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*“This sort of legislative gridlock isn’t unusual. But it has taken on a more alarming dimension because **if climatologists are right**, there is a very limited amount of time to start acting to steer the giant U.S. economy in a more environmentally and climate sustainable direction. The Boxer-Warner-Lieberman bill may fail this week, but this issue isn’t going away.” [SPPI - **The fundamental driver of this entire legislative and regulatory grab remains the science, which is dead wrong and becoming clearer each day.**]*



The Planet Tax

<http://ibdeditorial.com/IBDArticles.aspx?id=297384890858685>

By INVESTOR'S BUSINESS DAILY | Posted Tuesday, June 03, 2008

Global Warming: The Senate takes up a bill to strangle the economy and mortgage your children's future in the name of saving the planet. Hold on to your wallets and your jobs. It's going to be a bumpy ride.

The U.S. needs a Domestic Energy Development Act, but what it might get this week is a Climate Security Act that makes human sacrifices of the American people on the altar of the environmental earth goddess, Gaia.

As Ben Lieberman of the Heritage Foundation points out, global warming is a concern, not a crisis. We have recently noted scientists who, on the basis of actual observation and not computer models, have said warming stopped in 1998 and will remain dormant at least for the next decade, even as emissions rise.

Global warming has been proved to be a natural, cyclical phenomenon determined by natural forces such as ocean currents and solar activity. This bill even ignores the global part, imposing draconian costs on just the American people and economy for marginal and temporary gains.

Lieberman states that the bill sponsored by Sen. John Warner, R-Va., and Sen. Joe Lieberman, D-Conn., no relation, would cost the U.S. manufacturing sector alone more than 1 million jobs by 2022 and 2 million by 2027.

GDP losses could reach \$4.8 trillion by 2030. All this pain, he says, would "reduce the Earth's temperature by one- or two-tenths of a degree Celsius — too small to even verify."

The bill targets power plants, refineries, factories and transportation, and simply ignores the fact that from 2006 to 2030 the U.S. population will grow by 22% and the number of new housing units by 25%. Americans will need more energy, not less.

A study by Charles River Associates puts the cost (in terms of reduced household spending per year) of Warner-Lieberman at \$800 to \$1,300 by 2015, rising to \$1,500 to \$2,500 by 2050. Electricity prices could jump by 36% to 65% by 2015 and 8% to 125% by 2050.

Heritage reckons the bill will raise gasoline prices by \$1.10 a gallon by 2030. To which Sen. Lieberman glibly responded: "People would be thrilled to have gas prices rise only 2 cents a year."

But they'd rise much more than that, Joe, as you and your peers cut off forever the nation's abundant energy resources.

According to Heritage, because of Warner-Lieberman, from 2012 to 2030 every U.S. household will pay on average \$8,870 extra to buy energy, aside from higher gasoline prices resulting from locking out oil and gas in ANWR, the Outer Continental Shelf and in Rocky Mountain shale.

The bill aims to cut U.S. greenhouse gas emissions by 35% to 40% below 2005 levels. It will employ a "cap and trade" system whereby emissions would be limited on a yearly basis, with manufacturers and energy producers trading carbon credits like baseball cards. Since the European Union adopted them three years ago, their emissions have actually gone up several percentage points.

President Bush, estimating the proposed law "would impose roughly \$6 trillion of new costs on the American economy," has rightly said he'll veto the bill in its present form.

What America needs is a bill with a Manhattan Project for nuclear power plants, a plan to develop the two trillion barrels of North American shale oil, and a map of where the rigs in ANWR and offshore will go.



Climate is right for another swindle

http://www.denverpost.com/headlines/ci_9457464

[By David Harsanyi](#)

Article Last Updated: 06/02/2008 06:50:50 PM MDT

How does Washington plan to resolve our energy problems *and* control atmospheric temperatures? Well, how do they fix anything? By proposing a gargantuan boondoggle.

A "cap and trade" bill, one that will supposedly cut 66 percent of our emissions by 2050, is being debated in Congress this week.

To begin with, proponents of America's Climate Security Act have been misleading the public by claiming that cap and trade is a "market-based" solution. In truth, cap and trade does to the market what "American Idol" does to music.

The idea sounds harmless: government caps emissions, and corporations trade the allotted credits among themselves. Some of the credits will be auctioned off by government. The Wall Street Journal estimates these auctions will net \$6.7 trillion for government coffers by 2050.

And those de facto taxes will not be paid by disreputable energy CEOs and their greasy lobbyist henchmen. They will be paid by you.

Environmental special interest groups — willing to do absolutely anything for the environment with your money — will be lining up at the trough to gobble up billions of dollars in pork offered by the Joe Lieberman- and John Warner-sponsored legislation.

One bill has around \$190 billion allocated to training for "green-collar jobs" to replace those obnoxious people who produce energy you can actually afford. More than \$500 billion is earmarked for "wildlife adaptation." Another \$342 billion would be spent on international aid — because Lord knows we don't need it here — and billions more for mass transit, nuclear plants, kickbacks to Indian tribes and corporations, assistance to those having trouble paying energy bills (wonder why?) and other knickknacks.

OK, so despite the enormous costs, we're positive the cap and trade will work, right?

The European Union has a cap and trade scheme in place. It's generally regarded as a complete failure. The price of credits has plummeted, and countries were unsuccessful in meeting the emissions cap set by the Kyoto Protocol.

So, naturally, proponents refer to the EU cap and trade scheme as a "test run" or a program only in its delicate "infancy." It just wasn't executed properly. If

smarter folks like Warner and Barbara Boxer could get hold of this hyper-complex initiative, boy, we're bound to see results.

The Kyoto agreement, incidentally, aspires to slash 175 millions tons of CO₂ by 2012, which, according to professor Roger Pielke of the University of Colorado, would save six and a half days of carbon emission *in total*.

If delaying six days has been so difficult in Europe, what kind of economic toll would a 66 percent cut have on our economy? (The Bush administration has released a study offering a rosier picture. But since when do we care what it has to say, right?)

Naturally, numerous senators have employed the end-of-world scenario of catastrophic global warming . . . I mean *climate change* . . . to sell the cap and trade. But of course, few mention a recent study by the U.N.'s World Meteorological Organization — the organization behind the Intergovernmental Panel on Climate Change — explaining there has been no warming the past decade.

Scientists explain there could be numerous causes for this temporary slowdown. It's all very complicated.

What the layman can easily comprehend, however, is that climate is unpredictable, difficult to accurately model and impossible to control.

What we also know is that both John McCain and Barack Obama support some cap and trade scheme. Fossil fuels — which provide 85 percent of our energy — are so yesterday, these guys will legislate it away by 2050 whether a viable replacement exists or not.

Years ago, we might have referred to the rationing of energy credits and massive social engineering as "socialism."

Now we just call it bipartisan consensus.

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Morning Bell: Cap and Corrupt

<http://blog.heritage.org/2008/06/04/morning-bell-cap-and-corrupt/>

Last night Barack Obama [told his supporters](#) that he won the Democratic nomination for president "because you decided that change must come to Washington." If Obama's plan to address global warming is anything like the Lieberman-Warner bill being debated by the Senate ([and it is](#)), then he will have completely failed. In order to forge a coalition beyond hardcore environmental activists, any carbon-capping legislation will have to resort to the exact same classic, Washington vote-buying being deployed by liberals in Congress.

At the core of Lieberman-Warner's corruption is the trillions of dollars the federal government would raise by forcing American businesses to buy allowances to emit carbon (Obama's plan taxes U.S. businesses at rates much higher than Lieberman-Warner). The left is using this huge slush fund to buy off enough special interests to get enough votes to pass carbon-capping legislation. [Politico](#) reports: "The climate change legislation being debated now in the Senate is the Super Bowl for lobbyists."

The list of special-interest groups slated to receive billions of U.S. taxpayer dollars includes unions that get cash for "[green collar](#)" jobs; [the auto industry that gets cash to build cleaner engines](#); [the coal industry that gets cash to develop emissions reducing-technology](#); [pecan farmers in Georgia and wheat farmers in Montana](#) that get cash for conservation programs; [states, like Democratic Sen. Barbara Boxer's California, that get cash for trying to reduce carbon before other states](#).

And the vote-buying doesn't stop there. The [real estate, airline and oil industries all are paying lobbyists millions](#) so they can get in on the giveaway, too.

Even liberals such as former Clinton Labor Secretary Robert Reich have had enough of the obvious corruption carbon-capping legislation generates. His [solution](#): immediately direct all taxes collected from forced purchases of carbon permits into dividend checks that would go to every adult citizen in equal share. Alas, Reich has been away from Washington too long. Sen. Bob Corker (R-Tenn.) already has announced he will propose such an amendment for Lieberman-Warner. However, Corker is not offering his amendment to save Lieberman-Warner, but to kill it. Corker knows that an amendment depriving the left of the massive vote-buying slush fund is a [poison pill](#) that will destroy the coalition necessary to pass the bill.

Quick Hits:

- According to the [National Taxpayers Union](#), to clinch the Democratic nomination Barack Obama promised new federal programs that would increase spending by \$343.9 billion a year.
- [Responding to market forces](#) such as consumer demand, General Motors is moving to more fuel-efficient vehicles and may kill its Hummer brand altogether.

- Eager to move on and celebrate the Olympics, Chinese authorities are [dragging away crying mothers](#) from protests over shoddy school construction that led to the earthquake deaths of thousands of children.
- In Rome yesterday for a U.N. summit on world hunger, Iranian leader Mahmoud Ahmadinejad [blamed Israel and the United States](#) for high fuel and food prices.
- A new study suggests [drinking red wine](#) may help extend the human lifespan.



Dems' Climate Change Tax Will Hurt Poor, Says GOP

<http://www.cnsnews.com/news/viewstory.asp?Page=/Politics/archive/200806/POL20080604a.html>

By Penny Starr
CNSNews.com Senior Staff Writer
June 04, 2008

Washington (CNSNews.com) - GOP lawmakers say that the Democrats' proposed Climate Security Act will drive gas prices up at the pump, send jobs overseas and hurt already struggling American families.

"Climate change is an issue that we are all concerned about, but there's a wrong way to tackle the problem, and driving up gas prices even higher is clearly not the way to go," Senate Minority Leader Mitch McConnell (R-Ky.) told reporters at a press conference Tuesday on Capitol Hill.

Senate Republican Conference Chairman Lamar Alexander (R-Tenn.) said an analysis by the Environmental Protection Agency showed that the new law would raise gas prices by 53 cents a gallon "and that the raising of gas prices won't make a difference in carbon emissions," Alexander said.

The bill, crafted by Sens. Joe Lieberman (I-Conn.) and John Warner (R-Va.), has been touted by Democrats as a cap and trade approach to lowering greenhouse gas emissions.

It reportedly works by gradually tightening restrictions on pollution by energy providers while allowing businesses to trade permits (credits) that "give companies the flexibility to find the most cost-effective way to reduce emissions," according to Lieberman's Web site.

But Sen. Christopher "Kit" Bond (R-Mo.), a member of the Senate Environment and Public Works Committee, was adamant when asked by **Cybercast News Service** if the cap and trade system wasn't a way to take money from successful

businesses to subsidize so-called "green" companies.

