

Opinion

Taxing the excess

By Mark Weisbrot and Dean Baker

Last October 12 U.S. senators sent a letter to nine major oil companies, asking them to donate part of their record profits to help poor Americans faced with large increases in their heating oil costs this winter.

Only one oil company - CITGO, owned by the government of Venezuela - responded. CITGO has now established programs to supply heating oil to low-income communities in Boston, New York City, Maine, and Rhode Island, at discounts of up to 40 percent.

Given the record oil profits taken in by U.S. companies - ExxonMobil, the largest, raked in nearly \$10 billion in profits in just the third quarter - it is amazing that they did not have enough sense of public relations to spend just a small fraction of 1 percent of their profits for something like this.

But Americans do not have to rely on voluntary contributions by the oil companies. Our government has the power to tax U.S. corporations, and a "windfall profits tax" has been used before in situations where this industry is drowning in a sea of cash.

Such a tax would be temporary - maintained only while high oil prices permit unusually high profits - but it could generate substantial revenue. The latest (third quarter) numbers show our oil industry profits running at a \$70.8 billion annual rate. The average over the last five years was just \$24.3 billion, leaving a windfall profit of \$46.5 billion.

If we were to size just half of that excess profit, it would generate \$23 billion in tax revenue. This is about 1 percent of our federal budget and could do quite a bit more than provide discounted heating oil to those who are hard-hit by price increases this winter.

The main economic argument put forth against such a tax is that it would discourage oil companies from further exploration and development. But a tax on current windfall profits would be unlikely to have such an impact. Oil was less than \$25 a barrel in 2002, and less than \$15 a barrel as recently as 1998 - as compared to \$62 today.

Yet oil companies found it profitable to invest in the production that we see today when they expected prices well under half of what they have turned out to be. So a temporary excess profits tax would still leave them much richer than if there had not been this unexpected surge in prices.

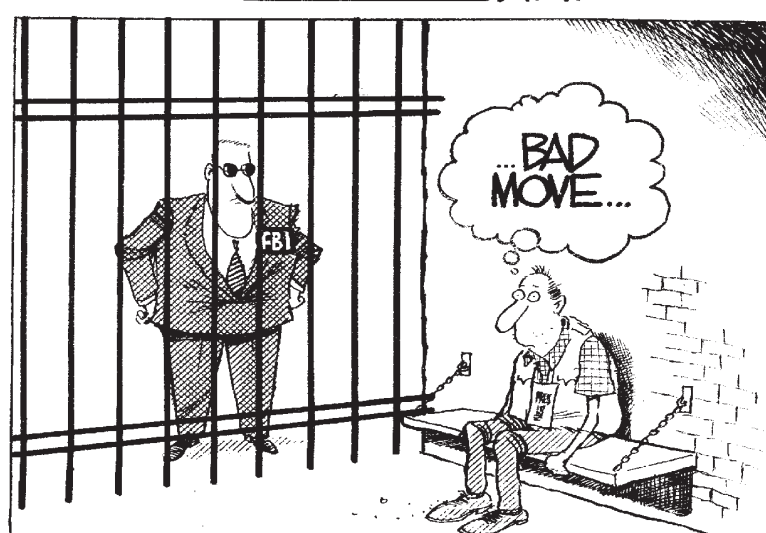
Even if these prices were to remain at current levels or to rise further, there would be little effect on incentives. As oil became more expensive to obtain, profits and the windfall tax revenue would both decline, limiting its impact on incentives. Of course, we will eventually have to switch away from oil anyway, due to the threat from global climate change. Given this situation, it makes more sense to provide incentives for alternative energy sources, rather than the maximum possible incentive for exploiting the most costly petroleum resources.

Furthermore, we need the tax revenues. The reconstruction costs from Hurricane Katrina are now about \$85 billion. This would push estimates of the federal budget deficit up to more than \$400 billion, as commonly reported - or closer to \$600 billion (5 percent of GDP) if we include, as we should, borrowing from Social Security.

Of course there are bigger structural problems that have been pushing our gross federal debt to more than 67 percent of GDP, the highest in half a century. These are the war in Iraq (which has cost over \$250 billion so far) and tax cuts directed toward high income groups. But a tax on excess oil industry profits would still be a significant step in the right direction.

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It's not funny anymore

It happened again, which means I have to drive my soap truck again. I've gone beyond standing on my soap box.

For years the commercials during the Super Bowl have reached the same level of publicity as the game itself. Advertising agencies and the companies supposedly save their best work for the biggest television audience during the year. While the day after the Super Bowl is saved for the analysis of the game, and the commercials, many of this year's commercials were the same old jokes from 2005 just in a different package.

Last year I commented in the paper I worked at in Iowa how degrading many of the commercials were to men — yes, men. What really sparked my frustration was a Cincinnati-based woman advertising executive saying she was grateful for how well women were portrayed in the commercials. She said nothing about the onslaught of insults to men.

Remember the man frozen to the convertible Mustang in the winter scene? A father-figure was freaked out by the animal characters in the nut commercial? A 1980s' male rap star was the punchline of the joke in a potato chip commercial.

This year's commercials were no different. I didn't watch the entire game, just the first half hour and the fourth quarter. Commercials during the first half were all I needed.

It was a room full of guys who created the hide-away refrigerator full of Bud beer. And it was another room full of guys on the flip side of the wall who were worshipping the fridge full of Bud.

And it was a man holding a Sierra Mist caught while walking through an airport security system by not-so-honest security guards, including one woman.

