000 (S. 2796), which authorized 13 new beach renourishment projects that will cost taxpayers more than \$2.15 billion over the next fifty years.

During consideration of the fiscal year 2001 Energy and Water Appropriations bill (H.R. 4635), Congress appropriated more than \$88 million for shore protection projects, a category of projects that includes beach renourishment.

# Wetlands Wipeout

Calhoun/Clarendon Causeway (South Carolina).....**\$75 million**

The 16,700-acre Santee Swamp lies approximately 40 miles southeast of Columbia, South Carolina, just north of the headwaters of Lake Marion, a popular recreation spot. A proposed nine-mile causeway would connect two sparsely populated rural communities: Lone Star in Calhoun County and Rimini in Sumter County. The stated purpose of the project is to “open up” Calhoun, Sumter and Clarendon counties in South Carolina for economic development. The proposed “improvement” consists of constructing approximately nine miles of two-lane roadway that would include the approximately three miles of bridge spanning Lake Marion, the Santee River and the associated floodplain. The proposed Causeway is a mere 13 miles away from an existing Interstate bridge.

*“Rather than give the region an economic kick-start, the project will provide only minimal transportation benefits and will despoil...one of the prime remaining natural areas in all of South Carolina.”*

Initial review of South Carolina Department of Transportation Feasibility Study, Southern Environmental Law Center, July 2000.

expenses, the price tag of the project could near the \$100 million mark.

According to the South Carolina DOT feasibility study, the Calhoun/Clarendon Causeway will most likely not bring meaningful economic development to the area. There are simply too few people in the area to provide for an economic boon. The population of the Lone Star and Rimini communities totals less than 500.

## Project Hurts the Environment

Several years ago, Congress spent about \$50 million to buy 15,200 acres in what is now the Congaree Swamp National Monument. The Congaree Swamp National Monument is recognized as one of the most rare and special forests in the world. The 16,700-acre Santee Swamp lies just a few miles southeast of the Congaree Swamp and is

part of the same watershed. It is the largest unaltered and unprotected wetland area in South Carolina, according to the Sierra Club.

If the Causeway is built, South Carolina DOT officials will have to seek a permit from the U.S. Army Corps of Engineers to fill in wetlands. Depending on which of the alternative paths is chosen, the Causeway could remove up to 28 acres of some of the most valuable wetlands in the Southeast.

According to the Sierra Club’s “Special Places” report, the area is one of only two remaining places in the state unaffected by highway noise. The Santee Swamp also provides critical habitat for wildlife. The feasibility study shows that no matter which path the Causeway takes, it will pose a threat to several endangered species, including the bald eagle, the short-nose sturgeon and the colonial wading bird. Several endangered plant species are also present in Santee Swamp.

## Green Scissors Proposal

Cancel the Calhoun/Clarendon Causeway, saving taxpayers the project’s estimated cost of at least \$75 million.

## Current Status

In 1998, the Transportation Equity Act for the 21st Century (TEA-21) authorized an appropriation of \$6.5 million to do an initial feasibility study on the Calhoun/Clarendon Causeway. The South Carolina Department of Transportation (DOT) published the feasibility study in July 2000, and proposed three alternative routes for the project, at an estimated cost of about \$75 million.

The Calhoun/Clarendon Causeway is currently on a list of 1,850 federal highway demonstration projects that were authorized in the TEA-21 bill. These high-priority projects are generally specific projects requested by a member of Congress, but they are not necessarily popular among communities in which they are constructed.

A public hearing on the project is planned in the spring of 2001. An Environmental Impact Study is scheduled for release later this year, to be followed by a public comment period.

## Project Hurts Taxpayers

Construction of the road is currently estimated to be \$75 million. However, the actual building process would not even begin for another five or six years. With inflation and unforeseen

## Contacts

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- Dell Isham, South Carolina Chapter of the Sierra Club, (803) 256-8487.
- Jill Johnson, U.S. Public Interest Research Group, (404) 575-4060.

# Off the Deep End

Delaware River Deepening.....\$224 million

The U.S. Army Corps of Engineers (Corps) and the Delaware River Port Authority are proposing to deepen the Delaware River's shipping channel from 40 feet to 45 feet for 108 miles up to the Port of Philadelphia. The proposed project would cost \$311 million total, \$224 million of which would be paid by federal taxpayers. The Corps claims the project is needed to accommodate tankers and larger container ships to keep Delaware River ports competitive with other East Coast ports. The intended beneficiaries of the project are oil refineries along the river who currently off-load a large portion of incoming oil onto smaller vessels before bringing extremely deep draft supertankers up river. However, this project will not obviate the need to off-load oil, and, furthermore, most of the refineries have not committed to deepening their private "approach channels," which would be necessary to accommodate the larger ships and take advantage of the deepened channel. The project threatens to damage Delaware River water quality, aquatic life, wetlands and nearby drinking water supplies.

*"I have had questions about this project, the planning process, its economic justification, and the potential for environmental harm for a number of years."*

Senator Joseph Biden (D-DE),  
Congressional Record,  
September 8, 2000.

Leading industry consultants attending a symposium hosted by the Ports of Philadelphia and Camden concluded that there is "no guarantee [mega] container ships will ever call here." At 45 feet, Philadelphia will remain a shallow port in comparison to other major North Atlantic ports at New York/New Jersey, Baltimore, and Hampton Roads, Virginia.

According to the Corps, over 80 percent of the benefits of the proposed deepening project will accrue to six oil facilities. In order for the oil facilities to accommodate the larger ships, however, they would have to deepen their own private channels and berths. However, only one of the six facilities is on record saying that it supports and may take advantage of the project. Several oil refineries have stated that the current practice of off-loading oil onto smaller

vessels in Delaware Bay and shipping it upriver is acceptable.

## Green Scissors Proposal

Deny funding for deepening of the Delaware River, saving taxpayers an estimated \$224 million over the life of the project.

## Current Status

On June 27, 2000, Representatives Robert Andrews (D-NJ), Wayne Gilchrest (R-MD) and Mark Sanford (R-SC) offered an amendment to the fiscal year 2001 Energy and Water Appropriations bill (H.R. 4635) that would have eliminated \$22 million in funding for the Delaware River Deepening project. The amendment lost on a vote of 174-249. Representatives Robert Andrews (D-NJ), Jim Saxton (R-NJ), and Frank LoBiondo (R-NJ), and Senator Robert Torricelli (D-NJ) requested that the General Accounting Office (GAO) review the costs and justification of the project. The GAO expects to release the report in 2001.

## Project Hurts Taxpayers

Despite taxpayer funds, the project will not make the Port of Philadelphia more competitive. Mega-container ships require a depth of at least 50 feet and so could not be accommodated by the Delaware regardless of the proposed deepening project.

## Project Hurts the Environment

The Corps would dredge 33 million cubic yards of sediment – enough to fill every major league baseball stadium in the U.S. Most of these spoils, some of which contain concentrations of toxic substances such as mercury, lead and PCBs, would be deposited at sites along the river. In some instances, dredge spoils will be piled 75 feet high. One site would be adjacent to Bombay Hook, a National Wildlife Refuge and a Wetland of International Importance.