"If you like the Soviet model or the Chinese model of a great leap forward for a five-year plan or a 10-year plan, you could have a bunch of czars sitting around taking from this industry and giving it to that industry," Bond said.

"But the problem is that those industries you take it from either move their jobs out of the country or pass along cost increases to their consumers," he added.

The Democrats claim the trillions of dollars generated by the auction of permits or allowances would help develop clean technology, train workers, and protect low-income consumers.

But lawmakers at the press conference said the legislation would hurt the economy and consumers.

"This would be the largest single tax increase in the history of the country," Sen. James Inhofe (R-Okla.) said at the news conference. In an op-ed in Tuesday's Wall Street Journal, Inhofe said that "well-heeled lobbyists are already plotting how to divide up the federal largesse."

"Sen. (Barbara) Boxer (D-Calif.) said herself that this bill will generate the \$6.7 trillion price tag," Bond said. "Don't kid yourself. It's not going to be eaten by the energy companies. It's going to be passed right through to you and me as consumers.

"Whether the bill sponsors admit that their bill is a hidden tax hike or not, we know it will hurt families and workers," Bond said.

"When I told my Missouri constituents that the Senate this week would not be talking about moving a bill to open up the massive oil and gas supplies that we have in America to lower prices -- that this body would be considering a bill to add huge price increases to all energy -- they could not believe it," he stated.

"What is the Senate doing?" Bond said constituents asked. "That's a good question."



How About a Cap-and-Trade Dividend?

http://online.wsj.com/article/SB121253738014643227.html?mod=opinion_main_comments

By ROBERT B. REICH
June 4, 2008

The Lieberman-Warner cap-and-trade bill is going nowhere. Even in the unlikely event Congress passes it, President Bush has said he will veto the measure, and there aren't nearly enough votes to override. So the real action commences on Jan. 20, 2009, when a new administration takes over. Barack Obama is on record in favor of cap and trade. And so, significantly, is John McCain.

In fact, **Sen. McCain** has been among the strongest backers of the Lieberman-Warner bill. Last October, he said he was "bitterly disappointed" by U.S. inaction on climate change so far. "The Europeans implemented a cap-and-trade system; they stumbled and had their problems, but it is still the right thing to do," he said.

So it's a certainty that we'll have a president next year who wants to address global warming by imposing an overall cap on U.S. carbon emissions. The "trade" part of the equation would allow companies finding efficient ways to cut emissions to sell the unused portions of their permits to others.

Sen. Obama's proposal is more ambitious than Sen. McCain's in terms of how fast the overall cap would drop. But the biggest difference between Messrs. McCain and Obama is how the permits would be allocated. Mr. McCain's proposal would initially give out most of them for free to the nation's biggest emitters of greenhouse gases. This does have some logic to it: after all, as the overall cap tightens each year, the biggest polluters will face the largest challenges in cutting emissions.

By contrast, Mr. Obama has proposed allocating the permits through an auction. Under his proposal, every company – large or small – would have to buy the rights to emit greenhouse gases. As a result, the biggest emitters would have to pay the most – thereby providing them with the greatest incentive to cut emissions right from the start. In economic terms, such a carbon auction is the equivalent of a carbon tax, and it makes more sense than a system that allocates permits on the basis of how much greenhouse gas a company or industry already emits. Companies and industries that impose the largest social costs in terms of such emissions should be given the greatest incentives to cut costs immediately.

Moreover, carbon auctions invite far less political maneuvering. Setting initial allocations by emissions invites every big corporation and industry to fight for the biggest possible allocation and claim the largest emissions. Despite Mr. McCain's avowed determination to reduce the influence of lobbyists in Washington, the resulting free-for-all would be a bonanza for K Street.

In fact, one likely result would be the issuance of so many permits as to break the overall cap. This is one reason why cap-and-trade hasn't worked very well in Europe so far. Since the European Union adopted the system three years ago, carbon emissions are actually up by several percentage points. The EU gave

initial permits away for free, and many companies discovered clever ways to grab even more of them than their previous emissions would warrant.

Mr. **McCain** hasn't completely ruled out a carbon auction. In fact, the Lieberman-Warner bill he supports would auction off some permits – at first a few, and more as time goes on. Over the life of the bill, half of the permits would be handed out for free, half by auction.

But carbon auctions raise another problem when it comes to Washington. Revenues from the auctions are likely to be fish bait to industries that might qualify for some of them. Sen. Joe Lieberman estimates that the market value of all permits under his bill would be about \$7 trillion by 2050. That sum would go into what he calls a Climate Change Credit Corporation, which, operating outside the budget process, would invest in various plans for developing alternative energy. You can bet that lobbyists for ethanol, nuclear and "clean" coal are already salivating at the prospect of a similar fund emerging from a bill championed by a President McCain or President Obama.

That's why it's important that all revenues from carbon auctions be cycled back to citizens. And rather than launch another endless debate over how and to whom – a payroll tax cut for people earning under the median wage, or a cut in capital gains? – it would be well to agree to the simplest possible formula: Every adult citizen should receive an equal share. If the carbon auction yields \$150 billion in the first year, for example, each of America's 150 million adult citizens should receive a Treasury check that year of \$1,000.

Such direct and simple repayments deal with another problem. Although the balance of economic studies suggest that the cost of a cap-and-trade system will be modest, inevitably some costs will be involved and be passed along to consumers who are already walloped by high fuel and food costs and who will be in no mood to accept even modest additional price increases. Hence, the yearly dividend checks will be a welcome offset.

Our atmosphere belongs to all of us. It seems only reasonable that corporations should have to pay to use it. The citizens of Alaska and Alberta, Canada, get yearly dividends from the oil companies that take away their natural resources. Why shouldn't the same principle apply when industries use the biggest common resource of all?

Mr. Reich, professor of public policy at the University of California at Berkeley and former U.S. Secretary of Labor under President Clinton, is author of "Supercapitalism: The Transformation of Business, Democracy, and Everyday Life" (Alfred A. Knopf, 2007).



Warming bill: Super Bowl for lobbyists

<http://dyn.politico.com/printstory.cfm?uuid=50A18617-3048-5C12-003A5B178F67E19A>

By: **Lisa Lerer and Erika Lovley**
June 4, 2008 04:03 PM EST

Not interested in the global warming bill? Count yourself among a lucky few in Washington.

The climate change legislation being debated now in the Senate is the Super Bowl for lobbyists, roping in everyone from Alaskan Inupiaqs to venture capitalists.

“We’re only this far because of the array of citizen groups, business, labor, environmentalists, religious communities, hunters, anglers, you could go on,” Sen. Joseph I. Lieberman (I-Conn.) told reporters on Capitol Hill. “It’s this mighty force rising out from the American public.”

Scores of niche organizations such as the Military Advisory Board, consisting of 11 retired admirals and generals concerned about the impact of global warming on national security, are lobbying for the bill.

The sweeping legislation would impact nearly every aspect of the complicated energy industry, and its effects would reverberate through a huge swath of the American economy.

The first test of the legislation came Monday, when the Senate voted 74-14 to open debate.

Few lobbyists expect climate change legislation to pass this year. In its current form, it faces an uphill battle in the Senate, as well as a veto threat from the White House.

The impassioned debate, however, will pressure many industries to take a stand on some difficult questions likely to be in the political spotlight for years to come.

Depending on how Congress eventually deals with global warming, the outcome will inevitably hurt some companies while creating significant new markets for others.

Sponsored by Lieberman and Sen. John Warner (R-Va.), the measure would cut greenhouse gas emissions by nearly 70 percent by 2050. It mandates a trading system, known as cap and trade, that would allow companies to purchase carbon credits through an auction process. The bill also provides billions of dollars in subsidies for conservation and environmentally clean technologies.

Business is pushing for various carve-outs. Real estate groups, for example, are backing an amendment allowing a portion of the carbon credits to be given to building owners who improve the efficiency of their properties.

Last month, a group of 50 state treasurers, institutional investors, asset managers and venture capitalists signed a letter supporting the legislation as a way to help investors better determine the level of climate risk and opportunity in their portfolios.

“I am the primary fiduciary for investing the commonwealth’s funds, and I am most interested in terms of long-term sustainable investments,” said Pennsylvania state Treasurer Robin Wiessmann. “It is important for us to invest in companies where they have reasonable behavior as it relates to the environment, and also as an investing fiduciary, I think there is a great opportunity in the market.”

While a broad range of interests is pushing for action, the specifics of the bill have split some industries, unions and advocates.

The environmental community is divided over whether the bill is tough enough on capping emissions. Friends of the Earth and Greenpeace have aligned with a diverse coalition urging senators to “fix or ditch” the bill. Lobbyists say the groups are wagering that tougher mandates (such as an emissions reduction of more than 70 percent) can be enacted in the next administration.

“We believe the first global warming bill passed in the U.S. will set the foundation for all carbon reduction efforts in the future; there is no time for half-measures,” said Friends of the Earth Action President Brent Blackwelder.

But the Natural Resources Defense Council and a slew of others believe that some action is better than no action. Environmental Defense Fund recently launched a pro-legislation television ad campaign.

Some individual financial services companies are lobbying to make sure any carbon market that’s created is open to all traders, even if they are not actual polluters. But the Financial Services Forum and the Financial Services Roundtable have yet to take an official stand on the legislation.

Monday’s vote was a blow to business groups — particularly the behemoths, the U.S. Chamber of Commerce and the National Association of Manufacturers — that argue the proposal could take another swing at an already struggling economy and cut into American’s ability to compete globally.

A March study by the NAM predicted that the United States would take a \$269 billion hit to the economy by 2014 and lose 1.8 million jobs by 2020 if the proposal becomes law.

The legislation is particularly burdensome for energy-intensive industries such as cement, steel and aluminum and airlines. Jet fuel prices would skyrocket even more, trampling an already damaged airline industry and raising fares still higher, the Air Transport Association warns.

The American Coalition for Clean Coal Electricity and the National Mining Association worry that a cap-and-trade bill would cause energy prices to rise by forcing companies to cut their greenhouse gas emissions before cleaner technologies are fully developed.

Energy companies also object to the number of carbon credits they are granted under the legislation. The natural gas industry is awarded no credits, and oil companies receive just 3 percent of the total available, a number that would force both industries to buy additional allowances. The additional costs would mean higher fuel prices for business and consumers, predicts the American Petroleum Institute.

“The bill is very imbalanced and artificially chooses winners and losers,” said API policy analyst Lou Hayden.

An API report in May showed the U.S. oil and natural gas industries invested about \$42 billion in greenhouse gas emissions mitigation technologies from 2000 to 2006, roughly 45 percent of an estimated \$94 billion spent by all U.S. industries and the federal government.

If they are forced to spend money on credits, oil and gas would no longer make the same level of investment in more renewable energy sources, the oil industry argues.

But even the most vocal opponents welcomed the debate as an opportunity to highlight their concerns, which they say have been largely overlooked so far in the Democratic-controlled Congress.

“We have not had a particularly enlightening discussion of cost containment, the state of technology or international competition,” said coal lobbyist Scott Segal, who also leads a coalition of opposing power companies, including Duke Energy Corp. “Floor debate could be one of those teachable moments.”

