



BRIEF ANALYSIS

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Reality and Climate Change Policy

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President Bush announced in March that the Kyoto Protocol for the control of greenhouse gas emissions was unacceptable to the United States. Many world leaders, especially the heads of European Union nations, expressed disappointment, dismay and surprise even though, as a candidate for president in 2000, Bush said he rejected the protocol. Despite substantial international pressure, the president reiterated his view that the protocol was “fundamentally flawed” before his first trip to Europe.

President Bush stressed the scientific uncertainty that remains concerning global warming and the protocol’s ability to deal with it effectively. He noted that the protocol’s requirements would impose high economic costs on the United States and argued that the protocol was fundamentally unfair because it exempts developing countries from the emissions reduction scheme.

A Change in U.S. Policy.

In December 1997, the Clinton/Gore administration helped negotiate the Kyoto Protocol. Under it, the U.S. committed to reduce its annual greenhouse gas emissions by about 40 percent between 2008 and 2012 — to 7 percent below their 1990 level. Although the administration signed the protocol on November 12, 1998, President Clinton never submitted it to the Senate for ratification. Even before the Kyoto negotiations, the Senate unanimously (95 to 0) passed the Byrd/Hagel Resolution requiring the administration not to participate in any global warming agreement that would either (1) harm the U.S. economy or (2) fail to require meaning-

ful participation by developing countries with substantial greenhouse gas emissions. Since Kyoto meets neither of these conditions, Clinton knew the Senate would not ratify it. President Bush referred to this when he announced U.S. withdrawal from the protocol.

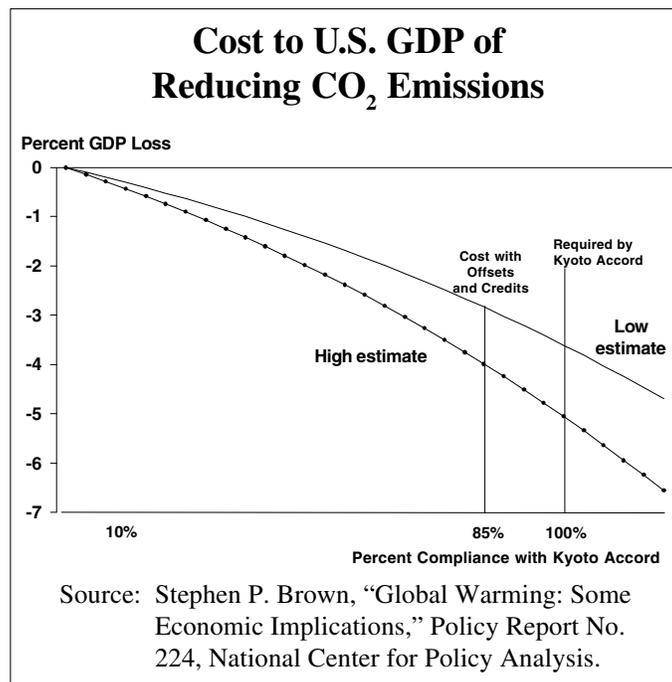
Gaps in Global Warming Science. Over the past 150 years global mean temperature has risen approximately 1 degree Fahrenheit and the concentration of atmospheric CO₂ — a greenhouse gas — has risen more than 30 percent. The Bush administration, acknowledging these facts, recognizes global warming as a serious concern meriting continued research into its causes,

possible consequences and potential measures to mitigate its effects.

A National Academy of Sciences (NAS) report requested by the Bush administration found that beyond these climatic facts, the science linking human activities to global warming is uncertain. While concluding that human activities are likely causing some of the current warming, the NAS warned, “[b]ecause there is considerable uncertainty in current understanding of how the climate system varies naturally and reacts to emissions of greenhouse gases ... current estimates of the

magnitude of future warming should be regarded as tentative and subject to future adjustments (either upward or downward).” The NAS concluded that since the timing, magnitude and direction of any climate change are currently unknown, the impact of any actions taken to prevent this change cannot be predicted with any confidence.

In other words, we do not know if the earth will get warmer or cooler in the future, and if temperatures do change, by how much or when, or if public policies can affect future temperature change.



The High Costs of Kyoto. In contrast to the ambiguity of global warming science, credible economic forecasts of the effects of U.S. compliance with the Kyoto Protocol all point in the same direction: Kyoto would hurt the U.S. economy. For example, the Energy Information Administration, the official forecasting arm of the Department of Energy, predicts meeting the Kyoto greenhouse gas limits would:

- Increase gasoline prices by 52 percent and electricity prices by 86 percent.
- Decrease Gross Domestic Product by 4.2 percent.
- Reduce personal disposable income by 2.5 percent.

In addition, in a National Center for Policy Analysis paper, *Global Warming Policy: Some Economic Implications*, economist Stephen Brown of the Dallas Federal Reserve Bank compared the estimated costs and benefits in terms of reduced human and environmental harm caused by global warming if the U.S. met its Kyoto commitments. Brown found:

- For the United States, marginal cost equals marginal benefit at about 14 percent of the CO₂ reduction required by the Kyoto accord.
- Thus Kyoto requires about seven times more CO₂ reduction by the United States than is cost-justified.
- Under pessimistic assumptions, compliance with Kyoto would reduce U.S. GDP by from 3.6 percent to 5.1 percent, representing a loss of \$1,105 to \$1,565 per person, per year by 2010.
- Under the most optimistic assumptions, compliance with the Kyoto accord would reduce U.S. GDP by from 3 percent to 4.3 percent, representing a loss of \$921 to \$1,320 per person, per year by 2010. [See the figure.]

Kyoto: No Help for the Environment. While the proposed protocol would harm the U.S. economy, it would have little or no benefit to the environment. According to the National Center for Atmospheric Research, if all of the signatories meet their greenhouse gas reduction targets, the earth will be between .07 degrees

Celsius and 0.19 degrees Celsius cooler than it would be absent Kyoto — a temperature difference so small it cannot be measured by ground-based temperature gauges.

Emission reductions under Kyoto will have at best a negligible effect on global warming because developing countries are not obligated to cut their emissions. In 1995, the U.S. State Department agreed to the Berlin Mandate, stipulating that new climate change commitments would apply only to developed countries.

Developing countries produce nearly 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 exempted from the proposed protocol, including China, India, South Korea and Brazil. If developed countries unilaterally stopped *all* their greenhouse gas emissions (something no one seriously proposes), total greenhouse gas concentrations 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, if greenhouse gas emissions are the source of potentially catastrophic global warming, the Kyoto Protocol will do nothing to prevent it.

Conclusion. In standing up to international pressure to implement the Kyoto Protocol while the science is still out, the Bush administration has decided to follow where the science leads rather than politically dictate the conclusions that climate scientists should reach. Accordingly, the administration has decided to leave our policy options open — maximizing our economy's flexibility to respond to future climate changes regardless of the source and direction — while funding both basic research on the components and possible effects of climate change and studies concerning more efficient technologies and ways to reduce greenhouse gas concentrations without hampering economic progress.

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