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MATTERS OF OPINION

Windfall profits would raise oil prices

A windfall profits tax would deter oil companies from exploring for new sources

By Emmanuel K. Glapke

SPECIAL TO THE POST

With the run-up in gasoline prices, the last thing we need is a tax on so-called windfall oil profits. It would act as a disincentive to oil production and could lead to higher gas prices in the future. Yet that is what may happen if Congress imposes a tax in the name of protecting the consumer.

While no one is happy about paying \$2.50 a gallon or more for gasoline, levying new taxes on the oil industry would likely end up harming everyone who drives a car or heats their home with oil or natural gas.

Consider what occurred in the 1980s, when, due to OPEC manipulations and the political upheaval in Iran, oil became scarcer and the federal government imposed price and allocation controls on domestically produced oil and refined petroleum products. Oil companies were subject to an "excess" profits tax. The result was long gas lines and the loss of half the benefits consumers supposedly derived from government controls, because of all the time we wasted waiting in lines. The windfall profits tax, which was imposed in 1981 and finally dropped in 1989, led to even greater dependence on foreign oil, because it put a damper on domestic oil exploration and production.

The effects of the tax help explain our current predicament. The Congressional Research Service estimates that the tax drained \$79 billion in industry revenues, which companies could have used to invest in new oil and gas production.

American prosperity was built on affordable oil and natural gas. There's nothing wrong with continuing to rely on oil and gas - it isn't helping us while it sits in the ground - so long as there's a plan to expand and diversify production, while encouraging conservation and the development of alternative energy sources. But if oil and gas prices remain high and nothing is done to increase domestic production, the economic damage could be severe.

Reliance on imported oil has grown steadily over the last 30 years. According to Energy Department data, the United States has increased its oil imports from 35 percent at the time of the 1973 oil embargo to nearly 60 percent today, so volatility in world oil prices hurts not only consumers but places our nation's economy and national security at risk.

Higher world oil prices are the primary cause of sticker shock at the gas pump, but they're not the only contributing factor. Expansion of U.S. oil refinery capacity has not kept up with growth in demand-the result mainly of government restrictions and permitting delays-a problem made worse when hurricanes knocked out several refineries along the Gulf of Mexico coast. The blow came during the summer driving season, and it not only affected refineries but also oil-and-gas production facilities and pipelines.

Yet we see that the oil and gas infrastructure is gradually returning to normal and supplies are increasing. But we need to guard against problems in the future. Because of decades of fumbled energy policies, we have become more vulnerable than ever to an interruption in foreign oil supplies. On any given day, something could go terribly wrong somewhere in the world: terrorism in the Middle East, oil worker strikes in Venezuela, civil strife in Nigeria, civil war in Indonesia, and political problems in Russia.

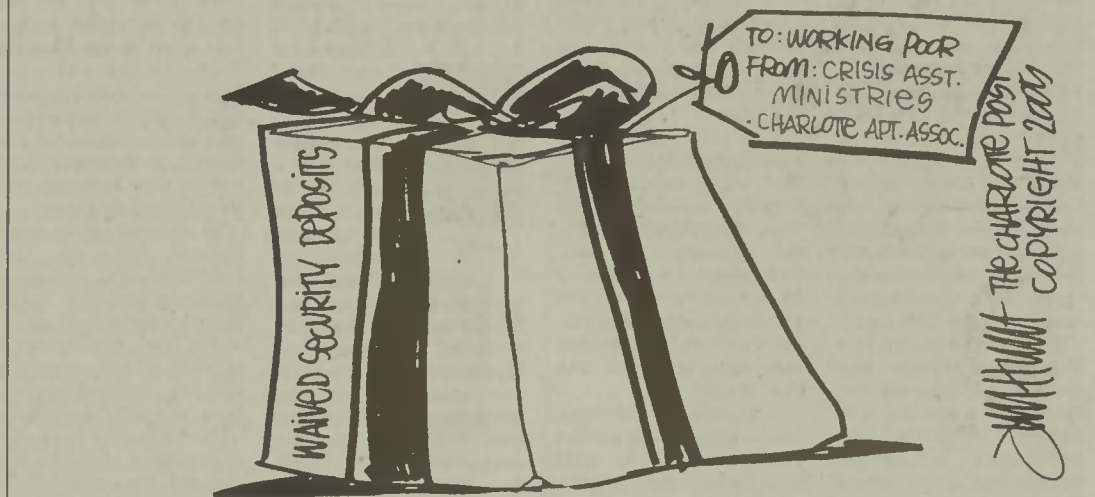
The irony is that we talk so much about diversifying our supply of oil from abroad, but do so little to expand our oil production in the United States. About 30 percent of our domestic oil comes from the central and western Gulf of Mexico, but there are substantial reserves in the eastern part of the Gulf that are off-limits to exploration and production. Also, the entire Atlantic and Pacific Coasts are off limits. And efforts to build terminals outside the Gulf region so as to permit increased imports of liquefied natural gas have been largely blocked.

