

BRIEF ANALYSIS

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Global Warming Treaty Costs for the U. S.

In 1992 at the United Nations — sponsored Earth Summit in Rio, the United States signed a treaty that established voluntary goals for returning to 1990 levels of greenhouse gas emissions by the year 2000. Since voluntary action is not working, the Clinton administration now wants a new international treaty with enforceable goals.

At a recent U.N. conference on climate change in Geneva, Timothy Wirth, U.S. Undersecretary of State for Global Affairs, said that the Clinton administration is committed to legally binding limits on greenhouse gas emissions. This is consistent with the views Wirth expressed in 1990 when he was a U.S. senator. Wirth said then that *"We've got to ride the global warming issue. Even if the theory of global warming is wrong, we will be doing the right thing — in terms of economic policy and environmental policy."* [Emphasis added.]

However, because the proposed treaty would be binding only on developed countries, it would encourage a redistribution of emissions (and economic growth) from rich to poor countries. As a result, the treaty would actually harm American industries and workers, significantly increase the cost of living and contribute little to reducing global warming — if, in fact, it is occurring.

Relying on Flawed Theory. Ground-level measurements of temperature indicate that the earth has warmed between 0.3 and 0.6 degrees Celsius in the last century. In addition, atmospheric carbon dioxide (CO₂), a primary greenhouse gas, has increased by approximately 25 percent in the last century and a half.

From these facts and computer simulations of the climate, some scientists infer that the earth's current warming is due to the increase of CO₂ in the atmosphere, caused primarily by the use of fossil fuels (oil, coal and gas). According to their models, absent a sharp and immediate reduction in the level of CO₂ emissions, the earth will warm further, causing all manner of calamities. For instance, some scientists claim that continued global warming could melt the polar ice caps, raise sea levels and flood coastal cities and low-lying island nations around the globe. Others argue that global warming could cause droughts and floods in increased numbers and of greater severity.

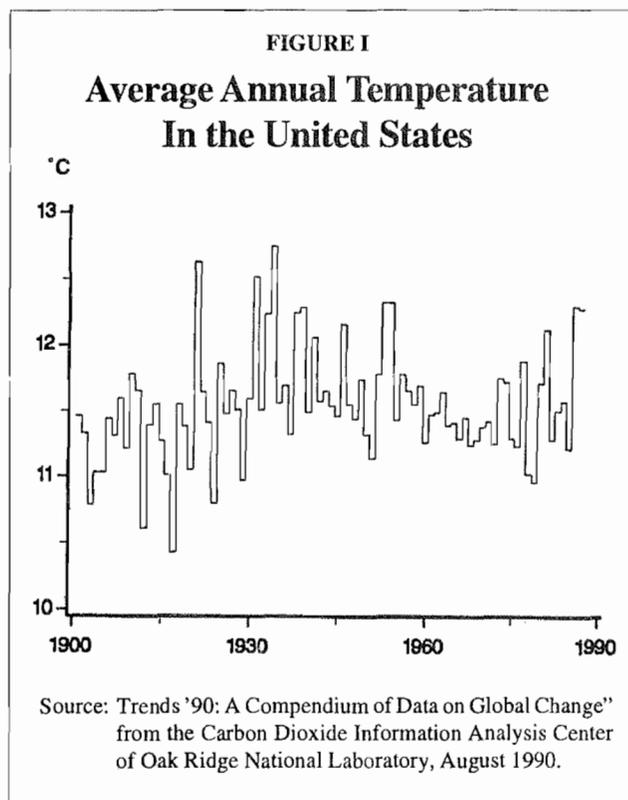
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If current trends continue, some scientists estimate a temperature increase of between 0.8 and 3.5 degrees Celsius over the next 100 years. Even if this estimate is correct, it is well within the natural range of known temperature variation over the last 15,000 years. However, there is little evidence that increased CO₂ has had more than a small part to play in this century's temperature increase. Most of the warming occurred before the 1940s, before the widespread use of automobiles — which produce the vast majority of human-caused CO₂ emissions.