Dove soap bar's commercial had a message of



John Van Nostrand

• Line in the Dust

improving girls' self esteem, which is honorable. Although Dove is a product marketed toward women, it is too bad there was not another company to promote self-esteem improvement for young boys. That would have been effective back-to-back commercials.

I am steaming out of my ears because ad agencies continue to think the only purpose men have in commercials are to be the butt of the joke, insult or pratfall. Many television sit-coms are the same way. Are corporations and ad agencies afraid to make fun of women in commercials?

I hate to say it, but many men are probably not bothered by those commercials because they are too busy going to the fridge to get another beer or are laughing so hard, they are forgetting at exactly what they are laughing at.

Society tells us this is a male dominated country because every U.S. President has been a man and many of the top jobs are given to men when there could have been an equally qualified woman.

But women have advantages in ways that can be implied men and male issues are not as important. The United States Postal Service sells a special postage stamp and a portion of those proceeds benefit breast cancer which impacts many more women than men. Why can't there be a postage stamp with proceeds benefiting a

mostly male cancer, say prostate cancer?

Years ago, there was Take your Daughter to Work Day. Parents were to take their daughter to work to show them what mommy or daddy does all day. But what about the son? Sons apparently didn't matter. Fortunately, appropriate pressure since the first day eventually changed the day to Take your Child to Work Day.

Things can change.

Mens' image in America's commercialism is a constant battle. Dr. James Dobson and his Focus on the Family organization have created programs to help men become better fathers and husbands. Included in some of those programs are how men can teach their sons not to oogle over the scantily clad women, who are in some of those TV commercials. That can eventually make those young boys better husbands and fathers.

But no, Dobson gets raked over the coals for his criticism of Spongebob Squarepants.

As a kid, my neighbor, who I affectionately call Mr. T, coached his son's Little League baseball team one year. After the games, he had the entire team clean up the left behind candy wrappers, half-eaten bags of popcorn and cups from the field and bleachers.

Mr. T's subtle message for the kids by picking up the garbage was appreciating and respecting what others have done for you. In this case, it was the providers of the field and league.

Mr. T. told me one parent was grateful after the season for what he did for her child — not for knowing how to turn a double play, but learning respect.

Now that would be a commercial worth talking about.

Van Nostrand is publisher of the Free Press.

Need to protect teen drivers

From The Kansas City Star

Six months after turning 14, a Kansas teenager can drive with no restrictions.

Only one other state — North Dakota — is so permissive. Only in those two states can a typical ninth-grade student get behind the wheel any time of the day or night. Young adolescents can even transport carloads of friends.

Kansas has seen tragedies involving young teenage drivers, and it's courting more such tragedies. Legislators could reduce risks dramatically by raising the driving age and placing more restrictions on novice drivers.

Rep. Tom Burroughs of Kansas City, Kan.,

introduced a bill with those improvements last session but wasn't granted so much as a hearing. Burroughs is trying again this year. Concerned Kansans should contact their legislators to support the reforms.

Burroughs' bill allows teens to obtain learners permits at age 15, and a restricted drivers license at 16. Drivers with restricted licenses could drive to and from school and a job — or anywhere if accompanied by an adult with a valid license. They could not chauffeur another minor, other than siblings.

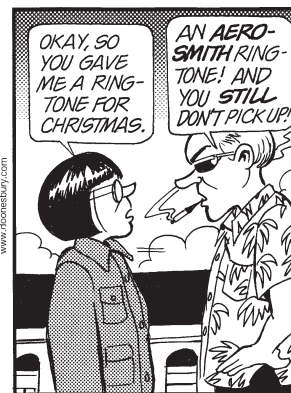
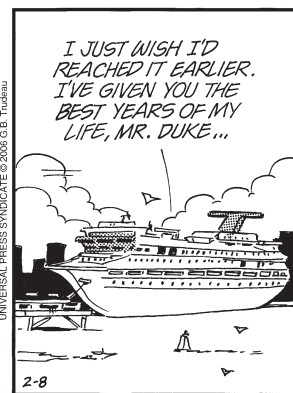
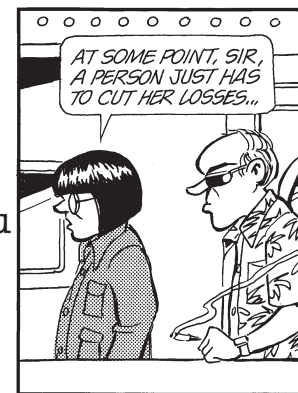
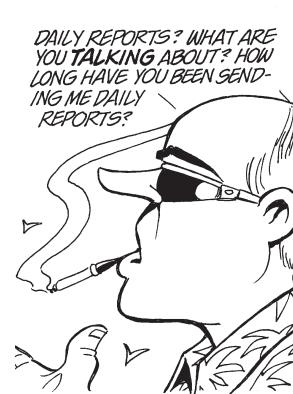
The restrictions would be in place until a teenager turns 18 or obtains a high school diploma

or GED certificate. The bill contains special provisions for teenagers who live and work on farms.

Burroughs' proposals are not revolutionary. Most states have passed graduated driver's license laws in recent years, and many have raised the minimum ages at which teenagers can obtain permits.

A wealth of studies about the hazards of teenage driving makes Kansas lawmakers look like overly indulgent parents.

Politicians have been eager to burnish their family friendly credentials. What could be more family friendly than protecting teen drivers and their passengers?



Doonesbury
• Gary Trudeau

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