**Toxic dredged material could threaten drinking water supplies, water quality and wildlife.** The project threatens recovering oyster populations and the Delaware River's blue crabs. Plans to blast a granite portion of the riverbed, a component of the river deepening, pose risks to the endangered short-nosed sturgeon and to the underlying aquifer.

## Contacts

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- Maya van Rossum, Delaware Riverkeeper, (215) 369-1188.
- David Masur, Pennsylvania Public Interest Research Group, (215) 732-3747.

# Fueling Destruction

Export-Import Bank of the US:

Fossil Fuel and Mining Investments.....**\$242 million**

The Export-Import Bank of the United States (Ex-Im) provides loans and investment guarantees to U.S. corporations doing business overseas. Ex-Im underwrites the fossil fuel industry by supporting power plants, extraction and pipelines in countries such as China and India. In its fiscal year 2000 annual report, Ex-Im reported that the loans and long term guarantees it authorized totaled \$7.8 billion. The agency devoted 28 percent of that total—or \$2 billion—to fossil fuel projects. These investments pollute local communities and the global environment. Ex-Im should phase out its support of the fossil fuel sector.

*“These are big corporations. They are getting a very nice gift from the taxpayers through the Export -Import Bank.”*

Representative  
Peter DeFazio (D-OR),  
*Congressional Record,*  
September 20, 1997.

When Ex-Im invests in fossil fuel projects in unstable countries with corrupt governments, U.S. taxpayer dollars can be wasted. In fiscal year 2000, Ex-Im approved financing for an oil pipeline in the West African countries of Chad and Cameroon after the World Bank approved a similar package. In December, 2000, the *Washington Post* revealed that Chad’s president spent \$4.5 million of the World Bank’s loan on weapons instead of addressing poverty alleviation as promised.

## Project Hurts the Environment

Fossil fuel extraction devastates valuable ecosystems. Fossil fuel extraction and pipelines enable multinational corporations to extract resources and profits from poor countries. They pollute local

communities’ air and water and in many cases contribute to deforestation.

**Fossil fuel development leads to global warming.** Fossil fuel projects release carbon dioxide into the atmosphere, contributing to global warming. What’s worse, Ex-Im is supporting these projects at the expense of cleaner renewable energy sources. Environmentalists have criticized the agency for contradicting the U.S. Senate’s Byrd (D-WV) – Hagel (R-NE) Resolution. In this 1997 resolution, the Senate unanimously demanded that developing countries, such as China and India, commit to reducing their global warming emissions before the U.S. takes similar action domestically. Through Ex-Im fossil fuel investments, however, the U.S. is actually underwriting an increase in these countries’ emissions.

## Green Scissors Proposal

Cut funding for Ex-Im by \$242 million. This amount is 28 percent of the agency’s fiscal year 2001 appropriations, representing the percentage of its loan and long-term guarantee portfolio that it spent on fossil fuel projects last year.

## Current Status

In fiscal year 2001, Congress appropriated \$865 million to Ex-Im, which bolstered the agency’s nearly \$8 billion investment portfolio. In fiscal year 1999, Ex-Im devoted three percent—or \$250 million—of this investment portfolio to fossil fuel and mining projects. In fiscal year 2000, Ex-Im’s support of these industries skyrocketed to 28 percent of their authorized portfolio.

## Project Hurts Taxpayers

**Ex-Im’s investments in the fossil fuel sectors often prove to be among the agency’s riskiest.** For example, Ex-Im recently considered supporting a coal-fired power plant in Bo Nok, Thailand that was opposed by local communities. Police injured dozens of peaceful protesters who were concerned about the project, and local communities are now threatening to burn the plant down if it is built. Local residents have stated they would prefer clean, renewable energy.

## Contacts

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# Western Land Grab Revisited

Land Exchanges .....\$n/a

Public lands constitute a large percentage of the western United States and often surround or are interspersed with private land. In order to consolidate public and private ownership over larger contiguous areas, the U.S. Forest Service (USFS) and Bureau of Land Management (BLM) frequently swap holdings with private parties, simplifying land ownership patterns and often acquiring important natural resource lands in the process. Unfortunately, the review process agencies use to conduct the swaps is often misguided and inadequate.

## Green Scissors Proposal

Prohibit land exchanges between the federal government and private landowners (including those that are legislated through Congress) until the land swaps have been thoroughly reviewed and their weaknesses remedied. Before moving forward with more land exchanges, targeted audits by federal agencies should investigate the appraisal and environmental/public interest review processes to identify and find remedies for the weaknesses in these areas.

## Current Status

Recent land exchanges have created a furor over the appraisal and environmental review processes conducted by federal agencies. In June 2000, the General Accounting Office (GAO) released a report charging that the USFS and the BLM have undervalued federal land and overvalued land the government has obtained in trade from private interests. The report concluded that, too often, these land exchanges benefit private business interests at the public's expense. The GAO recommendations include implementing a moratorium on land exchanges until the programs are fixed.

## Program Hurts Taxpayers

A GAO report released in June 2000 concluded that the BLM and USFS's land exchange programs have shortchanged American taxpayers by millions of dollars through faulty land appraisals that often undervalue public land and overvalue private land.

The GAO also found that the BLM misused its land exchange authority on a number of occasions by selling land

*"[T]he transactions are often far from simple and, according to a General Accounting Office report released this week, the land exchange program has shortchanged taxpayers by millions of dollars by undervaluing federal land or overvaluing private land in some of its deals."*

*Washington Post Editorial,  
July 15, 2000.*

and keeping the money for its own purposes rather than returning it to the federal treasury as required.

According to audits conducted by the Department of the Interior's Office of the Inspector General (OIG), three land exchanges conducted in Nevada between 1992 and 1995 lost taxpayers \$4.5 million because BLM appraisers undervalued public land and overvalued private land.

Land swaps often subsidize industry and facilitate development. Resource extractors may trade lands they have stripped of resources for public lands from which they can reap further profits. Recent beneficiaries have included Weyerhaeuser, Big Sky Lumber, and Crown Pacific timber companies, Phelps Dodge and other mining companies, and land developers such as Del Webb.

When companies exchange their exploited lands back to the federal government, they avoid cleanup obligations, thus sticking taxpayers with the cost of decommissioning logging roads and implementing restoration on damaged lands.

## Program Hurts Environment

The public often receives inadequate information regarding the environmental impacts of land swaps. In one exchange near Bend, Oregon, the USFS revealed after the public comment period had expired that it had underestimated by 58 percent the amount of old growth forest to be traded to Crown Pacific.

Land swaps can trade away important endangered species habitat, such as areas inhabited by the threatened northern spotted owl and desert tortoise, and Endangered Species Act candidate Canada lynx.

Legislated land swaps are often exempt from the National Environmental Policy Act (NEPA), which requires environmental impact analysis and allows for public comment and review.

## Contacts

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# Guaranteed Pork

Multilateral Investment Guarantee Agency.....**\$16 million**

The Multilateral Investment Guarantee Agency (MIGA) is an arm of the World Bank. MIGA was established in 1988 to provide political risk insurance to private corporations and banks investing in developing countries. Rather than supporting the World Bank's mission to alleviate poverty, MIGA underwrites the operations of the Fortune 500. An overwhelming percentage of MIGA's investments harm the environment.