Some environmentalists warn about problems from offshore platforms and pipelines, but spills in U.S. waters have been few and far between. Despite hurricanes Katrina and Rita this year and Ivan a year ago, there have been no significant oil spills from exploration and production activities confirmed in the waters of the Gulf. Great advances in production technology and management systems have made it possible to protect the environment even in severe storm conditions.

U.S. oil and gas production is essential for economic growth and national security. As a nation we need to move ahead with efforts to expand oil production in frontier areas, and oil refinery capacity, upgrade our energy delivery systems, increase energy efficiency and the use of alternative energy sources, and increase the diversity of supply. The recent jump in gasoline prices underscores the need to begin the process now - so long as the free market is allowed to work and companies don't get driven off by punitive taxes.

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AN EARLY PRESENT...



AIDS: No time for complacency

The CDC reported last week that the number of newly-diagnosed HIV infections among African-Americans has declined an average of 5 percent a year for the past three years. Usually, such as drop would be viewed as good news. But it's not.



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Consider this: More than 368,000 blacks have been infected with AIDS since the disease was first diagnosed almost a quarter of a century ago. That's larger than the population of either Miami, St. Louis, Pittsburgh, Tampa, Greensboro or Baton Rouge, La. Blacks are 12.3 percent of the U.S. population yet account for 40 percent of AIDS cases diagnosed.

Also consider this: By the end of 2004, according to the CDC, more than 200,000 African-Americans with AIDS had died. That's larger than either Spokane, Wash.; Augusta, Ga.; Little Rock, Ark.; Salt Lake City, Utah; Knoxville, Tenn.; Huntsville, Ala. or New Haven, Conn.

Numbers get tossed around so frequently that there is a tendency to be numbed by all the figures. But we're not talking numbers - we're talking about people. Real people. Enough to form a mid-size city.

But even numbers need to

be placed in perspective.

Overall, the rate of AIDS diagnosed for African-Americans in 2004 was almost 10 times the rate for Whites and almost three times the rate for Latinos. But when you compare the statistics by gender, the gap is even more startling.

Of women diagnosed with HIV from 2001-2004, more than two-thirds - 68 percent - were African-American; whites were 16 percent and Latinos 15 percent. The CDC found that 78 percent of black females contracted HIV through heterosexual activities.

Among men diagnosed with HIV during that same period, 45 percent were black, 37 percent white and 16 percent Latino. Almost half of African-American men - 49 percent - contracted HIV through sex with other men. And 67 percent of them were unaware that they were infected, according to the CDC.

The CDC cites an array of factors - poverty, limited awareness of HIV status, disproportionate rates for sexually transmitted diseases, mistrust and limited access to healthcare - that help explain the glaring gaps in the numbers.

At some point, however, while acknowledging that those are all legitimate factors, African-Americans must realize that not enough is being done to lessen the likelihood of blacks contracting

HIV. And when African-Americans do contract HIV, they are late finding out, meaning that they run a higher risk of death because of delayed treatment.

Black religious and political leaders must move beyond lip service and consistently organize testing programs. The community must offer realistic sex education for our young people. To support abstinence only programs for teens when almost half of them acknowledge being sexually active is, in some instances, signing their death certificates. The issue is not whether teens should abstain from sex - few disagree with that notion - but what to do about those who do not.

If we're serious about curbing this epidemic, we must aggressively promote the use of condoms. A report by the Population Action International in Washington, D.C. stated, "The condom is the only technology available for protection from sexually transmitted HIV." It noted, "Public health experts around the globe agree that condoms block contact with body fluids that can carry the HIV virus and have nearly 100 percent effectiveness when used correctly and consistently."

