EBINDIV

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June 18, 2008

The Honorable Joe Knollenberg
United States House of Representatives
Washington, D.C. 20515

Dear Representative Knollenberg,

Albert Einstein once defined insanity as "doing the same thing over and over again and expecting different results." By that standard, the windfall profits tax that some in Congress and in the environmental lobby are advocating for the oil industry is insane. The Congressional Research Service found in a 1990 analysis that Congress's windfall profits scheme of the 1980s reduced domestic oil production by 3 percent to 6 percent.

Further, it is well known that corporations are not tax payers, they're tax collectors, so the ultimate blow of the proposed tax would fall on consumers, employees and shareholders.

Last month some on the Senate Judiciary Committee postured over the supposedly excessive salaries of oil CEOs but this is just the marketplace competing for talent, which must be working due to the supposedly excessive oil profits over which many in Congress are also posturing.

It's lemonade-stand economics that the price of a commodity will decline as its supply increases, yet incredibly, most in Congress resist relaxing stringent restrictions on domestic oil production, evidently as a play to the environmental lobby that has held US economic policy hostage far too long. Instead we get noisy but cowardly solutions like last month's lopsided House vote to sue OPEC -- or was that a joke?

Whatever promise alternative sources and conservation might offer, the national and world economies will depend on fossil fuels for generations to come, and the only prudent course is to exploit America's vast and proven reserves with the modern, more environmentally-friendly technology available.

Respectfully,

Paul M. Seibold