## Green Scissors Proposal

Eliminate further funding for MIGA, saving taxpayers \$16 million.

## Current Status

In 1998, Congress authorized a \$30 million contribution toward an international effort to increase MIGA's resources. Congress then appropriated \$4 million for the program in fiscal year 2000 and \$10 million in fiscal year 2001, leaving \$16 million of previously authorized funding. In addition to this \$16 million in "paid-in capital" that Congress must appropriate, the U.S. will also be responsible for \$150 million in "callable capital," or reserve funds that U.S. taxpayers will provide in case of emergency. In 1998, Congress appointed a bipartisan commission to look at the role of International Financial Institutions, including MIGA. In March 2000, the commission, chaired by economist Alan Meltzer, released a report recommending that MIGA be eliminated.

## Project Hurts Taxpayers

**MIGA uses federal taxpayer dollars to support foreign corporations and banks.** An overwhelming portion of MIGA's investment portfolio supports corporations and banks from countries other than the U.S. In fiscal year 2000, MIGA issued 53 guarantees to the tune of \$1.6 billion, only one of which supported an American corporation. Moreover, this guarantee was actually reinsurance for a mine in Russia that already receives support from the federally funded U.S. Overseas Private Investment Corporation.

*"MIGA should be eliminated."*

Report of the International Financial Institution Advisory Commission, March 2000.

**MIGA is not effective.** There is little evidence to show that MIGA's support of the private sector actually helps the poor. Rather than underwriting small-scale investments that would alleviate poverty, MIGA throws its weight behind soda bottling plants, luxury hotels and cellular telephone networks. The agency says its investments promote growth by creating jobs. However, in its 1997 annual report, MIGA claimed that the 70 guarantees it approved -and the \$4.7 billion in foreign investment they catalyzed - created 4000 jobs. Thus, the investment amounted to almost \$1.2 million invested per job created.

## Project Hurts the Environment

**More than half of MIGA's portfolio underwrites environmentally destructive sectors such as oil, mining, gas, energy, and transportation.** All too often, these projects are in biodiversity-rich areas or other regions with high conservation value. The agency has underwritten environmental disasters around the world, including a mine in Papua New Guinea that dumps toxic waste directly into the ocean, a gas pipeline in Bolivia that is fueling deforestation, and a mine in Guyana that experienced four cyanide spills in one year.

## Contacts

- Sara Zdeb, Friends of the Earth, (202) 783-7400.

# Canal Catastrophe

New Orleans Industrial Canal ..... **\$532 million**

The New Orleans Industrial Canal is a 5.5-mile waterway that connects the Mississippi River to the Gulf Intracoastal Waterway, an inland canal that runs along the Gulf coast from Texas to Florida. The U.S. Army Corps of Engineers (Corps) plans to widen, deepen and expand the canal's lock to nearly triple its current size at a cost of \$641 million, of which taxpayers will pay 83 percent, or \$532 million.

## Green Scissors Proposal

Deny funding to widen, deepen or expand the New Orleans Industrial Canal, saving taxpayers 83 percent of \$641 million over the life of the project, or \$532 million.

## Current Status

The project received approximately \$14.3 million in the fiscal year 2001 Energy and Water Appropriations bill (H.R. 4635). Representative William Jefferson (D-LA) is a strong proponent of the canal.

## Project Hurts Taxpayers

**The Corps justified the project by predicting sharp increases in barge traffic on the Canal and a need to fix antiquated locks.** According to the Corps' own numbers, however, shipping on the canal has decreased 28 percent, from 27.1 million tons in 1988 to 19.4 million tons in 1999. By contrast, the Corps estimates that the alternative to lock expansion, rehabilitating the lock, would cost only \$16 million.

**The Corps has stated that, as long as barge traffic does not fall 10-15 percent below low-growth traffic forecasts, the project's benefit-cost ratio would remain at or above 1.0.** However, Corps statistics show that traffic has declined 17 percent since 1993, below the threshold for a positive benefit-cost ratio. The Corps' own guidelines recommend that projects with a benefit-cost ratio of less than 1.0 to 1 not be constructed.

*"This \$641 million project would be one of the most expensive locks ever built."*

*Washington Post,  
September 10, 2000.*

## Project Hurts the Environment

**The project would not solve existing safety problems with the lock.** The canal has a long history of accidents and chemical spills, as more than a third of all industrial chemicals transported on the nation's inland waterway system are shipped through the New Orleans Industrial Canal. The National Transportation Safety Board considers the existing lock and canal to be risky and has stated that lock expansion "would not necessarily reduce the hazards." The problem of accidents is compounded by the fact that the project lies immediately downriver of Algiers Point, widely considered to be the most dangerous bend on the entire Mississippi River.

**Continued dredging of the canal resuspends sediments that contain high levels of heavy metals.** Disposal of these sediments on and near wetlands would further contaminate nearby waters.

**The project also raises serious environmental justice and community right-to-know questions.** The Corps initially considered locating the new lock and canal several miles downstream in the sparsely populated St. Bernard Parish. This plan was eventually dropped because of extreme political opposition from local residents. The project is now proposed in New Orleans' Ninth Ward, a less politically influential area. Despite high levels of political opposition in the neighborhoods of this ward, the Corps has failed to consider locating the project elsewhere.

## Contacts

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- Pam Dashiell, Holy Cross Neighborhood Association, (504) 947-9240.

# Nuclear Bailout

Price-Anderson Act .....\$n/a

The Price-Anderson Act, originally enacted by Congress in 1957, limits the liability of the nuclear industry in the event of a nuclear accident in the United States. The Act covers large power reactors as well as small research and test reactors, fuel reprocessing plants and enrichment facilities. It covers incidents that occur through operation of nuclear plants as well as transportation and storage of nuclear fuel and radioactive wastes.

Price-Anderson sets up two tiers of insurance. Each utility is required to maintain the maximum amount of coverage available from the private insurance industry – currently \$200 million per reactor. If claims following an accident exceed that amount, all nuclear operators must pay up to \$83.9 million for each reactor they operate. As of August 1998, Price-Anderson capped insurance coverage for any nuclear accident at \$9.43 billion.

*“Many nuclear suppliers express the view that without Price-Anderson coverage, they would not participate in the nuclear industry.”*

U.S. Nuclear Regulatory Commission, *The Price-Anderson Act – Crossing the Bridge to the Next Century: A Report to Congress*, October 1998.

## Green Scissors Proposal

Repeal the Price-Anderson Act. The nuclear industry is a mature industry that should be fully accountable for nuclear accidents and should purchase risk insurance on the private market.

## Current Status

Price-Anderson was last amended in 1988 and is scheduled to be renewed by August 1, 2002. A 1990 study conducted by Professors Jeffrey Dubin of the University of California, Berkeley and Geoffrey Rothwell of Stanford concluded that the amount of the subsidy was \$74.3 million per nuclear unit before the 1988 amendments and \$27.7 million (\$32.5 million in 1999 dollars) per unit after the amendments. For the 110 nuclear units operating in 1991, the total subsidy according to this estimate would have been \$3.6 billion in 1999 dollars.

