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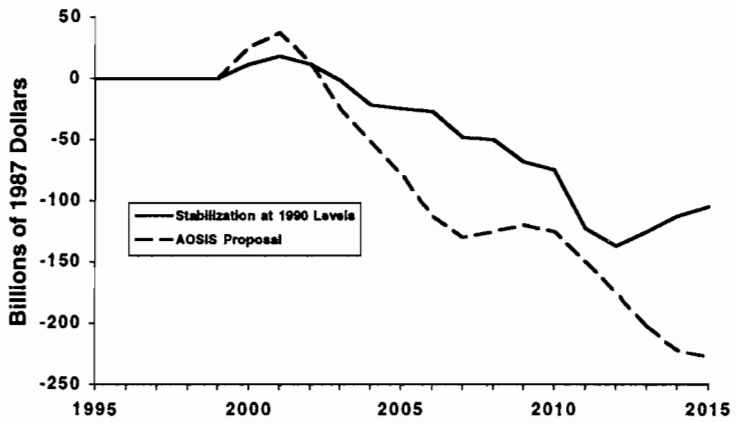
The Global Warming Game

China 1 U.S. Workers 0

Timothy Wirth, U.S. Undersecretary of State for Global Affairs, informed a 1996 United Nations conference on climate change in Geneva that the Clinton administration is committed to imposing limits on greenhouse gas emissions as a way to minimize the effects of global warming. In order to cut greenhouse gas emissions, the U.S. will have to significantly reduce energy.

Unfortunately, the administration and its supporters do not think it is necessary to impose the same restrictions on developing countries. As a result of curtailing domestic energy use, the U.S. economy would slow down significantly, throwing a million or more Americans out of work. Those jobs would not disappear, however. Most of them would migrate to the Third World. Thus, current climate change negotiations are a zero-sum game in which one country's loss is another's gain.

Loss in U.S. GDP Under Treaty Proposals



Source: Eugene M. Trisko, United Mine Workers of America, AFL-CIO.

Meeting the 1992 Rio Treaty goal of stabilizing CO_2 emissions at 1990 levels by 2010 would cost the U.S. GDP nearly $150 billion. Under a treaty proposed by AOSIS of 20 percent below 1990 levels of CO_2 by 2005, U.S. GDP would suffer losses approaching $250 billion.

One country that would win at the expense of U.S. workers would be China.

What the Game Is All About. In 1992 at the U. N.-sponsored Earth Summit in Rio, the United States and 150 other nations signed a treaty that established voluntary goals of returning to 1990 levels of greenhouse gas emissions by the year 2000. Negotiators argued that capping greenhouse gas emissions — primarily carbon-dioxide (CO_2) — at 1990 levels would be a first step to preventing "dangerous anthropogenic interference with global climate" (i.e., human-caused global warming).

At a 1995 meeting in Berlin, called the Conference of the Parties (COP), the signatories to the Rio treaty reached a new agreement. Under the terms of the "Berlin Mandate," only developed countries would be bound by future climate change commitments. The theory behind this agreement was that since developed countries had "fouled the nest" in the first place by emitting the majority of human-caused greenhouse gasses, they should make the first cuts. After this show of good faith, if further cuts were needed, developing countries could agree to make them.

By 1996 it was obvious that few if any developed countries would reach the emissions goals by 2000, and stronger action was deemed necessary. That's when the Clinton administration, contrary to previous statements to Congress, announced its support for an internationally enforceable treaty capping greenhouse gas emissions. The Alliance of Small Island States (AOSIS), the members of which would not be bound by any treaty, proposed greenhouse gas emissions cuts of 20 percent below 1990 levels by the year 2005. Environmental groups have enthusiastically supported their proposal.

Why the Treaty Is a Zero-Sum Game. Current CO_2 levels stand at 353 parts per million (ppm) and rising. Most proponents of the global warming theory argue that, to prevent catastrophic climate change, the world's governments should attempt to stabilize the atmospheric concentrations of CO_2 at 450 to 650 ppm. Yet none of the treaty amendments under discussion would stabilize CO_2 at these levels.