Editor’s note: This story was updated to remove the reference that Amazon Watch is lobbying for the climate change legislation. It is not.



Climate Bill's Dress Rehearsal

The climate change legislation on the floor of the Senate this week would be the most important piece of energy legislation ever – if it had a chance of becoming law. Instead the debate is, as Sen. Byron Dorgan (D-N.D.) put it, a “dress rehearsal.”

If it had a chance of passing, it would steer tens of billions of dollars of energy investment toward efficiency projects, renewable resources such as solar and wind, and nuclear power. More money could also end up in demonstration plants designed to capture and store carbon dioxide emissions from coal-fired power plants. The legislation would do all this in a roundabout, but theoretically politically palatable way: it would establish caps on emissions with a set of rules for companies to trade permits and offset credits needed to meet those caps. While commonly known as cap-and-trade, which sounds pithy and free-market oriented, a more accurate but less sexy-sounding name would be a system of tradable rationing coupons. In plain English, that would mean putting a price on greenhouse gas emissions, which would raise costs for anyone burning fossil fuels, whether in a gasoline tank, a coal-fired power plant, or a natural gas stove. (Columnist Robert J. Samuelson gives his [views of the whole mess.](#))

But if all this is a dress rehearsal, why care?

Two reasons. First, this legislation, even if defeated, could end up being a baseline for future negotiations. That's why some expensive lobbying has been going on and why people have been paying attention to the 25 or so congressional hearings that were held about this bill (and why we at the Post have spilled a fair amount of ink on it). Second, the debate over the bill could play a role in the elections later this year. At the moment, each side believes the political advantage lies with them. Supporters of climate change legislation believe foes could incur the disapproval of voters who mostly want to do something to slow climate change. But opponents of the legislation hope to convince voters that the bill would raise energy costs and be just like, as Sen. James M. Inhofe (R-Okla.) put it, “the largest tax increase in the history of the nation.” So love it or hate it, but the legislation might actually come to a vote because neither side will want to filibuster it.

Here is one of my questions about the future of climate legislation, assuming that supporters of this bill fail now and try again next year under a new president: Will climate legislation circa 2009 meet the same fate as the failed Clinton-backed health care legislation circa 1993? Both bills have good intentions. Both address problems that won't go away. Both are immensely complicated. Both try to include something for almost everyone, but may wind up simply making sure that there is something for almost everyone to dislike.

Last Friday, Sen. Dorgan told me that he remembers getting briefed back in 1993 by Clinton healthcare gurus Ira Magaziner and Judy Feder. “I sat and listened to

them. Since I couldn't understand their explanation I figured I could never explain it to someone else," Dorgan said. "This is, in some ways, more complicated than that."

The climate change bill – proposed by Sens. John Warner (R-Vir.) and Joseph I. Lieberman (I-Conn.) and amended by Senate Environment and Public Works Committee Chairman Barbara Boxer (D-Calif.) – tries to cover almost all the political bases. It proposes big tax cuts to help the poor pay for higher energy prices that would come out of the legislation. It allocates far fewer emission permits than Europe does in its system, but the allocations are still substantial. It also takes a novel approach to state governments, many of which have already designed their own systems. Rather than force states to join a federal system, the bill provides scores of billions of dollars of incentives to entice states into joining the national system.

Paul Bledsoe, communications and strategy director for the National Commission on Energy Policy, says "if you have an economy-wide cap-and-trade system with some basic cost containment provision and incentives for developing country action, you have a fairly broad constituency for that approach. It's when you have to get to the next level of detail that you alienate people all over the spectrum. That's probably the danger here."

Take stalwart Democrats Dorgan and Sen. Maria Cantwell (D-Wash.). Cantwell worries that the bill does too much for so-called clean coal projects that would capture carbon dioxide and not enough for places like Washington, where most electric power already comes from hydropower. Dorgan, however, frets that the bill doesn't do enough for coal. A group of GOP senators say it doesn't do enough for nuclear. Or consider the different stances within the environmental movement: Organizations like the Environmental Defense Fund approve of the way the bill woos big utilities by allocating them most of the permits they will need for current emissions then phasing out the allocations while Friends of the Earth believes that 100 percent of the emission permits should be auctioned. Or take the utility industry: Those with large amounts of nuclear power are happy with the bill, while big coal users such as Duke Energy want bigger allowances.

This sort of legislative gridlock isn't unusual. But it has taken on a more alarming dimension because ***if climatologists are right***, there is a very limited amount of time to start acting to steer the giant U.S. economy in a more environmentally and climate sustainable direction. The Boxer-Warner-Lieberman bill may fail this week, but this issue isn't going away.



Just Call It 'Cap-and-Tax'

<http://www.washingtonpost.com/wp-dyn/content/article/2008/06/01/AR2008060101913.html>

By [Robert J. Samuelson](#)

Monday, June 2, 2008; Page A13

We'll have to discard the old adage "Everyone talks about the weather, but no one does anything about it." It is inoperative in this era of global warming, because the whole point of controlling greenhouse gas emissions is to do something about the weather. This promises to be hard and perhaps futile, but there are good and bad ways of attempting it. One of the bad ways is cap-and-trade. Unfortunately, it's the darling of environmental groups and their political allies.

The chief political virtue of cap-and-trade -- a complex scheme to reduce greenhouse gases -- is its complexity. This allows its environmental supporters to shape public perceptions in essentially deceptive ways. Cap-and-trade would act as a tax, but it's not described as a tax. It would regulate economic activity, but it's promoted as a "free market" mechanism. Finally, it would trigger a tidal wave of influence-peddling, as lobbyists scrambled to exploit the system for different industries and localities. This would undermine whatever abstract advantages the system has.

The Senate is scheduled to begin debating a cap-and-trade proposal today, and although it's unlikely to pass, the concept will return because all the major presidential candidates support it. Cap-and-trade extends the long government tradition of proclaiming lofty goals that are impossible to achieve. We've had "wars" against poverty, cancer and drugs, but poverty, cancer and drugs remain. [President Bush](#) called his landmark education law No Child Left Behind rather than the more plausible Few Children Left Behind.

Carbon-based fuels (oil, coal, natural gas) provide about 85 percent of U.S. energy and generate most greenhouse gases. So, the simplest way to stop these emissions is to regulate them out of existence. Naturally, that's what cap-and-trade does. Companies could emit greenhouse gases only if they had annual "allowances" -- quotas -- issued by the government. The allowances would gradually decline. That's the "cap." Companies (utilities, oil refineries) that needed extra allowances could buy them from companies willing to sell. That's the "trade."

In one bill, the 2030 cap on greenhouse gases would be 35 percent below the 2005 level and 44 percent below the level projected without any restrictions. By 2050, U.S. greenhouse gases would be rapidly vanishing. Even better, their disappearance would allegedly be painless. Reviewing five economic models, the [Environmental Defense Fund](#) asserts that the cuts can be achieved "without significant adverse consequences to the economy." Fuel prices would rise, but

because people would use less energy, the impact on household budgets would be modest.

This is mostly make-believe. If we suppress emissions, we also suppress today's energy sources, and because the economy needs energy, we suppress the economy. The models magically assume smooth transitions. If coal is reduced, then conservation or non-fossil-fuel sources will take its place. But in the real world, if coal-fired power plants are canceled (as many were last year), wind or nuclear won't automatically substitute. If the supply of electricity doesn't keep pace with demand, brownouts or blackouts will result. The models don't predict real-world consequences. Of course, they didn't forecast \$135-a-barrel oil.

As emission cuts deepened, the danger of disruptions would mount. Population increases alone raise energy demand. From 2006 to 2030, the U.S. population will grow 22 percent (to 366 million) and the number of housing units 25 percent (to 141 million), the [Energy Information Administration](#) projects. The idea that higher fuel prices will be offset mostly by lower consumption is, at best, optimistic. The [Congressional Budget Office](#) has estimated that a 15 percent cut of emissions would raise average household energy costs by almost \$1,300 a year.

That's how cap-and-trade would tax most Americans. As "allowances" became scarcer, their price would rise, and the extra cost would be passed along to customers. Meanwhile, government would expand enormously. It could sell the allowances and spend the proceeds; or it could give them away, providing a windfall to recipients. The Senate proposal does both to the tune of about \$1 trillion from 2012 to 2018. Beneficiaries would include farmers, Indian tribes, new technology companies, utilities and states. Call this "environmental pork," and it would just be a start. The program's potential to confer subsidies and preferential treatment would stimulate a lobbying frenzy. Think of today's farm programs -- and multiply by 10.

Unless we find cost-effective ways of reducing the role of fossil fuels, a cap-and-trade system will ultimately break down. It wouldn't permit satisfactory economic growth. But if we're going to try to stimulate new technologies through price, let's do it honestly. A straightforward tax on carbon would favor alternative fuels and conservation just as much as cap-and-trade but without the rigid emission limits. A tax is more visible and understandable. If environmentalists still prefer an allowance system, let's call it by its proper name: cap-and-tax.



U.S. global warming plan criticized

http://www.upi.com/NewsTrack/Business/2008/06/04/us_global_warming_plan_criticized/2426/

Published: June 4, 2008 at 1:33 PM

BALTIMORE, June 4 (UPI) -- A U.S. economist praises Congress for planning to fight global warming, but he says the plan being considered would hasten environmental calamity.

Peter Morici, former chief economist at the U.S. International Trade Commission, is concerned about the Warner-Lieberman bill pending in the Senate. It would limit U.S. greenhouse gas emissions by 2012 to 2005 levels, and reduce those by 70 percent in 2050.

"Unfortunately, by encouraging energy-intensive American industries to flee to developing countries, this bill would penalize U.S. businesses that could contribute to reducing greenhouse gas emissions and thus accelerate global warming," said Morici in an op-ed article posted at baltimoresun.com. "Working toward a global set of standards for such industries would be a better approach.

"Reducing emissions in industrialized countries by moving carbon-intensive manufacturing to developing countries only raises emission levels worldwide, because China and others use fossil fuels so inefficiently."

The costs of controlling greenhouse gas emissions would best be minimized by regulating fossil-fuel use the same way everywhere, and encouraging carbon-intensive industries to locate where they can best meet those standards, he said.

Morici is now a professor at the University of Maryland School of Business.



Global Warming 'Alarmism' Is Hurting New Jersey Economy, Say Conservatives

<http://www.cnsnews.com/ViewBusiness.asp?Page=/Business/archive/200806/BUS20080604a.html>

By Kevin Mooney
CNSNews.com Staff Writer
June 04, 2008

(CNSNews.com) - Individual liberty and economic freedom are under assault in New Jersey where anti-industrial regulatory schemes are gaining traction because of global warming "alarmism," public officials and taxpayer activists declared last week in Trenton.

State lawmakers in New Jersey and other states have succumbed to the "greatest scam" of the past 100 years in the form of Kyoto-type mandatory emissions caps at the expense of their own citizenry and financial well-being, Republican

Assemblyman Mike Doherty said in an interview with **Cybercast News Service**. (The Kyoto Protocol is an international agreement to reduce greenhouse gas emissions; the United States is not a signatory to the agreement.)