## Program Hurts Taxpayers

**Price-Anderson is a massive subsidy without which the nuclear power industry would not exist.** The Act caps insurance coverage for any accident, thereby limiting the responsibility of nuclear operators. The Nuclear Regulatory Commission (NRC) acknowledges that Price-Anderson “removed the deterrent to private sector participation in nuclear power programs by reducing the probability of financial catastrophe for industry participants due to liability resulting from a nuclear accident.”

The NRC estimates that a worst-case nuclear accident could cost more than \$300 billion for a single catastrophe. Taxpayers would inevitably pay the human health costs and financial costs of cleanup. \$9.4 billion, the total insurance coverage provided under the Act, is

not sufficient to pay for the human health and property damages that could result from a nuclear accident.

## Project Hurts the Environment

**By subsidizing the use of nuclear power, Price-Anderson distorts the energy market** by encouraging power companies to invest or remain invested in nuclear energy rather than in sustainable energy technologies.

**In the four decades since Price-Anderson was passed, the nuclear industry has created several thousand tons of highly radioactive waste** that causes disposal problems and is a threat to human health.

## Contacts

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- Jill Lancelot, Taxpayers for Common Sense, (202) 546-8500 x105.

# Granddaddy of Subsidies

1872 Mining Law Reform ..... **\$481 million**

Under the 1872 Mining Law, mining companies extract minerals from publicly owned lands without paying royalties or fees to the federal government. This policy differs from federal policy toward the coal, oil and gas industries, all of which must pay royalties for operating on public lands. In 1999, mining corporations extracted more than \$1 billion worth of minerals from public lands without payment to taxpayers. Adding insult to injury, the 129 year old law also allows a mining company to “patent,” or buy mineral-rich public land for \$5 an acre or less, paying 1872 prices for land that is worth billions of dollars. The archaic 1872 Mining Law not only distorts the minerals market, it facilitates environmental destruction of public lands because it contains no provisions for environmental protection.

*“We need [to end] a system that sells public land for as little as \$2.50 per acre,[...] that has allowed more than \$240 billion worth of minerals to be excavated from public lands and does not collect a cent in royalties... American citizens should not carry the burden of fiscal and environmental irresponsibility.”*

Senator John Kerry (D-MA)  
Congressional Record,  
July 20th, 2000.

In November, the Bureau of Land Management published updated regulations that govern mining operations on public lands managed by the Department of the Interior. The updated regulations (found in part 43, subpart 3809 of the Code of Federal Regulations) increase taxpayer protection by requiring adequate mine reclamation bonds. Unfortunately, the regulations also effectively provide, without cost, unlimited amounts of publicly owned land available for mine waste dumping under the 1872 Mining Law. These regulations took effect in January 2001.

## Project Hurts Taxpayers

Since the mining law was enacted, the U.S. government has given away more than \$245 billion of mineral reserves

through patenting or royalty-free mining according to the **Mineral Policy Center**. The subsidies embedded in public lands mining, along with the percentage depletion tax allowance, create false incentives for miners and hinder sound land management. Free-market advocates might favor a competitive-bid leasing system, which would be one way to recover a fair return to taxpayers.

## Project Hurts the Environment

**Mining can severely and permanently damage public lands.** Nationally, mines have polluted 12,000 miles of rivers and streams, and more than 550,000 abandoned hardrock mines scar the American landscape. The Mineral Policy Center estimates the cost of cleaning up such sites at \$32 billion to \$72 billion.

## Contacts

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- Jill Lancelot, Taxpayers for Common Sense, (202) 546-8500 x105.

## Green Scissors Proposal

- 1) Require fair market return to taxpayers for extraction of publicly owned minerals. A royalty of 8 percent could raise \$481 million over five years.
- 2) Eliminate mineral patenting, which amounts to the giveaway of public lands. This action would save at least \$10 billion in potential new patents waiting to be filed.
- 3) Require companies to post adequate mine reclamation (environmental cleanup) bonds and establish a national program to clean up abandoned mines. As of 1999, the potential taxpayer liability for environmental cleanup at currently operating mines is \$1 billion.

## Current Status

In 2000, Congress renewed a moratorium on patenting, originally passed in 1994, that blocks billions of dollars worth of public lands giveaways. But hundreds of patents filed before 1994 may still proceed. More recent efforts to enact a mineral royalty and create an abandoned mine reclamation program have been blocked in Congress. H.R. 410, a legitimate mining reform bill introduced by Representative Nick Rahall (D-WV) remained bottled up in committee in 2000.

# Dirty Pork in Green Clothing

“Clean Coal” Technology Program.....\$325 million

Since 1984, Congress has allocated about \$2 billion in federal subsidies to the coal industry through the “Clean Coal” Technology Program (CCTP). The CCTP encourages private companies to develop cleaner burning coal technologies by providing matching federal funds (up to 50 percent) for projects designed to be used mainly at existing power plants. CCTP projects waste millions of taxpayer dollars each year on research that has already been done and that the coal industry should conduct with private funding. The CCTP encourages the use of the most polluting fossil fuel.

## Green Scissors Proposal

Expedite termination of the CCTP by stopping projects for which construction has not started or will not start for several years. This termination will save taxpayers a minimum of \$325 million in previously appropriated money, including the \$95 million provided in fiscal year 2001 for the new “Power Plant Improvement Initiative,” which is designed to keep old coal-fired plants operating while encouraging new ones.

## Current Status

On June 15, 2000, Representatives Edward Royce (R-CA) and Paul Ryan (R-WI) offered an amendment to the fiscal year 2001 Interior Appropriations (H.R. 4578) bill to defer \$237 million from the CCTP until the next fiscal year. Unfortunately, the amendment failed on a voice vote.

The final fiscal year 2001 Interior Appropriations bill (H.R. 4578) defers \$67 million for the CCTP until fiscal year 2002. Originally, the U.S. Department of Energy (DOE) requested that \$105 million be rescinded from the program, but Congress refused to revoke any funding for the program.

Under the “Power Plant Improvement Initiative,” Waste Management Processors, Inc. is seeking millions of dollars in assistance to construct a coal to oil refinery in Schuylkill County, Pennsylvania. The refinery would generate the equivalent of 5000 barrels of oil per day, all to be purchased by Texaco, and would be a cooperative effort between Texaco, Bechtel, Waste Management Processors Inc, and Salso, Limited, the African energy behemoth. Despite claims that this project will help to create “ultra clean fuels,” this project will call for continued coal mining and burning. Pennsylvania already has among the worst air quality in the nation with more than 5,000 deaths annually attributed to air pollution.

*“There is nothing new being developed under the Clean Coal Technology Program except for new ways to squander taxpayers’ money.”*

Representative Paul Ryan (R-WI),  
Congressional Record,  
June 15, 2000.

## Project Hurts Taxpayers

The General Accounting Office (GAO) has released at least seven reports documenting waste and mismanagement in the Clean Coal Technology Program. The most recent GAO report, released in March 2000, found that eight ongoing CCTP projects “had serious delays or financial problems.” Two of the eight projects are in bankruptcy and are unlikely to be completed at all. The DOE’s share of these two projects is \$79 million. The other six are behind their original schedules by two to seven years, and one also went into bankruptcy temporarily. The main reason for these delays, according to the GAO, is that the projects were moved from one location to another because of opposition from residents, changes in energy capacity or “unforeseen financial difficulties.” The DOE funding commitment for just these six projects is at least \$519 million.