In fact, the Berlin Mandate virtually assures that total atmospheric concentrations of greenhouse gasses would increase despite emissions cuts in developed countries. Even if emissions from industrialized countries fell to zero — a goal no one has seriously proposed — the world would not approach target concentrations of 450 to 650 ppm because fast growing countries with lower environmental standards such as China, India, South Korea and Indonesia are exempt from emissions cuts.

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According to the International Energy Agency, as much as 85 percent of the projected increase in CO_2 emissions will come from countries and regions exempt from the proposed treaties. *By 2025 China, already the world's second biggest emitter of CO_2, is expected to 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 likely suffer serious economic dislocations, unilateral emissions reductions by industrialized nations would not have any material impact on global climate or on atmospheric concentrations of CO_2.

Treaty Winners: China's New Jobs. The U.S. government's own research has confirmed that domestic programs to reduce greenhouse gas emissions would wreak havoc on the economy, sending jobs overseas to countries such as Mexico and China. The Argonne National Laboratory in the Department of Energy studied the economic effects of proposed greenhouse gas emissions cuts on six domestic industries (wood and allied products, steel, petroleum refining, aluminum, chemical manufacturing and cement production) and found that they would be devastating. For example:

- U.S. aluminum smelting capacity would become uncompetitive under the climate change proposals, causing widespread plant closures and a direct loss of 23,000 jobs.
- Large portions of the chemical industry would relocate overseas, causing a loss of as many as 75,000 jobs and moving the United States from a $6 billion chemical trade surplus to a $6 billion deficit.
- The cement industry would lose as many as a third of its jobs (5,800) as plants moved overseas and provided the United States with cement.

Treaty Losers: U.S. Workers. Numerous studies have shown that meeting any new treaty commitments would result in a dramatic decline in U.S. gross domestic product (GDP) [see the figure]. In 1992 the U.S. Department of Commerce released a study by DRI, Inc., estimating the economic impact of reducing U.S. carbon emissions from 1988 levels by 20 percent. *DRI found that up to 1.7 million American jobs would be lost by the year 2010.* Other economic analyses have reinforced this finding. For example:

- In 1996 DRI reanalyzed the impact on the economy of a variety of carbon reduction policies and found they would reduce overall GDP by $100 billion to $250 billion dollars annually in 1987 dollars. In current dollars, this would mean $500 to $1,500 per year in lost production of goods and services for every man, woman and child in the country.
- The same DRI study found that job losses resulting from the treaty would average between 520,000 and 1.1 million per year, depending on whether the CO_2 emission goal was 1990 levels or 10 percent below 1990 levels.
- A study by Consad Research Corporation found that by the year 2000 some 600,000 Americans would lose their jobs due to policies imposed to meet treaty commitments, and job losses would rise beyond 1.6 million by 2005.
- More than 5 million additional jobs would be at risk due to these policies, with Texas, California, Pennsylvania, Ohio, Illinois and Michigan facing the greatest job losses.

Conclusion. Recognizing the zero-sum nature of the current negotiations, the AFL-CIO Executive Council issued a statement on February 20, 1997. It stated: "We believe the parties to the Rio treaty made a fundamental error when they agreed to negotiate legally binding carbon restrictions on the United States and other industrialized countries while simultaneously agreeing to exempt high-growth developing countries like China, Mexico, Brazil and Korea from any new carbon reduction commitments. The exclusion of new commitments by developing nations under the Berlin Mandate will create a powerful incentive for transnational corporations to export jobs, capital and pollution, and will do little or nothing to stabilize atmospheric concentrations of carbon."

Developing countries control the majority of votes in the United Nations. While they demand that developed countries cut their emissions, they will not agree to emissions reductions that constrain their own economic growth. Accordingly, organized labor suggests that the Senate, which must approve any treaty brokered by the administration, look skeptically at proposals binding only the United States and other industrialized nations to emissions reductions. The reductions that will be considered later this year in Kyoto will not achieve any targeted greenhouse gas concentration. But they will cost more than a million American jobs.

This Brief Analysis was prepared by Eugene M. Trisko, attorney for the United Mine Workers of America, AFL-CIO, and H. Sterling Burnett, environmental policy analyst at the NCPA, based on Mr. Trisko's presentation at the NCPA Congressional Briefing on Global Climate Change, Washington, DC, June 13, 1997.