

BRIEF ANALYSIS

No. 240

For immediate release:

Monday, September 29, 1997

Kyoto Madness

In December, world leaders will gather in Kyoto, Japan, to consider an international treaty to control emissions of greenhouse gases. Its supporters say the treaty is a necessary step in preventing catastrophic changes in the earth's climate. Its opponents — including leading scientists and economists — say it is likely to do more environmental harm than good.

Why the Treaty Won't Stabilize Greenhouse Gases.

The United States has already agreed to the Berlin Mandate, under which the industrialized world pledged to cut greenhouse gas emissions, principally carbon dioxide (CO₂) released by the burning of fossil fuels. The Berlin Mandate and prospective Kyoto treaty are based on the theory that the increasing concentration of CO₂ in the atmosphere over the last 150 years from industrialization either is causing, or may in the future cause, global climate change.

However, even if the global warming theory is true, experts agree that emissions reductions by industrialized countries alone will do nothing to improve the climate. For example, if industrialize nations stabilized their emissions at 1990 levels by 2010 and cut emissions 10 percent further by 2020, global emissions will still increase at a rate of 2.6 percent a year. Undersecretary of State Timothy Wirth recently acknowledged that even a 20 percent reduction in emissions by the developed world will not effectively stabilize greenhouse gas concentrations in the atmosphere and suggested that the United States may have to cut emissions by 70 percent. Yet even cuts of this magnitude will not stabilize CO₂ emissions.

The reason is that most of the growth in emissions in coming decades will occur in the developing world. The United Nations Intergovernmental Panel on Climate Change predicts that developing nations will account for the majority of greenhouse gas emissions by 2020. China, which already emits more than 12 percent of the world's human-caused CO₂, is the second largest indus-

trial emitter of the gas. And its emissions are expected to climb precipitously. *By 2025, China will emit more carbon dioxide than the current combined total of the United States, Japan and Canada.*

However, China and the rest of the developing world will be exempted from binding limits on greenhouse gas emissions under the proposed treaty. Thus most of the world's emissions will not be controlled.

Why the Treaty Will Make the World Dirtier.

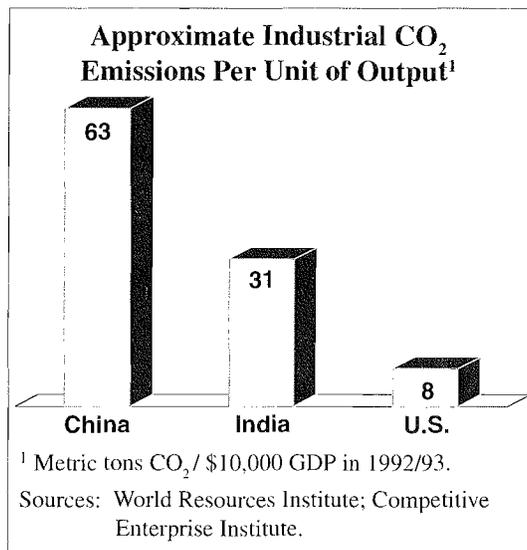
While the proposed global climate treaty will not reduce greenhouse gas emissions, it could increase air pollution of all kinds. That's because energy-intensive industries seeking to avoid the restrictions are likely to migrate to Latin America, Asia and Africa, where industrial processes use more energy and emit more pollutants per unit of output.

For example, India, the fifth largest emitter of CO₂, uses approximately three times the energy and emits four times the CO₂ per unit of gross domestic product (GDP) as the United States. China is even less efficient, using approximately five times the energy and emitting eight times the CO₂ per unit of GDP as the United States (see the figures).

Levels of other air pollutants will increase as well. According to the World Health Organization (WHO), China's air quality is already the worst in the world. In the 1980s the average daily total of suspended particulates in northern China was six to nine times greater than WHO safety standards, and it was three to five times greater in southern China. In the industrial city of Benxi, smog is so bad that visibility is limited to 40 to 50 yards six months a year.

The situation is also dire in India. Sulfur dioxide (SO₂) levels exceed India's national standards in nine of ten major cities. According to the World Resources Institute, levels of particulate matter are "higher in many [of India's] urban areas than they are in comparable areas of Europe and North America."

These problems will increase as industries relocate from the United States and other developed countries to China, India and other less-developed countries.



Why the Treaty Will Make the World Poorer.

Exempting developing countries from greenhouse gas limits does not mean they will suffer no adverse economic impact. Imposing restrictions on advanced industrialized countries will profoundly affect much of the developing world. Costly measures to cut emissions will increase the cost of capital goods developed economies supply to developing ones. Technological development will slow as research in industrialized nations focuses on measures to reduce emissions. Because these measures will slow the rate of growth in mature economies, the export markets on which developing nations depend will contract. "The markets to which these developing countries sell a large share of their exported goods will shrink, so that most developing countries would also be harmed by the adoption of emission limits" on industrialized nations, according to economist David Montgomery of Charles River Associates. In other words, any policy that reduces growth in the industrialized world will ripple across economies worldwide.

Why the Environment Will Benefit More from Economic Growth than from a Treaty.

As societies become wealthier, in part by adopting more efficient technologies, they reduce both energy use and pollution per unit of output. For example, since 1970 energy consumption per unit of GDP has dropped over 30 percent in the United States and other nations in the Organization for Economic Cooperation and Development (OECD), whose members are major industrial countries. This is not the case in poorer nations.

In addition, countries with market economies typically reach a point in their economic development at which pollution levels peak and then begin to decline. While outdoor air pollution initially rises as wealth increases, it tends to peak and then decline as economic growth continues. For example, urban concentrations of particulates and sulfur dioxide usually peak before na-

tional income reaches \$4,000 per capita, then decline as incomes increase.

Research shows conclusively that increased wealth correlates with greater environmental concern and better environmental performance. Economist Donald Coursey finds that beyond a certain point of income, every 10 percent rise in income increases citizens' willingness to pay for environmental protection measures by 25 percent. In addition, the World Bank reports that "[w]hen individuals no longer have to worry about day-to-day survival, they can devote resources to profitable investments in conservation."

If we want developing countries to improve their environmental records, the Clinton administration should not force them to embark upon the greenhouse road to serfdom. According to Department of the Interior analyst Indur Goklany, "Anything that retards economic growth generally also retards environmental cleanup and consigns millions to squalid and untimely deaths."

Conclusion. While the evidence for human-caused global warming is debatable, the environmental impact of policies designed to prevent it is clear. Dramatic restrictions on energy use would severely harm economies around the globe. As environmental ethicist Mark Sagoff argues: "[G]reater productivity and prosperity — which is what economists mean by growth — have become prerequisite for

controlling urban pollution and protecting sensitive ecological systems.... For impoverished countries facing environmental disaster, economic growth may be the one thing that is sustainable." Policies that promote economic growth in developing nations, not a restrictive greenhouse gas treaty, are what the world needs now.

This Brief Analysis was prepared by Jonathan H. Adler, Director of Environmental Studies at the Competitive Enterprise Institute and editor of The Costs of Kyoto (CEI, forthcoming).