**The coal industry is capable of supporting its own research and development costs.** According to the Energy Information Administration, 1.04 billion tons of coal was consumed in the U.S. in 1998, while the net income of coal companies in 1998 was \$500 million.

## Project Hurts the Environment

**Coal is an extremely polluting and carbon-intensive energy source.** Burning coal for energy significantly contributes to acid rain and greenhouse gas build-up in the atmosphere. Coal R&D will artificially delay and stunt development of cleaner fuels and technologies. Moreover, because of the basic chemical and physical characteristics of coal, once coal is burned, the reduction of carbon dioxide emissions becomes economically impossible.

**Increased coal production and burning presents serious health threats.** Burning coal is responsible for about 60 percent of soot-creating sulfur dioxide emissions in the United States and is also a major source of smog-forming nitrogen oxide pollution and mercury contamination.

## Contacts

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# The Money Crop

Crop Insurance Program ..... \$n/a

Crop insurance reimburses farmers when crop production falls below average yields as a result of bad weather or severe market losses. The U.S. Department of Agriculture heavily subsidizes crop insurance through its Office of Risk Management in three ways: 1) it pays the administrative costs of the private insurance companies that actually issue the policies; 2) it guarantees the insurance companies against losses that exceed the premiums; 3) it pays an average of 40 percent of each farmer's insurance premium.

Crop insurance primarily benefits farmers who grow crops on marginal land, because those are the lands that experience large losses frequently. Since crop losses increase premiums, and the government pays a percentage of those premiums, the higher the losses, the higher the government subsidy. The program now costs around \$1.5 billion per year. Moreover, in the last two years, Congress has added special emergency subsidies, bringing costs up to around \$1.9 billion.

## Green Scissors Proposal

- 1) Lower the reimbursement rate to private insurance companies to a level that would match what they receive in the private market;
- 2) reduce or eliminate the subsidies;
- 3) charge different rates based on varying risk, taking into consideration repetitive loss history and land quality.

## Current Status

In June 2000, President Clinton signed the Agricultural Risk Protection Act (H.R. 2559) guaranteeing more than \$15 billion in taxpayer-funded bailouts for farmers. Provisions in the bill reduced the costs to farmers of buying insurance for both crop failures and market losses. The bill also included provisions intended to benefit specific constituencies, such as direct payments to tobacco producers and assistance for wool and mohair growers, and included \$7.1 billion in "emergency relief" for farmers – marking the third time in four years that a bailout has been deemed necessary. Congress is scheduled to reauthorize the Federal Crop Insurance Program in 2001.

*"By the end of the year, some farmers can receive up to \$280,000 simply by having another miserable year of failure."*

*New York Times,  
December 24, 2000.*

## Program Hurts Taxpayers

The program directly costs taxpayers almost \$2 billion annually, and costs billions of dollars more indirectly. The program provides incentives to produce crops on marginal, disaster-prone land that would otherwise not be harvested. These incentives lead to overproduction, which lowers crop prices. The lower prices in turn trigger billions in additional government subsidies, both in special emergency bills and in agricultural price guarantees, such as loan deficiency payments.

Private insurance companies participating in the federal crop insurance program have collectively earned \$528 million in underwriting gains since 1990. General Accounting Office reports also show that the government paid about 22 private insurance companies a total of \$80 million more than the costs of selling and servicing crop insurance from 1994 to 1995.

## Program Hurts Environment

Crop insurance has greatly reduced wildlife habitat and caused increased soil erosion, fertilizer and pesticide use. Economists believe that the program has caused tens of millions of acres of grasslands, wetlands and woodlands to be converted to crop fields. The effect of this subsidy may have fully cancelled out the benefits of the 36 million-acre Conservation Reserve Program, a program that allows farmers to retire environmentally sensitive cropland.

## Contacts

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# The Sea Monster

Low Frequency Active Sonar .....\$n/a

In the name of national security, the U.S. Navy is proposing to deploy a system known as Low Frequency Active Sonar (LFAS). Designed to “illuminate” enemy submarines with large amounts of acoustic noise, the system could have devastating impacts on marine mammals and other kinds of sea life.

The Navy intends to deploy the LFAS system in the deep oceans and along the U.S. outer-continental shelf to track the movement of enemy submarines, despite the fact that such a threat has diminished greatly since the end of the Cold War. A prototype of the LFAS system consists of 18 bathtub-size (approximately 150 feet in total length) loud speakers designed to broadcast low frequency, high volume sound waves into the surrounding waters. At the origin of the sound, the acoustic intensity from all the LFAS speakers will be at least 235 decibels (dB). This is billions of times more intense than sounds that typically disturb large whales. At its full deployment, LFAS systems will periodically cover up to 80 percent of the world’s oceans.

## Green Scissors Proposal

Terminate the Navy’s Low Frequency Active Sonar Project.

## Current Status

On March 15, 2000, 17 whales from 4 different species were stranded in the Bahamas, and 9 whales died, a highly unusual event that coincided with U.S. Naval sea exercises. Autopsies of the dead whales pointed to death by high intensity sound. It is important to note that such damage occurred while the surface ships and submarines involved were using “normal” military sonar. The consequences of the LFAS system are potentially much worse.

*“While the Navy rolls out its newest military toy, arguing (questionably) that it is indispensable, our oceans will be dying a slow death of a thousand cuts.”*

Linda Weilgart, Ph.D., quoted from an op-ed in the *Christian Science Monitor*, October 28, 2000.

## Project Hurts Taxpayers

LFAS is designed to protect against a threat, specifically one from deep-sea submarines, that has dramatically diminished since the end of the Cold War. The *Los Angeles Times* reported on October 14, 1999, that taxpayers have already spent \$350 million to build a defense system to detect threats from a non-existent submarine fleet.

## Project Hurts Environment

Long-term effects on marine mammals could be disastrous. Marine mammals, such as whales and dolphins, rely on hearing to eat, navigate and communicate. Flooding hundreds of nautical miles of oceans with low frequency sound may disrupt their activity.

**More whales may be stranded as a result of LFAS.** Whales alter migration routes to avoid loud sounds. For example, gray whales have moved more than a kilometer to avoid a 185-decibel sound source off the coast of California. Because the LFAS system is designed to travel with aircraft carrier groups, migrating mammals will be unable to change migration patterns to avoid the noise. Independent analysis suggests that a LFAS-type system may have contributed to several strandings of marine mammals near the Canary Islands (reported in 1991) and off the West Coast of Greece in 1997.

**LFAS may pose risks to human health.** Divers participating in a Navy study were exposed to 160 decibels, a mere fraction of the LFAS operation level of over 230 decibels. After the tests, the divers reported feeling vertigo, motion sickness, and odd sensations in the chest and abdomen. One diver has suffered a series of relapses over a period of months.