Doherty was one of several speakers at the two-day "Defending the American Dream Summit" organized by Americans for Prosperity (AFP), a Washington, D.C.-based grassroots group that supports free markets and conservative ideas. The economic liabilities of emissions restrictions figured prominently among the topics discussed at the event.

While the United States, at the federal level, is not part of the Kyoto Protocol, a number of states have enacted their own environmental regulations replete with climate change "cap and trade" policies, Doherty said.

With "cap and trade," the government sets a limit, a cap, on how much carbon a company can emit into the air. The company can then buy or trade "carbon credits" to offset its pollution.

The [New Jersey Global Warming Act](#), which became law last year, is the most restrictive and economically harmful such measure in the entire country, said Doherty, who explained why the law is a Kyoto-type policy at the state level.

The New Jersey law calls for greenhouse gas emissions to be reduced to where they were in 1990 "no later" than 2020. It further stipulates that emissions not exceed 80 percent of their 2006 levels "no later" than 2050.

Under this scenario, the New Jersey Department of Environmental Protection (NJDEP) will be "unleashed" with a "blank check" to audit and harasses businesses into submission, said Doherty. He foresees the implementation of a "huge, new bureaucracy" to manage the new "cap and trade" regime whereby businesses will be compelled to purchase credits when they exceed emissions limits.

"This means we can expect more corruption, waste and higher taxes," Doherty said. "Businesses will begin to move into other states where they see greater opportunity and less government intrusion."

Unfortunately, too many policy makers at the state and national level are relying on faulty information that overlooks the most recent scientific data, he said, noting that more than 31,000 scientists have signed off on a [petition](#) -- made available through the Oregon Institute of Science and Medicine (OISM) -- that disputes the theory of man-made global warming.

"There are no experimental data to support the hypothesis that increases in human hydrocarbon use or in atmospheric carbon dioxide and other greenhouse gases are causing or can be expected to cause unfavorable changes in global temperatures, weather or landscape," the OISM study, *Environmental Effects of*

Increased Atmospheric Carbon Dioxide, concludes.

Nevertheless, there is a political move afoot to turn off a major portion of the world's energy supply, despite the lack of a scientific consensus on the cause of global warming, OISM co-founder Arthur Robinson told **Cybercast News Service**.

Warner-Lieberman Global Warming Bill

Under a [bill](#) sponsored by Sens. Joe Lieberman (I-Conn.) and John Warner (R-Va.), which is being debated in the U.S. Senate this week, New Jersey would lose anywhere from 31,154 to 46,863 jobs in 2020 and 74,132 to 98,681 jobs in 2030, according to a report by Phil Kerpen, the AFP director of policy, which he presented at the Trenton summit.

He also said the state would see its disposable household income reduced by \$1,381 to \$4,478 per year by 2020 and \$5,854 to \$10,675 by 2030, if Warner-Lieberman were to become law. The price of gasoline and electricity would also soar under the legislation, the study claims.

The cost of gasoline would go up from 74 percent to 143 percent by 2030, and energy prices would rise by 78 percent to 113 percent during the same period, according to the report.

For his part, Gov. Jon Corzine (D-N.J.) views the global warming bill as an important public policy model that should be emulated by other states.

"In the absence of leadership on the federal level, the burden of reducing greenhouse gases has now fallen upon the states," he said last year. "I'm proud that New Jersey is one of the first among a handful of states that are leading the nation to combat global warming and I hope more states will follow in our model."

But economically beleaguered New Jersey will continue to "spiral downward" in the wake of new punitive restrictions on industry, Wall Street Journal columnist Stephen Moore told **Cybercast News Service**.

The state ranked near the bottom in a new [study](#) that Moore produced in cooperation with the American Legislative Exchange Council (ALEC), which ranked all 50 states in terms of competitiveness and fiscal outlook.



An Open Letter to the U.S. Senate: Oppose S. 2191, the Lieberman-Warner "Climate Security Act"

<http://www.hawaiireporter.com/story.aspx?9783fo72-e8e2-4d13-a1dc-fc8784472207>

By Andrew Moylan, 6/4/2008 10:40:48 AM

On behalf of the 362,000 members of the National Taxpayers Union (NTU), I urge you to oppose S. 2191, the Lieberman-Warner "Climate Security Act." This bill would impose an annual cap on the emissions of six greenhouse gases, principally carbon dioxide, and would establish a trading system for emissions allowances. This "cap-and-trade" system constitutes a colossal tax hike and should be opposed due to its enormous cost and regulatory implications.

First and foremost, this bill amounts to a huge tax hike. Though the mechanism obscures the fact slightly, this bill effectively imposes a substantial carbon tax. Capping emissions and requiring entities to purchase additional allowances from the federal government will lead to an explosion in revenue. The Congressional Budget Office (CBO) estimates that the tax increase adds up to nearly \$1.2 trillion over just a seven-year period from enactment in 2012 to 2018.

Enacting S. 2191 would also tremendously harm economic growth and job expansion. An analysis by the Heritage Foundation estimated that GDP losses as a result of the legislation between 2010 and 2030 would range from \$1.7 trillion to \$4.8 trillion. Job losses could exceed 700,000 in 2015 alone. The CBO also estimates that the cost of S. 2191's private-sector mandates would amount to more than \$90 billion per year from 2012 to 2016. These costs would severely undermine America's ability to attract businesses and capital. Meanwhile, the bill would drain household budgets by increasing the cost of natural gas and electricity for American families.

In addition to the aforementioned costs, the Lieberman-Warner bill contains troubling regulatory implications. The Environmental Protection Agency would be charged with the daunting task of establishing emissions allowances for thousands of American manufacturers and electricity generators, no doubt requiring an army of bureaucrats in the process.

We at NTU are not climate scientists, nor can we profess to explain the relationship between man and climate. But if Congress, through its deliberations, deems it desirable to cap carbon dioxide emissions, it should not be used as a guise for a massive tax hike. As with any bill, any increase in revenues should be matched by corresponding reductions in tax rates elsewhere to prevent taxpayers from sacrificing more of their money to Washington, D.C.

Despite the rhetoric to the contrary, this cap-and-trade legislation is not a "market solution." No bill that contains such mammoth tax increases and

regulatory burdens could fit that description. As such, we urge you to oppose S. 2191. Roll call votes on this bill will be heavily weighted in our annual Rating of Congress.

Andrew Moylan is the Government Affairs Manager for the National Taxpayers Union.



Lieberman-Warner: The Super Bowl for lobbyists

<http://hotair.com/archives/2008/06/04/lieberman-warner-the-super-bowl-for-lobbyists/>

If Congress holds a [pork barbecue](#), do they need to apply for carbon credits? Politico reports that the Lieberman-Warner bill currently under debate represents the biggest opportunity in recent memory for lobbyists to carve out pork-barrel projects and other set-asides as the government prepares to take over the energy industry. And if this Super Bowl turns out to be a bust, the next one may take place during a presidency that won't threaten a veto:

The climate change legislation being debated now in the Senate is the Super Bowl for lobbyists, roping in everyone from Alaskan Inupiaqs to venture capitalists.

“We’re only this far because of the array of citizen groups, business, labor, environmentalists, religious communities, hunters, anglers, you could go on,” Sen. Joseph I. Lieberman (I-Conn.) told reporters on Capitol Hill. “It’s this mighty force rising out from the American public.” ...

Depending on how Congress eventually deals with global warming, the outcome will inevitably hurt some companies while creating significant new markets for others.

Sponsored by Lieberman and Sen. John Warner (R-Va.), the measure would cut greenhouse gas emissions by nearly 70 percent by 2050. It mandates a trading system, known as cap and trade, that would allow companies to purchase carbon credits through an auction process. The bill also provides billions of dollars in subsidies for conservation and environmentally clean technologies.

Business is pushing for various carve-outs. Real estate groups, for example, are backing an amendment allowing a portion of the carbon credits to be given to building owners who improve the efficiency of their properties.

In other words, dinner is served!

Whenever the federal government decides to regulate an industry, it opens up myriad possibilities for pork and corruption. Seeing people run to this porkfest should surprise no

one, and neither should we be shocked to see Congress open to the idea of even more regulation and rationing. It expands federal power, which expands the opportunities to build personal power for each and every member of Congress. And it does all of this without delivering anything more than what we have already accomplished on carbon emissions over the last seven years, when we outstripped the EU in the pace of improvements.

Government expansion comes in many forms and in many motivations, some of them noble. We must feed the poor! We must save the Earth from its “fever”! In the end, the only thing fed is the government bureaucracies that eat up all the resources, and the only fever is the delirium that the same government that runs the IRS and the VA could possibly do better than competitive-market solutions for the same goals.

Supporters of Lieberman-Warner want people to believe that it provides a market solution with cap-and-trade. Don’t buy it. It forces government rationing of CO2 emissions, and then creates a “market” for ration stamps. Anything government rations, it controls. And anything government controls, it creates massive bureaucracies to run, and massive regulation to enforce.

Even its supporters don’t believe this bill will make it into law this year. With gas prices soaring, the escalation of energy prices that would result from this legislation makes it politically unpalatable for too many constituencies, and George Bush still wields the veto pen. Next year, that won’t be the case.



The Global Warming Bill in a Nutshell [Iain Murray]

<http://corner.nationalreview.com/post/?q=OTJINjY2ODBiNWRiZTM1ZjdkMW FkZTAwMjgyMDNiY2E=>

Having learned from the Farm Bill that people will pass anything if you buy enough of them off, Sen. Boxer has proposed a substitute amendment to the Lieberman-Warner global warming bill currently before the Senate, which will redistribute trillions (yes, trillions) of dollars to the environmental-industrial complex. Senator McConnell just objected to the Boxer substitute amendment being taken as read. The Clerk is now reading aloud the 491 page substitute, which was described as making small textual corrections to the 157 page bill.



Cap and Trade? The Devil is in the details

<http://www.ottawasun.com/Comment/2008/06/03/5753076-sun.html>

By Lorrie Goldstein

In their rush to bypass the federal government on climate change, Ontario Premier Dalton McGuinty and Quebec Premier Jean Charest appear ready to play Russian roulette with their provinces' economies.

Make no mistake. The Ontario/Quebec "cap and trade" carbon trading system proposed for 2010 by the premiers yesterday is a carbon tax by another name.

Through government rationing of the right to emit carbon, affected industries will face new costs they will have to factor into the pricing of their products, making them less competitive.

Does McGuinty understand the implications of this for Ontario's already-reeling auto sector?

If Ontario and Quebec act alone, how will they stop the flight of business and capital to jurisdictions that don't have cap and trade systems, such as Alberta or China?

Charest said he wants to act now so as not to fall behind the U.S.

But Charest and McGuinty base their plan on achieving the Kyoto accord standard, which uses 1990 as the base year for reducing emissions.

That's inconsistent with the cap and trade bill now before the U.S. Senate, co-sponsored by Independent Sen. Joe Lieberman and Republican Sen. John Warner, which uses 2005 as its base year.

In fact, the U.S. bill's goal of cutting carbon emissions by 18% below 2005 levels by 2020, mirrors that of Prime Minister Stephen Harper's government to lower Canada's emissions by 20% below 2006 levels by 2020. Ignoring the U.S. would be disastrous for our economy.