And satellite data, the most reliable climate evidence that we have, shows no evidence of warming over the past 14 years.

Based on these facts, some scientists have argued that global warming probably isn't occurring. However, even if it does occur, the change in temperature would be so small as to be negligible; certainly the estimated change would not cause the apocalyptic effects predicted just a few years ago.

Proposals for reducing CO₂ emissions include taxes on fossil fuels and on energy consumption, increased



fuel economy standards for cars, subsidized technology sharing, "clean" fuel requirements (such as natural gas) and subsidized production of renewable energy. Alternatively, some have suggested that the U.S. institute a direct rationing scheme, requiring individuals to buy permits to use energy. This would give the government life-or-death power over six-sevenths of the economy, making the administration's infamous health care plan look tame by comparison.

Impact on the U.S. Economy. The implications of the proposed climate change commitments for the U.S. economy are grave:

- Some analysts have estimated that meeting the administration's proposal have to cut emissions to 10 percent below 1990 levels would reduce U.S. gross domestic product by \$200 billion annually.
- A DRI/McGraw Hill study projected that over the next 14 years more than 500,000 Americans annually would lose their jobs if the 1992 Rio commitments were implemented.
- The study also estimated that the government would have to increase gas prices by more than 60 cents a gallon and double the price of heating oil just to hold carbon emissions at 1990 levels, and more than double those increases to reduce emissions another 10 percent.
- A study of the proposed commitments by Constad Research, Inc. estimated that the changes would kill off 1.6 million jobs over the next nine years and put another 3.5 million or so "at risk," primarily in Texas, California, Ohio, Michigan, Pennsylvania and Louisiana.

In addition, the price of food and transportation would rise dramatically. In Geneva, Wirth dismissed these costs by saying ". . . in a world of change, not everyone can remain advantaged." Yet those most disadvantaged by the policies would be low-income families who spend a higher proportion of their incomes on food and energy.

No Cuts in Emissions, No Help for the Environment. Perhaps more disturbing than the rush to legislate based on incomplete and contradictory science, is that the proposed treaty would place U.S. industries at a gross competitive disadvantage and for little or no benefit to the environment.

Developing countries would not be bound by the treaty, because in 1995 the U.S. State Department agreed to the Berlin Mandate, which stipulated that new climate change commitments would apply only to developed countries.

Developing countries currently produce more than one-half of all greenhouse gases. According to the International Energy Agency, as much as 85 percent of the projected increase in CO₂ emissions will come from developing countries — the same countries and regions that are exempted from the proposed treaties (Eastern Europe, Russia, China, India, South Korea, etc.). In fact, if developed countries unilaterally stopped *all* their greenhouse gas emissions immediately (something no one seriously proposes), total greenhouse gas emissions would continue to rise. The U.N. estimates that exempted countries will contribute 76 percent of total greenhouse gas emissions within the next 50 years. By 2025, China alone will emit more carbon dioxide than the current combined total of the United States, Japan and Canada. Thus, while the U.S. and other developed countries would suffer serious economic dislocations, the economy of China and other less developed nations' would continue to grow and the environment would not improve.

Agreeing to unilateral, binding CO₂ reductions would give American businesses one more reason to move production facilities overseas. This would entail a loss of jobs in both the service and high-wage manufacturing industries. It would seem foolish to reduce U.S. competitiveness and encourage the flight of America's industrial base to foreign countries.

Conclusion. These results have not gone unnoticed, even within President Clinton's own party. In a letter to the president, six Democratic senators indicated that any climate change treaty that unfairly penalized the United States in relation to its trading partners or that was undertaken without an adequate assessment of the economic and social consequences of the pact would not achieve the necessary two-thirds vote in the Senate. In the end, any future global climate change commitments should be based on sound scientific evidence and a careful consideration of the economic and social costs involved. They should not be driven by questionable theories and value judgments made by unelected, unaccountable bureaucrats and environmental advocates.

This Brief Analysis was prepared by NCPA environmental policy analyst H. Sterling Burnett.