## Contacts

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# Livermore's Bloated Mega-Laser

## National Ignition Facility.....\$10 billion

The National Ignition Facility (NIF) is a U.S. Department of Energy (DOE) nuclear weapons project being constructed at the Livermore Laboratory in northern California. NIF is a mega-laser that will blast a radioactive fuel pellet with 192 laser beams in an attempt to create a nuclear fusion explosion inside a reactor vessel. NIF's cost was estimated at \$677 million in 1993. In 1997, the DOE asked for \$1.2 billion for NIF construction and promised Congress there would be no further increases. In 2000, the DOE admitted NIF's construction costs would top \$3.3 billion. In August 2000, the General Accounting Office (GAO) estimated NIF's construction price tag to be \$4 billion, citing excessive pre-completion research costs. Independent cost estimates for NIF's life-cycle — that is, construction plus operation costs — hover at \$10 billion.

*“DOE lied to me. They sold me a bill of goods and I am not happy about it... Enough is enough.”*

Senator Harry Reid (D-NV),  
September 5, 2000 floor statement  
in support of capping NIF funds.

The DOE is throwing billions of taxpayer dollars at an experimental program. Some experts at the DOE's own laboratories rate NIF's chance of achieving its scientific goal of ignition at less than ten percent. Further, the GAO's August 2000 review of NIF stated that because “technical uncertainties persist, the cost of NIF could grow even higher and completion could take even longer.”

NIF offers no commercial use. The future of laser fusion as an energy source is both controversial and highly speculative. A commercially viable fusion demonstration plant remains 30 or 40 years in the future, if it will ever exist.

## Project Hurts the Environment

**NIF will create radioactive wastes.** NIF's fuel contains radioactive tritium,

and even its “routine” operation will create contamination. Some NIF experiments will also use uranium, a long-lived radioactive metal. DOE documents disclose plans to modify NIF in the future, potentially adding experiments using plutonium, highly enriched uranium and large quantities of hazardous chemicals.

**The site needs cleanup, not more waste.** Livermore Laboratory is already a Superfund site, and fiscal year 2001 cleanup funding for the entire site will total a mere ten percent of the NIF construction budget.

**NIF undermines U.S. non-proliferation goals.** By providing a means for nuclear weapons designers to continue their pursuits in the absence of full-scale underground nuclear testing, NIF fosters nuclear weapons advancement, promotes the spread of nuclear weapons knowledge and contravenes the nuclear Non-Proliferation Treaty. Controversy exists as to whether NIF violates the Comprehensive Test Ban Treaty as well.

## Contacts

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## Green Scissors Proposal

The NIF should be canceled and construction terminated. Relying on existing laboratory capabilities rather than wastefully expensive new facilities would save taxpayers approximately \$10 billion over the 30-year lifetime of the project.

## Current Status

Representatives Paul Ryan (R-WI) and Dennis Kucinich (D-OH) offered an amendment to the fiscal year 2001 Energy and Water Appropriations bill (H.R. 4635) to cut funding for construction of NIF. The amendment failed on a voice vote. Senator Tom Harkin (D-IA) successfully offered an amendment that would have limited construction funding for NIF to \$74 million for fiscal year 2001, as well as authorized a National Academy of Sciences review of NIF. During the final negotiations of the Energy and Water Appropriations bill, however, the Harkin amendment was replaced with an internal GAO audit process, and construction funding for the project was increased to \$199 million for fiscal year 2001.

## Project Hurts Taxpayers

**NIF is extremely expensive.** NIF is the single most expensive element of the DOE's nuclear weapons program (called Stockpile Stewardship), although its value to maintenance of the U.S. arsenal is dubious at best.

# Dump Diesel

Partnership for a New Generation of Vehicles ..... **\$1.1 billion**

Created by the Clinton Administration in 1993, the Partnership for a New Generation of Vehicles (PNGV) is a cooperative research and development partnership aimed at creating a prototype "super-efficient" car. The program brings together the Big Three Automakers (DaimlerChrysler, Ford, and General Motors), federal agencies, and several government defense, energy, and weapons laboratories. PNGV is divided into 3 stages. The final stage, Goal III, has automakers producing a prototype vehicle that will achieve approximately 80 miles per gallon by 2004, although the auto manufacturers will not have to market this vehicle to the public. Over the past eight years, the federal government has spent more than \$1 billion on PNGV. Yet, the average fuel economy of new passenger vehicles sold over that same time has slid to its lowest point in 20 years.

## Green Scissors Proposal

Eliminate funding for the Partnership for a New Generation of Vehicles program. This would save approximately \$230 million annually, or \$1.1 billion over the next five years.

## Current Status

On June 14, 2000, Representatives John Sununu (R-NH) and Robert Andrews (D-NJ) offered an amendment to the fiscal year 2001 Interior Appropriations bill (H.R. 4578) to cut PNGV by \$126.5 million. The amendment passed 214 to 211. Funding for the program was later restored and increased to \$146 million during conference negotiations. Under PNGV, the auto industry chooses the "preferred technology" for meeting Goal III. The industry appears prepared to choose a hybrid production prototype vehicle that will use a highly polluting diesel combustion engine. The deadline to reach Goal III has already been delayed from 2003 to 2004.

*"Advocates insist that the partnership has spurred high-tech jobs and automotive technology. One would hope so, considering taxpayers' 10-digit investment... Or as the General Accounting Office reported in March, industry insiders say a supercar is unlikely to be manufactured for the general public at a cost that is competitive with conventional vehicles in the near future."*

*Detroit News Editorial, June 19, 2000*

## Project Hurts Taxpayers

**This program is corporate welfare, benefiting the major U.S. auto and diesel engine manufacturers.** Auto manufacturers do not need subsidies to produce "super-efficient cars." PNGV's Goal III fails to include any requirement that technologies developed from this federal research should be used in cars sold today. In fact, automakers will have fulfilled their obligations under PNGV with a single prototype production vehicle nearly 10 years after the program began.

## Project Hurts the Environment

**The auto industry is using PNGV to block more aggressive pollution reducing regulation.** Automakers use PNGV as a shield against raising Corporate Average Fuel Economy (CAFE) standards. Higher CAFE standards are the single biggest step the U.S. could take to curb global warming.

**A "next generation" vehicle should be both extremely efficient and extremely clean.** The auto industry has not embraced a strong target for emissions of air pollutants (smog-forming and particulate pollution) from the "new generation" vehicle. Environmentalists believe that the program should not be funded until the program participants, including the auto industry, formally adopts a goal of achieving Tier 2 Bin 2 emission standards or better by 2004. Tier 2 Bin 2 standards set auto emissions at 0.02 grams of nitrogen oxide per mile and 0.01 grams of particulate matter per mile.

**The preferred fuel choice for PNGV appears to be diesel.** Diesel fuel poses significant emissions problems, including increased nitrogen oxides and particulate matter. Diesel particulate matter contains cancer-causing chemicals that include arsenic, benzene, formaldehyde, nickel and polycyclic aromatic hydrocarbons.

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# Slick Subsidy

Petroleum Research and Development Program.....\$280 million

The U.S. Department of Energy's (DOE) Petroleum Research and Development (R&D) Program focuses on enhanced recovery, exploration, and refinement of crude oil in the United States. Among the beneficiaries of the Petroleum R&D program are Chevron, Texaco, Amoco, Phillips Petroleum and ARCO. The program's stated goal is to reduce U.S. dependence on foreign oil by increasing domestic production by hundreds of millions of barrels of oil per year. This program uses millions of taxpayer dollars annually to subsidize research to benefit fossil fuel corporations that pollute the environment and threaten public health.