Will Ontario and Quebec give away carbon permits for free as was done under Europe's cap and trade system -- a blunder which handed windfall profits to major emitters?

If they charge for them, how will they spend that money?

Will they protect consumers from huge increases on their electricity bills, as has happened in Europe?

Will they exempt public institutions such as hospitals and universities from having to buy carbon permits, in light of the added cost these facilities now face in Europe?

These are the kinds of questions McGuinty and Charest must address.



Hurricane Lieberman-Warner

<http://www.mrc.org/BozellColumns/newscolumn/2008/col20080603.asp>

by Brent Bozell – 6-3-08

For conservatives who would like to think the whole government should be handed over to the liberals for a few years until the Reagan wing of the Republican Party can get its act together, a quick look at a monstrosity under consideration by Congress is in order. Liberal Democrats and “green” Republicans are proposing a massive reorganization of the American economy to fight so-called global warming. Worse yet, proponents of this bill are attempting to sell this eco-socialism as a “market-based” policy, and their allies in the national media are going along with the charade.

For decades now, the media have shoved down our throats the idea that Planet Earth is in grave peril of catastrophic global warming. Now that Washington’s elites feel confident that everyone from McCain to Obama agrees that doom is imminent, it’s time to push something they call “cap and trade.” Put an emphasis on the “cap.” That means that the federal government is aspiring to dictate for every individual and business in America the absolutely perfect level of carbon-dioxide emissions. Once the government mandates how much emission will be allowed, then it will allow the public to “trade” on the rights that remain. The sponsors on this power grab are independent Sen. Joe Lieberman and the walking poster child for term limits, so-called Republican John Warner.

Remember the Hillary Clinton health-care plan of 1993? It’s deja-vu time. The media will sell this bill as an important solution that absolutely everyone who considers himself a responsible citizen will support. Virtually absent from the discussion will be the cost, both financial and in the loss of freedom. If either of these prices are covered, they will be vastly underestimated.

A Heritage Foundation analysis is sobering. If you think Katrina was an expensive proposition, consider that according to Heritage, the economic damage of the bill would equal the cost of “660 hurricanes – 35 per year – for two

decades.” Don’t expect that statement to make it on the evening news. The Congressional Budget Office (CBO) says Lieberman-Warner would effectively raise taxes on Americans by more than \$1 trillion over the next 10 years. That won’t be a headline in USA Today, either.

Making assumptions that are not at all guaranteed (like a 150 percent increase in nuclear-power generation by 2050), the Environmental Protection Agency concluded that the Lieberman-Warner bill would result in annual reductions of U.S. gross domestic product ranging from \$238 billion to \$983 billion in 2030, and from roughly \$1 trillion to more than \$2.8 trillion in 2050. Gas prices would grow by \$0.53 per gallon in 2030 to \$1.40 per gallon in 2050; and electricity prices are projected to increase 44 percent in 2030 and 26 percent in 2050. You won’t find reports on CNN explaining this.

No, numbers like this won’t flow easily from liberal-media outlets because they undermine the argument. Instead there will be fluff, fluff and more fluff. On PBS’s NewsHour on June 2, anchorman Ray Suarez interviewed Sen. Lieberman and Sen. Lamar Alexander. He began with a giddy sentence: “The most significant legislative effort so far to tackle climate change began winding its way through Congress today.”

Suarez asked Lieberman an opening softball: “How would your bill achieve near-term reductions in emissions and drastic cuts over the long haul?” Lieberman answered, predictably, that it would happen through a “market-based system.” Suarez then turned to the Republican senator and applied pressure: “The words ‘market’ and ‘marketplace’ are usually music to Republicans’ ears. Do you think it will work?”

Alexander threw EPA numbers at the PBS anchor: “The first problem is, according to the Environmental Protection Agency, which has analyzed it, it’s a 53-cent gas tax increase per gallon on top of the nearly \$4 we’re paying today. Second problem with it is the 53 percent gas tax increase per gallon, according to the EPA, isn’t enough of an increase to make much difference. And so it wouldn’t reduce carbon. So it wouldn’t reduce what it’s said it would do.” For his part, Lieberman laughably replied: “This Climate Security Act is probably the one best way to reduce the cost of gasoline or other energy in the years ahead.”

Suarez, like most anchors, presumed this monstrous bill needs to be passed, by next year, if not this year. But Alexander underlined the crucial question the media will try to ignore: if created, how much will this massive government bureaucracy reduce the average global temperature?

Climatologist Patrick Michaels thinks it would have virtually no effect on the climate, an additional 0.013 degrees (Celsius) of “prevented” warming. That’s another little bitty fact that will never see the light of day on most press reports. Instead what we’ll get is the usual hot air, except this time it has the price tag of 660 hurricanes.



LAWRENCE SOLOMON: SELECTIVE PRECAUTION

National Review, 3 June 2008

<http://article.nationalreview.com/?q=Y2ZiMDc3ZjIxMzEzZjE1ZTg3YzEwYmI3NTBkM2Y4OGI=>

HOW DOES THE THIRD WORLD INSURE ITSELF AGAINST LIEBERMAN-WARNER?

Senators Joseph Lieberman (I., Conn.) and John Warner (R., Va.) base their proposed Climate Security Act legislation on two fundamental premises: That there is a scientific consensus on global warming and that, even if the scientists are wrong and the global-warming risk never materializes, we will at least have aided the environment.

Both premises are wrong. Not just wrong. The premises could well have it exactly backwards.

First, consider the alleged scientific consensus. Nearby you'll find the cover page from the 2006 press announcement from the United Nation's Intergovernmental Panel on Climate Change, the body coordinating the worldwide effort to reduce carbon-dioxide emissions. The cover page offers this impressive claim:

2500 SCIENTIFIC EXPERT REVIEWERS
800 CONTRIBUTING AUTHORS AND
450 LEAD AUTHORS FROM
130 COUNTRIES
6 YEARS WORK
1 REPORT
2007

Impressive, isn't it? You may be even more impressed if you see the accompanying press materials. And you can forgive the press for being impressed, too, at the intellects assembled to establish that global warming is real and manmade. After all, 2,500 expert scientists can't be wrong.

That figure of 2,500 scientists received saturation media exposure, and then it was amplified by environmental groups, bloggers, and others. A Google search of "IPCC" and "2500" produces almost 250,000 results, the vast majority of them references to the scientific consensus. Senators Lieberman and Warner can be forgiven for believing, as the press did, in the existence of a consensus.

But what did those 2,500 scientists actually endorse? To find out, ***I contacted the Secretariat of the Intergovernmental Panel on Climate Change and asked for the names of the 2,500.*** I planned to canvas them to determine their precise views. The answer that came back from ***the Secretariat***

informed me that the names were not public, so I would not be able to survey them, and that the scientists were merely reviewers. The 2,500 had not endorsed the conclusions of the report and, in fact, the IPCC had not claimed that they did. Journalists had jumped to the conclusion that the scientists the IPCC had touted were endorsers and the IPCC never saw fit to correct the record.

There is no consensus of 2,500 scientist-endorsers. Moreover, many of those 2,500 reviewers turned thumbs down on the studies that they reviewed – I know this from my own interviews with them, conducted in the course of writing a book about scientists who dispute the conventional wisdom on climate change.

From my interviews, it also became clear to me that, if a consensus exists, it exists on the other side. For instance Paul Reiter of the Pasteur Institute, a former peer reviewer for the IPCC's work on the spread of malaria and other diseases due to warming says, "I know of no major scientist with any long record in this field who agrees with the pronouncements of the alarmists at the IPCC." Other scientists also told me that, in their particular discipline, the IPCC's position was the outlier, far from the mainstream.

“So what?” many say. “Even if there is great uncertainty about the science of climate change, what harm will come of reducing our emissions of carbon dioxide? If it turns out that global warming is a natural phenomenon, we will have gained for ourselves cleaner air and less dependence on foreign oil.” As Sen. Lieberman put it in a PBS interview, “we ought to buy an insurance policy to deal with it. You know, I buy an insurance policy on my house. I don't know there's going to be a fire or a pipe is going to break, but I spend the money on it because the consequences of not having insurance are worse. And that's what we're doing here.”

This view finds favor with people across the ideological spectrum. Environmentalists, public-health advocates, and planners recognize an opportunity to lower emissions while promoting lifestyle changes; security hawks seize on the prospect of energy self-sufficiency; others see an opportunity to make common cause with Europe. All justify the expense of meeting Kyoto's emissions targets as an insurance policy of sorts.

The problem is that far from being an insurance policy, Kyoto represents the single greatest threat to the global environment today and its scheme for using carbon credits and carbon offsets to reduce CO₂ emissions comes with horrible human costs.

When we in the West purchase ***carbon offsets***, typically someone, or some government, in the third world is paid for providing a “sink” for the carbon we're emitting. Often that sink will be an industrial eucalyptus plantation, planted on

what had been farmland or old-growth forest. Apart from the environmental amenities lost, personal tragedies abound. The former inhabitants of that land — either peasant farmers or forest peoples — will have been evicted from their lands, generally without fair compensation. Mass evictions are also the rule with new large-scale hydro dams, which can appear to become economically feasible only because of carbon credit schemes. China's Three Gorges Dam, touted for being carbon-free, is uprooting some two million peasants and townsfolk. Nuclear power, too, is enjoying a renaissance due to carbon pricing — nuclear reactors have never been commercially viable without subsidies, and coming back now only because of a perceived carbon crisis.

The third-world suffers from Kyoto in other ways. With farm lands in the west converted to ethanol and other biofuels, world grain prices have doubled, leading to food riots in Mexico, Egypt, Indonesia, and elsewhere. ***While many have criticized the economic costs of Kyoto, the treaty's cruel social and environmental consequences represent far greater tragedies.***

Environmentalists could once be counted on to insist that sound science be brought to bear on projects or policies that carried the potential for social harm, often through open processes called environmental assessments. In the rush to solve a carbon-dioxide problem that may not exist, many environmentalists have abandoned the science they once held dear and thrown precaution to the wind.

— Lawrence Solomon is executive director of Energy Probe, a Toronto-based environmental group, and author of *The Deniers: The world-renowned scientists who stood up against global warming hysteria, political persecution, and fraud, and those too fearful to do so* (Richard Vigilante Books). His next book *The Carbon Catastrophe* is due out from Richard Vigilante Books in January 2009.



RONALD BAILEY: ENERGY WEDGISTS VERSUS TECHNOLOGY BREAKTHROUGHISTS

Reason Online, 3 June 2008

<http://www.reason.com/news/show/126806.html>

This week the U.S. Senate is debating the Climate Security Act, a piece of legislation which would require the country to cut its greenhouse gas emissions by 4 percent in 2012, 19 percent in 2020, and 71 percent in 2050 below what they were in 2005. The act rations the emission of greenhouse gases produced by burning fossil fuels by issuing an ever declining supply of emissions allowances. Emitters such as electric power generators, coal, oil and natural gas companies, and energy intensive industries like steel and cement manufacturers will be able to buy and sell the government-issued permits. This trading puts a price on greenhouse gases. The idea is that as energy produced from climate-damaging

fossil fuels becomes increasingly expensive, industries, researchers and entrepreneurs will be encouraged to develop new climate-friendly, low-carbon and no-carbon energy technologies. But will this happen?