When I attended an international conference on AIDS in Bangkok, Thailand last year, I noticed how some countries are not squeamish about distributing condoms. They pass them out at major

public events, enlist the assistance of taxi drivers and make them easily available in public places without stigmatizing users. Yet, in the U.S., where sex is used to sell everything from automobiles to vacations, we are timid about discussing condoms. Actually, we're not talking as much about condom use as we are about saving lives.

The federal government must play an important role. Elected officials shouldn't be allowed to get away with saying they are interested in HIV and AIDS programs while slashing funds for them. And nor should corporations and foundations.

The Black AIDS Institute in Los Angeles does more than any other organization in the Black community to keep this issue before the public. But Phill Wilson, executive director of the organization, says this year his group has had its income reduced by 50 percent, causing him to cut his small staff. Evidently, in the national rush to help victims of Hurricane Katrina, many contributors are shifting funds away from other worthwhile programs.

This is no time to abandon anti-AIDS activists or to become complacent.

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Voter discontent with CMS sank bonds

When Citizens For Effective Government organized our campaign against the bonds, we found people opposed the bonds for a variety of reasons.

Concerns included discipline, assignment policies, lack of resources in low performing schools, waste on new schools, locations of new



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schools, unneeded renovations, and ineffective school programs. There were also voters upset with both higher taxes and the high-handed reversal of the Arena Vote. The only common denominator was dissatisfaction with leadership at CMS and the BOCC. The result was a resounding defeat of the CMS and land bonds.

This change in opinion from regular support of bonds to the defeat of CMS bonds and associated land bonds and only a close win for CPCC bonds indicates a major shift in the opinions of the voters about leadership in those areas.

Despite this vote, we are convinced everyone who voted against the bonds wants to see CMS succeed. In fact we believe it would be hard to find someone who doesn't.

Thus the focus should be on

the strong message of this vote and what must be done to bring the people of Mecklenburg together in support of CMS.

The voter's concerns are easily listed. The answers are simple - they are not necessarily easy:

- Discipline in the schools starts with grade one. It takes requiring respect coupled with punishment. It requires support of the teachers in controlling classrooms.

- Assignment policies should avoid utopian ideals and social engineering. The result is neighborhood schools. People want to know where their children are going to school this year and next. Their children are not pawns, as some elected to office seem to think. However, with neighborhood schools comes the responsibility to assure resources for low performing schools are fully funded.

- Building design should be simple. We do not need 28 foot foyers or a new architectural design for every school. There are methods of designing and building schools available to save thousands of tax dollars on every school. These methods should be sought out and used.

For years CFEG has noted the renovation program is wasteful and the maintenance program underfunded. CFEG has proven the building standards used as a reason to tear down and rebuild

are not related to student performance. Yet this waste continues. This program will need to be pruned severely. Then the maintenance program needs to be properly funded.

There are various programs, including pre-k, which need to be eliminated and those resources made available for more effective programs.

Doing these things will eliminate the need for higher taxes. Unfortunately, little, if anything, can be done to alleviate the distrust of voters resulting from our elected leaders' misuse of the taxpayers' money after the arena vote.

All these issues are in the purview of our elected officials, thus the one encompassing reason for the bond defeat is dissatisfaction with leadership. Elected officials misunderstand bond votes if they believe they should receive automatic stamps of approval. Bond votes are a request by elected officials to the people to obligate their taxes for a repayment of debt for a specific.

If the people do not trust the leaders, or are unhappy with previous political actions, then one can not expect the people to extend credit. This is the reason for the no vote. Thus to move Mecklenburg County forward in a positive manner, our elected officials must heed the message of this vote. To ignore the message, to pre-

tend it didn't happen, to say they don't understand, is counterproductive and will likely bring more of the same. Even worse, for some elected leaders to threaten to punish the people for a no vote is arrogant, and indicates a lack of understanding of the relationship of elected office to the voters.

In a democracy or a republic, which we are, elected officials work for the people, not the other way around. This was a reminder, and from the words of some elected officials, they need reminding.

It is obvious the voters used one of the few methods available for expressing dissatisfaction with the direction of leadership. They did not replace the leaders for various reasons, but they rejected two of their proposals. This is a strong indication of dissatisfaction with direction.

The ability and responsibility to defuse this unrest lies with our elected leaders. But if there are those who refuse to address these issues, who pretend the people don't know what they are doing, they are wrong.

If there are leaders who have that point of view they should at least be honorable: accept the democratic decision of the people, resign and let others lead in their stead.

LEWIS GUIGNARD is president of Citizens For Effective Government