## Green Scissors Proposal

Eliminate the DOE's Petroleum R&D program, saving \$56 million in fiscal year 2001 and at least \$280 million over five years.

## Current Status

On June 15, 2000, Representative Bernie Sanders (I-VT) offered an amendment to the fiscal year 2001 Interior Appropriations (H.R. 4578) bill that shifted \$45 million in funding away from fossil fuel spending and towards energy efficiency programs for buildings and appliances. This amendment passed on a voice vote. In the final fiscal year 2001 Interior Appropriations bill, however, funding for fossil fuels was increased to \$23 million more than the original House recommendation. Final fiscal year 2001 funding for Petroleum R&D was \$56 million.

*"Some of this activity is simply corporate welfare for the oil, gas and utility industries. Much of it duplicates what industry is already doing. Some has gone to fund technology in which the market has no interest."*

Representative Bernie Sanders (I-VT), quoting from the 1997 Republican budget resolution in the *Congressional Record*, July 15, 2000.

## Program Hurts Taxpayers

Private companies already provide services for enhanced recovery and exploration, spurred by market forces. The DOE's Petroleum R&D program competes with or duplicates private research.

**This program is corporate welfare.** The multibillion-dollar industries that benefit from this program can afford to conduct their own research and do not need additional funding from federal taxpayers.

## Program Hurts the Environment

All aspects of oil production have severe environmental consequences. Oil drilling often leads to the release of oil and toxic and radioactive materials that contribute to the destruction of sensitive ecosystems. Oil refining is a major source of chemical releases reported through the U.S. Toxics Release

Inventory. It is estimated that the oil industry loses the equivalent of approximately 280 million barrels of oil per year through leaks, spills, and inefficiencies.

**Increased oil production also presents serious health threats.** Burning petroleum is a major source of smog-forming nitrogen oxide pollution and carbon dioxide, a global warming gas.

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# A Sweet Deal

Sugar Program.....\$n/a

The U.S. Department of Agriculture (USDA) administers the federal sugar program, which provides price supports for domestic sugar producers. These price supports cost both consumers and taxpayers money. At times during the past year, the government's set price for sugar was three times the world market price. The sugar program supports domestic sugar prices by offering loans to sugar processors at rates established by law - 18 cents a pound for raw cane sugar and 22 cents a pound for beet sugar. The sugar serves as collateral for the loans. However, if the market price of sugar drops below the loan rate, producers can simply forfeit their crops or pay back to the government only what the sugar is worth on the market at the time of repayment.

In addition, the sugar program maintains artificially high sugar prices by restricting the amount of sugar that can be imported at a low tariff rate. According to a June 2000 General Accounting Office (GAO) report, these subsidies cost consumers about \$1.9 billion in 1998. Yet, the artificially high prices did not prevent the forfeiture of crops by farmers that defaulted on their loans. Furthermore, for the first time this year, the USDA paid producers directly to buy back surplus sugar. These forfeitures and buybacks cost taxpayers at least \$400 million in fiscal year 2000.

## Green Scissors Proposal

Eliminate sugar import limitations, subsidized "non-recourse" loans (loans payable in crops rather than in cash) for sugar and the taxpayer-funded forfeitures and buybacks of surplus sugar. These actions could save taxpayers potentially \$400 million a year and consumers as much as \$1.9 billion a year.

## Current Status

On July 20, 2000, Senator John McCain (R-AZ) offered an amendment to the fiscal year 2001 Agriculture Appropriations bill (H.R. 4461) to prevent the sugar program from operating during fiscal year 2001. Cosponsors included Senators Judd Gregg (R-NH), Charles Schumer (D-NY), Richard Lugar (R-IN), Sam Brownback (R-KS), and Peter Fitzgerald (R-IL). The amendment was tabled, 65-32.

*"A very narrow group of agricultural interests keeps denying that the sugar program costs taxpayers any money. The GAO [General Accounting Office] has confirmed that not only does it cost taxpayers money, but that it is costing them more and more each year."*

Representative George Miller (D-CA), as quoted in the *Houston Chronicle*, June 10, 2000.

A last minute addition to the Agricultural Appropriations bill designates all loans to sugar producers as "non-recourse loans." Representatives Dan Miller (R-FL) and George Miller (D-CA), as well as Senate Agriculture Committee Chairman Richard Lugar (R-IN) all objected to the provision but were unsuccessful in removing it.

## Program Hurts Taxpayers

**The sugar program encourages over-production, which has left taxpayers holding the bag.** In fiscal year 2000, the government paid sugar producers more than \$400 million of taxpayer money for forfeited and surplus sugar. The government now owns 1.1 million tons of this crop, which it must dispose of in the world market. The sugar industry has always claimed that their subsidies do not directly cost taxpayers any money. That claim is now obviously false.

**This program is corporate welfare.** In an earlier report, the GAO found that 42 percent of the sugar benefits went to the most profitable 1 percent of sugar farms, which are large corporations, not family farmers.

## Program Hurts the Environment

**Continued price supports for sugar threaten Everglades restoration.** Sugar production in southern Florida has disturbed the fragile Everglades ecosystem by disrupting water flow and dumping pollutants like phosphorus into the waterways.

**Congress passed the \$7.8 billion Florida Everglades restoration package to attempt to address damage that has been caused, in large part, by sugar farming.** Sugar production helps to destroy three to five acres of the Everglades a day.

## Contacts

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# The Price Isn't Right

Timber Sales ..... **\$1.65 billion**

The U.S. Forest Service's (USFS) "commodity" timber sales program provides timber from our National Forests to companies that cut and mill lumber or other wood products. Commodity timber sales on public lands lose money because the receipts paid to the government by the companies buying the timber do not cover all the costs associated with preparing and administering the sales. According to two General Accounting Office (GAO) reports, the USFS lost more than \$2 billion of taxpayer money from the commodity timber sales program between 1992 and 1997.

## Green Scissors Proposal

Require receipts for commodity timber sales in National Forests to cover all of the expenses involved with preparing the sales, as well as restoring landscapes and watersheds. This requirement would save taxpayers more than \$330 million annually, or \$1.65 billion over five years.

## Current Status

Senators Richard Bryan (D-NV) and Peter Fitzgerald (R-IL) offered an amendment to the fiscal year 2001 Interior Appropriations bill (H.R. 4578) that would have cut \$25 million from the forest products line item (formerly the timber sales management line item) and \$5 million from the "Tongass Timber Pipeline" line item. Of the \$30 million cut from these two programs, \$15 million would have been redirected to the Wildfire Preparedness and Planning program, and \$15 million would have been returned to the U.S. Treasury for debt reduction. The amendment failed on a vote of 45 to 54.

In the House of Representatives, Representatives David Wu (D-OR) and Christopher Smith (R-NJ) offered an amendment to the fiscal year 2001 Interior Appropriations bill (H.R. 4578) that would have trimmed \$14.7 million from the USFS forest products line item and transferred all of the money to fish and wildlife management. The House rejected the amendment, 173 to 249.