First, let's consider just how big a technological challenge it will be to cut greenhouse gases by 70 percent. Former General Electric executive Don Dears provides some sense of the size of the challenge when he points out that an 80 percent cut means reducing U.S. carbon dioxide emissions from about 6 gigatons (1 gigaton = 1 billion tons) today to 1 gigaton by 2050. One gigaton is the amount the U.S. emitted around 1920, when there were just 100 million Americans.

Now let's widen the focus to include cuts that the whole world will need to make in order to stabilize concentrations of greenhouse gases in the atmosphere. Currently, the world emits about 26 gigatons of carbon dioxide. In 2007, the International Energy Agency (IEA) projected that by 2030 carbon dioxide emissions will rise by 57 percent to 42 gigatons per year. Climate researchers estimate that in order to stabilize atmospheric concentrations of carbon dioxide at 450 parts per million (ppm) (where there's a good chance that average temperatures would increase by less than 2 degrees Celsius) emissions must be cut by 80 percent from current levels by 2050. This means that the world will have to produce considerably more energy while emitting only 5 gigatons of carbon dioxide annually. If IEA estimates of future energy demand are accurate, this implies that the world would have to find the equivalent of 37 gigatons of carbon-free energy by 2030.

So just how big is a gigaton? Cutting a gigaton of carbon dioxide is equivalent to replacing 1,000 conventional 500-megawatt coal-fired electric generation plants with zero-emission plants. Zero-emission might mean coal-fired plants using carbon capture and sequestration (CCS) technologies, perhaps costing as much as \$80 per ton. By some estimates, CCS would increase the cost of producing electricity by 25 to 40 percent. Cutting another gigaton would be equal to building 500 one-gigawatt nuclear power plants. The world currently has 439 nuclear plants in operation. One gigaton more would require increasing the number of windmills operating in the U.S. by 150-fold, or increasing solar photovoltaics by 10,000-fold. It would take farming an area 15-times the size of Iowa to produce the biomass to replace 1 gigaton of carbon dioxide emissions.

The energy technology debate among those who are concerned about the dangers of man-made global warming divides into two camps—wedgists and breakthroughists. Wedgists are deploying the concept of "stabilization wedges" devised by Princeton University researchers Stephen Pacala and Robert Socolow. They define a stabilization wedge as the reduction of carbon dioxide emissions by 1 billion tons of carbon per year by mid-century (1 billion tons of carbon is equivalent to 3.7 billion tons of carbon dioxide). In their analysis, each wedge of reductions is achieved using already commercialized technology, generally at much larger scale than today. The goal is for the world to emit no more

greenhouse gases than we do today by mid-century and then steeply cut emissions to near zero in the last half of the 21st century.

Some proposed stabilization wedges include increasing the fuel economy for 2 billion cars from 30 to 60 miles per gallon (mpg); decreasing car travel for 2 billion 30-mpg cars from 10,000 to 5000 miles per year; deploying 2 million one-megawatt windmills occupying 74 million acres; building 700 one-gigawatt nuclear power plants; installing 2000 gigawatts of photovoltaic power on 5 million acres; and planting more than 600 million acres with biofuel crops.

Breakthroughists argue that the wedgist approach is a technical and political non-starter. In 2002, a number of leading energy researchers argued in *Science* that current on-the-shelf technologies cannot supply low-carbon energy at an acceptable cost. One of the co-authors, MIT engineer Howard Herzog, declared, "To reduce greenhouse gas emissions from our energy systems while maintaining energy prices at comparable levels to today will take revolutionary change as opposed to evolutionary change."

More recently, passionate breakthroughists like Ted Nordhaus and Michael Shellenberger claim that studies show that carbon dioxide emissions would have to be priced at around \$100 per ton between 2010 and 2030, rising to \$160-200 per ton between 2030 and 2050, to achieve deep cuts in U.S. greenhouse gas emissions by 2050. Thus they argue that the wedgists are framing the energy challenge "as a forced choice between poverty and environmental ruin. With a choice like that, it is no surprise that the world has failed to make real strides towards a cleaner energy future." They add, "If policymakers limit greenhouse gases too quickly, the price of electricity and gasoline will rise abruptly, triggering a political backlash from both consumers and industry."

Breakthroughists point out that polls regularly find that people around the world are unwilling to pay much more for green energy. In addition, higher energy prices would mean that more than a billion poor people in developing countries will have to wait even longer to gain access to modern fuels.

So breakthroughists Nordhaus and Shellenberger are proposing "a ten-year, \$300 billion public investment into accelerating the transition to a clean energy economy. The goal of the program is to bring the price of clean energy down to the price of coal and natural gas as quickly as possible." Even breakthroughists agree that the price of energy produced using fossil fuels must increase at least somewhat in order to encourage energy suppliers to switch to whatever new breakthrough technologies are developed. Wedgists like *Climate Progress* editor Joseph Romm dismiss such breakthroughist proposals as wishful thinking. Romm asserts that ramping up energy supply breakthroughs would take decades and that the climate change problem is too urgent to wait for such breakthroughs to emerge.

Although the Climate Security Act does direct some spending towards low-carbon energy research, it is basically a wedgist scheme. If something like it is adopted by the next presidential administration, we will find out which side is right. If the wedgists are correct, cutting carbon dioxide emissions will produce a modest increase in energy prices resulting in the deployment of a wide variety of readily available low-carbon energy sources over the coming decades. If the breakthroughists are right, energy prices will soar provoking a political backlash. In which case, perhaps one need only peer across the Atlantic to the spreading protests against higher fuel prices in Europe to see the future.

Ronald Bailey is reason's science correspondent. His book *Liberation Biology: The Scientific and Moral Case for the Biotech Revolution* is now available from Prometheus Books.



PHILIP STOTT: SOME SANITY COMES TO THE GUARDIAN

Global Warming Politics, 3 June 2008

http://web.mac.com/sinfonia1/Global_Warming_Politics/A_Hot_Topic_Blog/Entries/2008/6/3_Some_Sanity_Comes_To_The_Guardian.html

Philip Stott

The Guardian, as we all know, is a particularly fine repository of intellectualized masturbation where 'global warming' is concerned, full of deep desires to wash away the false consciousness of the masses, and for us all to be made to alter our evil ways. As ever, Aunt Polly is on full Guardianista message in her column today [Polly Toynbee: 'Any fat goose fretting over tax can boo this lot off course', The Guardian, June 3]:

"Taxes designed to change behaviour are always unfair ... That's how it must be if you seriously want people to stop ... gas guzzling. Inequality has to be fixed in other ways, through tax redistribution, fair pay or fuel-hardship handouts. High food prices too will need more tax redistribution to protect the poor. A serious green policy would fix energy prices at a guaranteed constant high to make everyone use less and to make green technologies economically enticing for investors - and make incomes fairer."

"To make everyone" - just note that authoritarian language, which I have highlighted in bold italic; and this is only one paragraph.

But, for Our Polly, the Government is a failure - it is not functioning in her default bold italic:

“Governments that lose their nerve make bad decisions. Watch while Brown and his cabinet cave in to the crocodile tears of the driving lobby. If some hard-hit drivers need special help, give it to them. If people think green tax is a con then hypothecate the takings to public transport and carbon reduction. But if Labour throws overboard more of its own budget in a frenzy of tax bribes, it’s all over.”

Public Not On Board

The Toynbees of this world are always wanting to employ taxes to control the people’s behaviour with respect to something or other, to reverse our false consciousness or to hypothecate the tax takings to their own favourite causes, while, of course, making it hurt a bit. They like that. The streak of puritanism runs deep. And, of course, in very specific circumstances, where the public also perceives benefits, targeted laws (e.g. banning the use of mobile ‘phones while driving), rather than punitive taxes, can work to some degree.

Nevertheless, despite twenty years of bien pensant propaganda and hysteria, the public are not on board where ‘global warming’ is concerned, as I know personally from my many speaking engagements around the country. Fundamentally, they have too much down-to-earth common sense about the basic economics and politics involved.

This was the theme picked up yesterday by David Cox, who encouragingly brings a saner voice on this issue to The Guardian [‘Cooling on warming’, The Guardian, June 2]:

“Remember that global warming thingy? The idea was that we’re wrecking the climate by pumping out greenhouse gases, and that we’ve jolly well got to change our wicked ways. Virtually the entire political, academic and media establishment threw its might behind this notion. Huge quantities of hot air were pumped out in its name, and many tonnes of pollutants expelled by planes carrying concerned dignitaries to global conferences.

There was, however, a problem: people didn’t seem too keen to abandon driving, flying, meat eating, patio heating or even buying tungsten light bulbs ...

We’re prepared to make sanctimonious gestures and attend the occasional concert of clapped-out superstars’ appalling music. But we’re not apparently prepared to sacrifice our welfare or our lifestyles, and we’ve been letting our rulers know. “

Time To Get Real

Cox thus points us in a rather different direction from the usual Guardianista obsession with authoritarian controls, punitive taxes, and slaying the dragon of false consciousness:

“Perhaps, it’s time to get real ... The answer is surely to switch our efforts away from trying to change human behaviour towards other approaches to the problem.”

What a heresy! You mean people may, in the main, choose themselves how to live, and we might actually adopt technological solutions and adaptive processes that are little more than “... a sinful attempt to divert attention from the hairshirt remedies on which the prophets of doom have insisted.”

Cox is, of course, correct. If we were wise, we should indeed be “taking proper steps to adapt to future climate change ... Yet, we’re hardly even trying to develop new kinds of flood defence or drought-resistant crops. Why should we, while policy-makers assume that we’re going to head-off warming by reducing our consumption of energy?”

Thus Cox concludes:

“It’s surely time for a change of tack. Or should we just wring our hands?”

Climate-Change Mitigation Is An Economic Dead End

It is good to see sense creeping into The Guardian. Climate change has never been about the ‘science’, but about economic and political choices in response to inexorable change. To say that the climate is “changing” (it always has, and it always will), and that humans have some impact on climate, are both little more than truisms, and far too much media energy has been wasted on debating them. I am bored to the teeth with the minutiae of this debate, which adds nothing to that simple truth - climate changes. Full stop. End of story.

What truly matters are our economic and political approaches to change. And herein lies the worst, and potentially the most dangerous, mistake made by Polly and her ilk. Trying to control climate change predictably is neither feasible nor economically sensible; in other words, mitigation is an economic and political dead end. It can’t be done, and, politically, it won’t be done. This is why Cox is sensible. It is also why the current politics of ‘global warming’ are doomed to failure, and why poor Aunty Polly will not get her way.

The only rational approach to climate change is to maintain strong, flexible economies; to build and to plan with the ‘normal’ extremes of climate in mind (this is done all too rarely, even now); to support research into every aspect of agronomy in order to help us to cope with all sorts and conditions of climate; to promote practical energy; to support development and trade so that the poor gain more innate resistance and flexibility in the face of change; and, as a world, to work out ways in which adaptation may work in poor countries, as well as in rich countries.

The rest is sound and fury, signifying little.

