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## Domestic disturbances

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By H. Sterling Burnett

For seven years, environmentalists have failed to scold, cajole or persuade the Senate and two presidential administrations that the 1997 Kyoto Protocol to reduce greenhouse gas emissions makes environmental or economic sense. With the re-election of George W. Bush to the presidency and election of an even more skeptical majority to the Senate, environmental lobbyists realize the United States will not ratify the climate change treaty any time soon.

As a result, environmentalists, and some state and federal politicians are pushing national and regional initiatives to unilaterally reduce domestic greenhouse gas emissions — none of which would stem the rise of greenhouse gases and all of which would impose significant national or regional costs on consumers, workers and employers.

The leading national initiative comes from Sens. John McCain, Arizona Republican, and Joseph Lieberman, Connecticut Democrat. The dynamic duo are determined to bring their twice previously defeated "Climate Stewardship Act" to a vote once again. The bill would require greenhouse gas reductions from the commercial, industrial, utility and transportation sectors. It would set up a cap and trade system — a cap on total emissions, a government auction of allowances to the affected industries permitting them to emit carbon dioxide, and permission for companies to trade these allowances among themselves. The Climate Stewardship act would require affected economic sectors to reduce emissions to 2000 levels by 2010, and, in one version, to reduce emissions to their 1990 levels by 2016.

What would this mean for the economy? A June 2003

analysis by the U.S. Energy Information Agency found that by 2025 the bill would increase gasoline prices by 40 cents per gallon. The average household would also spend \$444 more per year on energy, including a 46 percent rise in electricity rates. And the gross domestic product would decline between \$675 billion and \$1.63 trillion, in present dollars.

In lieu of federal action, a number of Northeastern states are considering both individual and coordinated policies to limit greenhouse gas emissions. For instance, the "Climate Change Action Plan (CCAP)" was developed as part of a 2001 agreement between New England governors and East Canadian premiers. Greenhouse gas emissions would be cut in three stages: Capping emissions at 1990 levels by 2010 and reducing emissions by 10 percent below 1990 levels by 2020 and by 75 percent to 85 percent of 2000 levels by 2050.

The 11 Northeastern states would be required to cut emissions nearly 30 percent below what they otherwise would have been to meet the CCAP's 2010 goal, by more than 40 percent to reach the 2020 target, and by more than 90 percent to reach the 2050 goal. Fossil fuel consumption in New England would decline dramatically and every economic sector — transportation, industrial, commercial and residential — would be forced to drastically reduce energy use, imposing substantial costs on participating states.

Northeast drivers would pay an extra 61 cents per gallon more for gasoline in 2010, and 72 cents more per gallon of gasoline in 2020 under the CCAP. In addition, electricity prices would rise 35 percent and residential natural gas prices by 38 percent by 2010 under the Northeastern State plan. These price rises would have a major effect, cutting consumer spending \$3,019 per household and costing about 217,815 jobs by 2020.

These changes will not affect everyone equally, however. According to a

2002 Census Bureau report, the poorest households in the Northeastern states spend 7.8 percent of their income on energy, compared to 4.9 percent from the wealthiest households. Under the CCAP, the poorest Northeasterners would see their energy expenditures rise 3.8 percent to 12 percent of their household budget compared to a 1.9 percent increase for the wealthiest households.

The costs imposed by these proposals might be worth bearing if they would significantly cut the chances of catastrophic climate change, but they wouldn't. Indeed, according to the National Center for Atmospheric Research, even if all the signatories to the more stringent Kyoto protocol met their greenhouse gas reduction targets, the Earth would be only .07 to 0.19 degrees Celsius cooler than it would without Kyoto. Greenhouse gas concentrations will still rise since fast-growing countries exempt from emissions cuts — like China, India, South Korea, Brazil and Indonesia — will account for as much as 85 percent of the next two decades' projected increase.

The Kyoto Protocol will be costly and do nothing to prevent global warming even if it is caused by humans. Proposed domestic actions to reduce greenhouse gas emissions will cost only slightly less than Kyoto, but would do even less to prevent global warming, and therefore merit even less consideration.

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