*"In terms of assets, the agency would rank in the top five in Fortune magazine's list of the nation's 500 largest corporations. In terms of operating revenues, however, the agency would be only number 290. In terms of net income, the Forest Service would be classified as bankrupt."*

Economist Randal O'Toole

## Project Hurts Taxpayers

Since 1989, the USFS has lost billions of dollars on its timber program. According to two GAO reports, the USFS lost more than \$2 billion of taxpayer money from the commodity timber sales program between 1992 and 1997. The losses come from selling timber at below the agency's cost of preparing the timber for sale, as well as subsidizing the construction of an extensive network of logging roads to support the agency's timber sales program. Eighty-three of 106 National Forests with commodity sales lost \$111 million, according to the Wilderness Society's analysis of fiscal year 1997 sales (the last year for which data are available).

## Project Hurts the Environment

Logging in our National Forests has eliminated many old growth forests and damaged habitat for numerous species such as salmon, grizzly bear, and wolf.

Soil erosion and sedimentation caused by logging and road building is the most significant threat to fish and other aquatic organisms in our National Forests. Erosion can also reduce the productive capacity of these lands, limiting regeneration of trees and other plants.

**Logging compromises many essential biological services, such as clean water, that are provided by forests.** A large number of below cost sales are in high-elevation, environmentally sensitive watersheds on steep slopes, areas that will probably need to be restored in the future.

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# Barging into the Treasury

Upper Mississippi Lock Expansions.....\$1.2 billion

In order to facilitate commercial navigation, the U.S. Army Corps of Engineers (Corps) operates a series of locks and dams along the Mississippi and Illinois Rivers and is now working to expand seven locks along the two rivers.

In February 2000, a whistleblower disclosed that the Corps was using improper economic assumptions in its studies of the \$1.2 billion lock expansion project. The former lead economist on the study submitted a sworn affidavit and supporting documentation stating that high-ranking officials in the Corps had deliberately changed the economic cost-benefit ratio to justify the expansion of the locks. The whistleblower's statement was later validated in two independent reviews of the project's economics. There are also serious environmental concerns that the project will further erode shoreline areas and disturb important aquatic habitat.

*“Evidence also revealed that the former Director for Civil Works and the Mississippi Valley Division Commander created a climate that led to the manipulation of the benefits-cost analysis.”*

U.S. Army Inspector General  
Agency, *Report of Investigation into Improprieties on the Upper Mississippi River Navigation Study*, December 2000.

## Project Hurts Taxpayers

The Corps sought to justify expanding the locks based upon forecasts of dramatic growth in barge traffic on the Upper Mississippi and Illinois Rivers. However, the Corps focused nearly all of its attention on the most expensive solution to barge delays caused by traffic, ordering a \$1.2 billion expansion of the seven locks, instead of the cheaper alternatives of guide walls, mooring buoys, and simply scheduling the barges better in an effort to avoid congestion.

**The numbers do not add up.** The economic case for spending more than a billion dollars to expand the Upper Mississippi River system's locks has been heavily criticized by a cadre of independent economic experts from North Dakota State University, Iowa State University, Yale University, the University of Illinois, and Washington University. In addition, two of the

Corps' own economists who managed the agency's study have documented that senior Corps officials manipulated data to justify the billion-dollar project.

## Green Scissors Proposal

Deny federal funds for expansion of the locks on the Mississippi and Illinois Rivers, saving federal taxpayers approximately \$1.2 billion in initial project costs and future lock expenses.

## Current Status

In December 2000, the Army's Office of Special Counsel released a report that concluded that the Corps had an "institutional bias" that favored large, expensive projects, regardless of their economic benefit. This report specifically highlighted the lock expansion proposed for the Mississippi and Illinois River as an example. Several other investigations, including investigations by the General Accounting Office and the National Academy of Sciences, into alleged wrongdoings by senior Corps officials and the project's flawed economics are ongoing and are expected to be completed in 2001. Based upon errors found in the original traffic forecasts, and because of the scandal around the investigation, the Corps has delayed a final decision on whether or not to expand the locks for two years.

## Project Hurts the Environment

**The project's system-wide environmental impacts have not been reviewed.** The Corps has conducted no comprehensive environmental review of the cumulative impacts of operation and maintenance of the current navigation system.

**Increased barge traffic from lock expansion would further erode shoreline areas, uproot and disturb aquatic vegetation and stir up sediments, which smother plants, fish and mussel habitat.** Biologists warn that the existing commercial navigation system is already causing the Upper Mississippi River to slowly move towards an ecological collapse.

## Contacts

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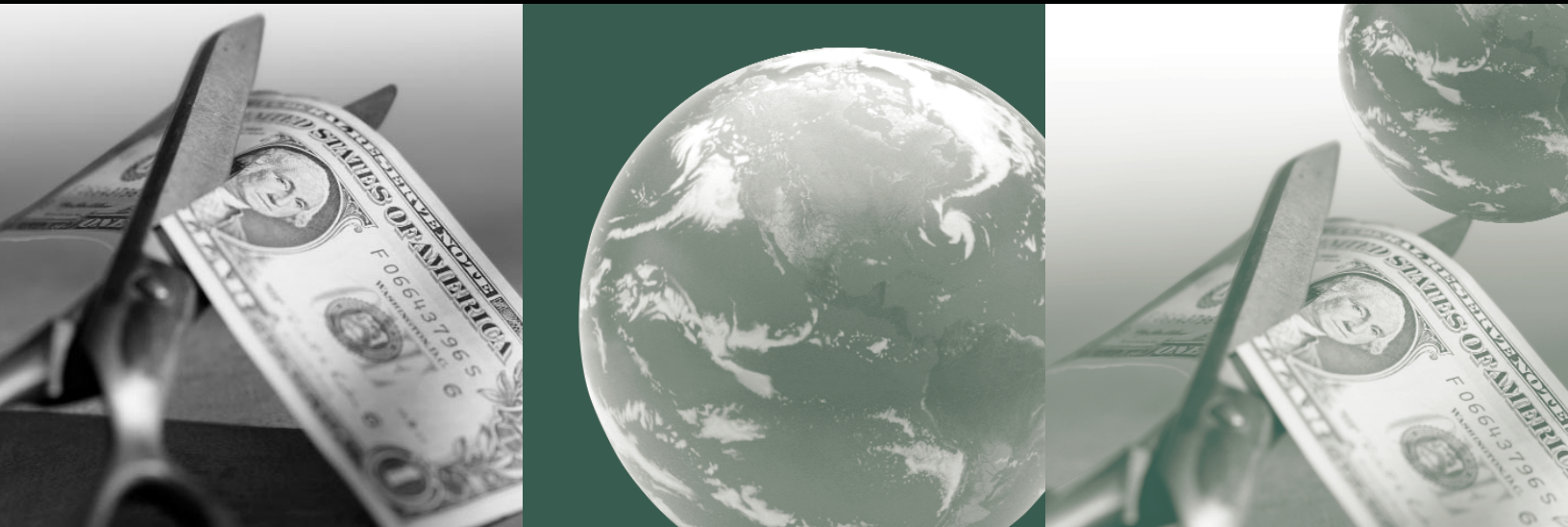
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