This approach is above all realistic, but it also allows for freedom. It further means that we will not be caught out by foolishly assuming just one climate trend (remember the English gardeners who were told to plant drought-resistant plants and cacti, and then the country flooded).

But, and this is important, it also tells the Aunty Ps of this world where to go with their ideas of puritanical control. Sadly, 'global warming' has appealed to too many authoritarian souls who simply want to employ it to promote their own agendas, from evangelical Christians to Old Marxists, and to Guardian journalists who are desperate to find something to bind the human soul.

"May I have lunch, Polly? I may have to use some gas."



The Question of Global Warming

<http://www.nybooks.com/articles/21494>

By [Freeman Dyson](#)

A Question of Balance: Weighing the Options on Global Warming Policies

by William Nordhaus

Yale University Press, 234 pp., \$28.00

Global Warming: Looking Beyond Kyoto

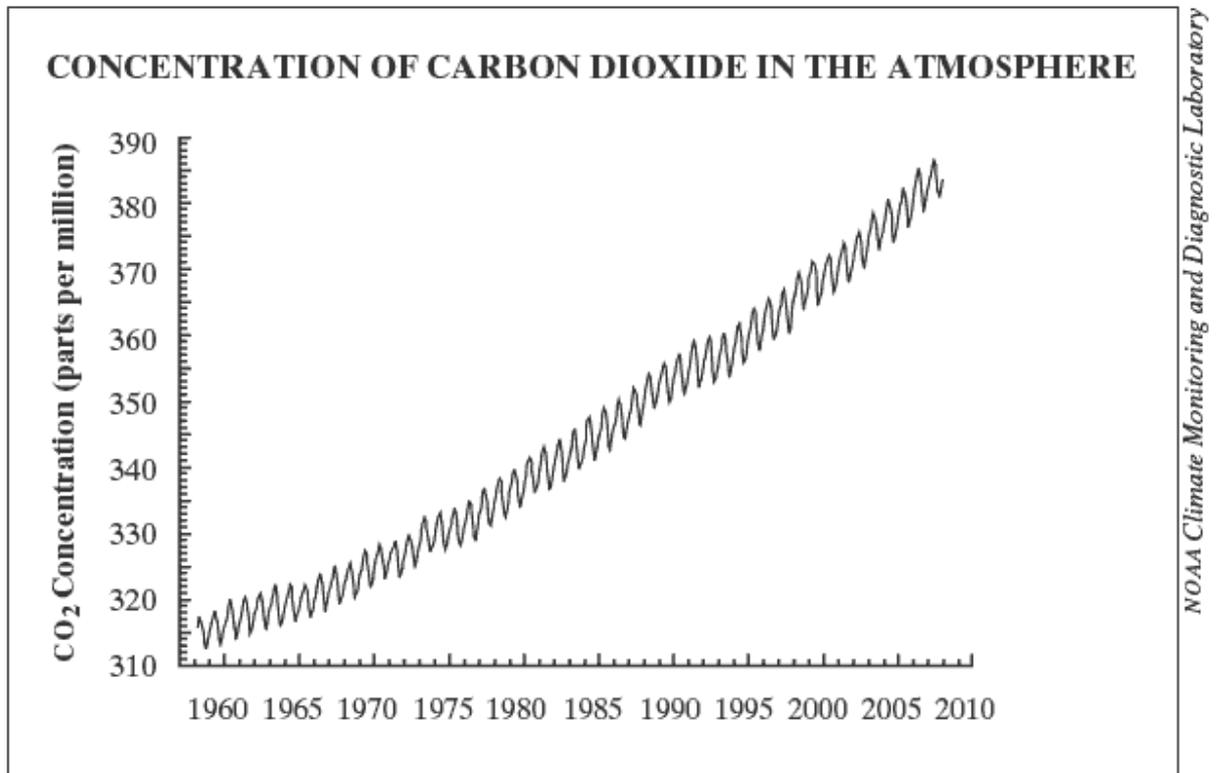
edited by Ernesto Zedillo

Yale Center for the Study of Globalization/Brookings Institution Press, 237 pp., \$26.95 (paper)

I begin this review with a prologue, describing the measurements that transformed global warming from a vague theoretical speculation into a precise observational science.

There is a famous graph showing the fraction of carbon dioxide in the atmosphere as it varies month by month and year by year (see the [graph](#)). It gives us our firmest and most accurate evidence of effects of human activities on our global environment. The graph is generally known as the Keeling graph because it summarizes the lifework of Charles David Keeling, a professor at the Scripps

Institution of Oceanography in La Jolla, California. Keeling measured the carbon dioxide abundance in the atmosphere for forty-seven years, from 1958 until his death in 2005. He designed and built the instruments that made accurate measurements possible. He began making his measurements near the summit of the dormant volcano Mauna Loa on the big island of Hawaii.



A graph showing rising concentrations of carbon dioxide in the atmosphere, based on the measurements of the scientist Charles David Keeling at Mauna Loa, Hawaii. As Freeman Dyson explains, the wiggle in the graph gives us 'a direct measurement of the quantity of carbon that is absorbed from the atmosphere each summer north and south by growing vegetation, and returned each winter to the atmosphere by dying and decaying vegetation.'

The fact 'that the exchange of carbon between atmosphere and vegetation is rapid is of fundamental importance to the long-range future of global warming.'

[Concentration of Carbon Dioxide in the Atmosphere](#)

He chose this place for his observatory because the ambient air is far from any continent and is uncontaminated by local human activities or vegetation. The measurements have continued after Keeling's death, and show an unbroken record of rising carbon dioxide abundance extending over fifty years. The graph has two obvious and conspicuous features. First, a steady increase of carbon dioxide with time, beginning at 315 parts per million in 1958 and reaching 385 parts per million in 2008. Second, a regular wiggle showing a yearly cycle of growth and decline of carbon dioxide levels. The maximum happens each year in the Northern Hemisphere spring, the minimum in the Northern Hemisphere fall.

The difference between maximum and minimum each year is about six parts per million.

Keeling was a meticulous observer. The accuracy of his measurements has never been challenged, and many other observers have confirmed his results. In the 1970s he extended his observations from Mauna Loa, at latitude 20 north, to eight other stations at various latitudes, from the South Pole at latitude 90 south to Point Barrow on the Arctic coast of Alaska at latitude 71 north. At every latitude there is the same steady growth of carbon dioxide levels, but the size of the annual wiggle varies strongly with latitude. The wiggle is largest at Point Barrow where the difference between maximum and minimum is about fifteen parts per million. At Kerguelen, a Pacific island at latitude 29 south, the wiggle vanishes. At the South Pole the difference between maximum and minimum is about two parts per million, with the maximum in Southern Hemisphere spring.

The only plausible explanation of the annual wiggle and its variation with latitude is that it is due to the seasonal growth and decay of annual vegetation, especially deciduous forests, in temperate latitudes north and south. The asymmetry of the wiggle between north and south is caused by the fact that the Northern Hemisphere has most of the land area and most of the deciduous forests. The wiggle is giving us a direct measurement of the quantity of carbon that is absorbed from the atmosphere each summer north and south by growing vegetation, and returned each winter to the atmosphere by dying and decaying vegetation.

The quantity is large, as we see directly from the Point Barrow measurements. The wiggle at Point Barrow shows that the net growth of vegetation in the Northern Hemisphere summer absorbs about 4 percent of the total carbon dioxide in the high-latitude atmosphere each year. The total absorption must be larger than the net growth, because the vegetation continues to respire during the summer, and the net growth is equal to total absorption minus respiration. The tropical forests at low latitudes are also absorbing and respiring a large quantity of carbon dioxide, which does not vary much with the season and does not contribute much to the annual wiggle.

When we put together the evidence from the wiggles and the distribution of vegetation over the earth, it turns out that about 8 percent of the carbon dioxide in the atmosphere is absorbed by vegetation and returned to the atmosphere every year. This means that the average lifetime of a molecule of carbon dioxide in the atmosphere, before it is captured by vegetation and afterward released, is about twelve years. This fact, that the exchange of carbon between atmosphere and vegetation is rapid, is of fundamental importance to the long-range future of global warming, as will become clear in what follows. Neither of the books under review mentions it.

1.

William Nordhaus is a professional economist, and his book *A Question of Balance: Weighing the Options on Global Warming Policies* describes the global-warming problem as an economist sees it. He is not concerned with the science of global warming or with the detailed estimation of the damage that it may do. He assumes that the science and the damage are specified, and he compares the effectiveness of various policies for the allocation of economic resources in response. His conclusions are largely independent of scientific details. He calculates aggregated expenditures and costs and gains. Everything is calculated by running a single computer model which he calls DICE, an acronym for Dynamic Integrated Model of Climate and the Economy.

Each run of DICE takes as input a particular policy for allocating expenditures year by year. The allocated resources are spent on subsidizing costly technologies—for example, deep underground sequestration of carbon dioxide produced in power stations—that reduce emissions of carbon dioxide, or placing a tax on activities that produce carbon emissions. The climate model part of DICE calculates the effect of the reduced emissions in reducing damage. The output of DICE then tells us the resulting gains and losses of the world economy year by year. Each run begins at the year 2005 and ends either at 2105 or 2205, giving a picture of the effects of a particular policy over the next one or two hundred years.

The practical unit of economic resources is a trillion inflation-adjusted dollars. An inflation-adjusted dollar means a sum of money, at any future time, with the same purchasing power as a real dollar in 2005. In the following discussion, the word "dollar" will always mean an inflation-adjusted dollar, with a purchasing power that does not vary with time. The difference in outcome between one policy and another is typically several trillion dollars, comparable with the cost of the war in Iraq. This is a game played for high stakes.

Nordhaus's book is not for the casual reader. It is full of graphs and tables of numbers, with an occasional equation to show how the numbers are related. The graphs and tables show how the world economy reacts to the various policy options. To understand these graphs and tables, readers should be familiar with financial statements and compound interest, but they do not need to be experts in economic theory. Anyone who knows enough mathematics to balance a checkbook or complete an income tax return should be able to understand the numbers.

For the benefit of those who are mathematically illiterate or uninterested in numerical details, Nordhaus has put a nonmathematical chapter at the beginning with the title "Summary for the Concerned Citizen." This first chapter contains an admirably clear summary of his results and their practical consequences, digested so as to be read by busy politicians and ordinary people who may vote the politicians into office. He believes that the most important concern of any

policy that aims to address climate change should be how to set the most efficient "carbon price," which he defines as "the market price or penalty that would be paid by those who use fossil fuels and thereby generate CO₂ emissions." He writes:

Whether someone is serious about tackling the global-warming problem can be readily gauged by listening to what he or she says about the carbon price. Suppose you hear a public figure who speaks eloquently of the perils of global warming and proposes that the nation should move urgently to slow climate change. Suppose that person proposes regulating the fuel efficiency of cars, or requiring high-efficiency lightbulbs, or subsidizing ethanol, or providing research support for solar power—but nowhere does the proposal raise the price of carbon. You should conclude that the proposal is not really serious and does not recognize the central economic message about how to slow climate change. To a first approximation, raising the price of carbon is a necessary and sufficient step for tackling global warming. The rest is at best rhetoric and may actually be harmful in inducing economic inefficiencies.

If this chapter were widely read, the public understanding of global warming and possible responses to it would be greatly improved.

Nordhaus examines five kinds of global-warming policy, with many runs of DICE for each kind. The first kind is business-as-usual, with no restriction of carbon dioxide emissions—in which case, he estimates damages to the environment amounting to some \$23 trillion in current dollars by the year 2100. The second kind is the "optimal policy," judged by Nordhaus to be the most cost-effective, with a worldwide tax on carbon emissions adjusted each year to give the maximum aggregate economic gain as calculated by DICE. The third kind is the Kyoto Protocol, in operation since 2005 with 175 participating countries, imposing fixed limits to the emissions of economically developed countries only. Nordhaus tests various versions of the Kyoto Protocol, with or without the participation of the United States.

The fourth kind of policy is labeled "ambitious" proposals, with two versions which Nordhaus calls "Stern" and "Gore." "Stern" is the policy advocated by Sir Nicholas Stern in the *Stern Review*, an economic analysis of global-warming policy sponsored by the British government.^[*] "Stern" imposes draconian limits on emissions, similar to the Kyoto limits but much stronger. "Gore" is a policy advocated by Al Gore, with emissions reduced drastically but gradually, the reductions reaching 90 percent of current levels before the year 2050. The fifth and last kind is called "low-cost backstop," a policy based on a hypothetical low-cost technology for removing carbon dioxide from the atmosphere, or for producing energy without carbon dioxide emission, assuming that such a technology will become available at some specified future date. According to Nordhaus, this technology might include "low-cost solar power, geothermal energy, some nonintrusive climatic engineering, or genetically engineered carbon-eating trees."

Since each policy put through DICE is allowed to run for one or two hundred years, its economic effectiveness must be measured by an aggregated sum of gains and losses over the whole duration of the run. The most crucial question facing the policymaker is then how to compare present-day gains and losses with gains and losses a hundred years in the future. That is why Nordhaus chose "A Question of Balance" for his title. If we can save M dollars of damage caused by climate change in the year 2110 by spending one dollar on reducing emissions in the year 2010, how large must M be to make the spending worthwhile? Or, as economists might put it, how much can future losses from climate change be diminished or "discounted" by money invested in reducing emissions now?

The conventional answer given by economists to this question is to say that M must be larger than the expected return in 2110 if the 2010 dollar were invested in the world economy for a hundred years at an average rate of compound interest. For example, the value of one dollar invested at an average interest rate of 4 percent for a period of one hundred years would be fifty-four dollars; this would be the future value of one dollar in one hundred years' time. Therefore, for every dollar spent now on a particular strategy to fight global warming, the investment must reduce the damage caused by warming by an amount that exceeds fifty-four dollars in one hundred years' time to accrue a positive economic benefit to society. If a strategy of a tax on carbon emissions results in a return of only forty-four dollars per dollar invested, the benefits of adopting the strategy will be outweighed by the costs of paying for it. But if the strategy produces a return of sixty-four dollars per dollar invested, the advantages are clear. The question then is how well different strategies of dealing with global warming succeed in producing long-term benefits that outweigh their present costs. The aggregation of gains and losses over time should be calculated with the remote future heavily discounted.

The choice of discount rate for the future is the most important decision for anyone making long-range plans. The discount rate is the assumed annual percentage loss in present value of a future dollar as it moves further into the future. The DICE program allows the discount rate to be chosen arbitrarily, but Nordhaus displays the results only for a discount rate of 4 percent. Here he is following the conventional wisdom of economists. Four percent is a conservative number, based on an average of past experience in good and bad times. Nordhaus is basing his judgment on the assumption that the next hundred years will bring to the world economy a mixture of stagnation and prosperity, with overall average growth continuing at the same rate that we have experienced during the twentieth century. Future costs are discounted because the future world will be richer and better able to afford them. Future benefits are discounted because they will be a diminishing fraction of future wealth.

When the future costs and benefits are discounted at a rate of 4 percent per year, the aggregated costs and benefits of a climate policy over the entire future are finite. The costs and benefits beyond a hundred years make little difference to the calculated aggregate. Nordhaus therefore takes the aggregate benefit-minus-cost

over the entire future as a measure of the net value of the policy. He uses this single number, calculated with the DICE model of the world economy, as a figure of merit to compare one policy with another. To represent the value of a policy by a single number is a gross oversimplification of the real world, but it helps to concentrate our attention on the most important differences between policies.

Here are the net values of the various policies as calculated by the DICE model. The values are calculated as differences from the business-as-usual model, without any emission controls. A plus value means that the policy is better than business-as-usual, with the reduction of damage due to climate change exceeding the cost of controls. A minus value means that the policy is worse than business-as-usual, with costs exceeding the reduction of damage. The unit of value is \$1 trillion, and the values are specified to the nearest trillion. The net value of the optimal program, a global carbon tax increasing gradually with time, is plus three—that is, a benefit of some \$3 trillion. The Kyoto Protocol has a value of plus one with US participation, zero without US participation. The "Stern" policy has a value of minus fifteen, the "Gore" policy minus twenty-one, and "low-cost backstop" plus seventeen.

What do these numbers mean? \$1 trillion is a difficult unit to visualize. It is easier to think of it as \$3,000 for every man, woman, and child in the US population. It is comparable to the annual gross domestic product of India or Brazil. A gain or loss of \$1 trillion would be a noticeable but not overwhelming perturbation of the world economy. A gain or loss of \$10 trillion would be a major perturbation with unpredictable consequences.

The main conclusion of the Nordhaus analysis is that the ambitious proposals, "Stern" and "Gore," are disastrously expensive, the "low-cost backstop" is enormously advantageous if it can be achieved, and the other policies including business-as-usual and Kyoto are only moderately worse than the optimal policy. The practical consequence for global-warming policy is that we should pursue the following objectives in order of priority. (1) Avoid the ambitious proposals. (2) Develop the science and technology for a low-cost backstop. (3) Negotiate an international treaty coming as close as possible to the optimal policy, in case the low-cost backstop fails. (4) Avoid an international treaty making the Kyoto Protocol policy permanent. These objectives are valid for economic reasons, independent of the scientific details of global warming.

There is a fundamental difference of philosophy between Nordhaus and Sir Nicholas Stern. Chapter 9 of Nordhaus's book explains the difference, and explains why Stern advocates a policy that Nordhaus considers disastrous. Stern rejects the idea of discounting future costs and benefits when they are compared with present costs and benefits. Nordhaus, following the normal practice of economists and business executives, considers discounting to be necessary for reaching any reasonable balance between present and future. In Stern's view,

discounting is unethical because it discriminates between present and future generations. That is, Stern believes that discounting imposes excessive burdens on future generations. In Nordhaus's view, discounting is fair because a dollar saved by the present generation becomes fifty-four dollars to be spent by our descendants a hundred years later.

The practical consequence of the Stern policy would be to slow down the economic growth of China now in order to reduce damage from climate change a hundred years later. Several generations of Chinese citizens would be impoverished to make their descendants only slightly richer. According to Nordhaus, the slowing-down of growth would in the end be far more costly to China than the climatic damage. About the much-discussed possibility of catastrophic effects before the end of the century from rising sea levels, he says only that "climate change is unlikely to be catastrophic in the near term, but it has the potential for serious damages in the long run." The Chinese government firmly rejects the Stern philosophy, while the British government enthusiastically embraces it. The *Stern Review*, according to Nordhaus, "takes the lofty vantage point of the world social planner, perhaps stoking the dying embers of the British Empire."

2.

The main deficiency of Nordhaus's book is that he does not discuss the details of the "low-cost backstop" that might provide a climate policy vastly more profitable than his optimum policy. He avoids this subject because he is an economist and not a scientist. He does not wish to question the pronouncements of the Intergovernmental Panel on Climate Change, a group of hundreds of scientists officially appointed by the United Nations to give scientific advice to governments. The Intergovernmental Panel considers the science of climate change to be settled, and does not believe in low-cost backstops. Concerning the possible candidates for a low-cost backstop technology he mentions in the sentence I previously quoted—for example, "low-cost solar power"—Nordhaus has little to say. He writes that "no such technology presently exists, and we can only speculate on it." The "low-cost backstop" policy is displayed in his tables as an abstract possibility without any details. It is nowhere emphasized as a practical solution to the problem of climate change.

At this point I return to the Keeling graph, which demonstrates the strong coupling between atmosphere and plants. The wiggles in the graph show us that every carbon dioxide molecule in the atmosphere is incorporated in a plant within a time of the order of twelve years. Therefore, if we can control what the plants do with the carbon, the fate of the carbon in the atmosphere is in our hands. That is what Nordhaus meant when he mentioned "genetically engineered carbon-eating trees" as a low-cost backstop to global warming. The science and technology of genetic engineering are not yet ripe for large-scale use. We do not understand the language of the genome well enough to read and write it fluently. But the science is advancing rapidly, and the technology of reading and writing

genomes is advancing even more rapidly. I consider it likely that we shall have "genetically engineered carbon-eating trees" within twenty years, and almost certainly within fifty years.

Carbon-eating trees could convert most of the carbon that they absorb from the atmosphere into some chemically stable form and bury it underground. Or they could convert the carbon into liquid fuels and other useful chemicals.

Biotechnology is enormously powerful, capable of burying or transforming any molecule of carbon dioxide that comes into its grasp. Keeling's wiggles prove that a big fraction of the carbon dioxide in the atmosphere comes within the grasp of biotechnology every decade. If one quarter of the world's forests were replanted with carbon-eating varieties of the same species, the forests would be preserved as ecological resources and as habitats for wildlife, and the carbon dioxide in the atmosphere would be reduced by half in about fifty years.

It is likely that biotechnology will dominate our lives and our economic activities during the second half of the twenty-first century, just as computer technology dominated our lives and our economy during the second half of the twentieth. Biotechnology could be a great equalizer, spreading wealth over the world wherever there is land and air and water and sunlight. This has nothing to do with the misguided efforts that are now being made to reduce carbon emissions by growing corn and converting it into ethanol fuel. The ethanol program fails to reduce emissions and incidentally hurts poor people all over the world by raising the price of food. After we have mastered biotechnology, the rules of the climate game will be radically changed. In a world economy based on biotechnology, some low-cost and environmentally benign backstop to carbon emissions is likely to become a reality.

Global Warming: Looking Beyond Kyoto is the record of a conference held at the Yale Center for the Study of Globalization in 2005. It is edited by Ernesto Zedillo, the head of the Yale Center, who served as president of Mexico from 1994 to 2000 and was chairman of the conference. The book consists of an introduction by Zedillo and fourteen chapters contributed by speakers at the conference. Among the speakers was William Nordhaus, contributing "Economic Analyses of the Kyoto Protocol: Is There Life After Kyoto?," a sharper criticism of the Kyoto Protocol than we find in his own book.

The Zedillo book covers a much wider range of topics and opinions than the Nordhaus book, and is addressed to a wider circle of readers. It includes "Is the Global Warming Alarm Founded on Fact?" by Richard Lindzen, professor of atmospheric sciences at MIT, answering that question with a resounding no. Lindzen does not deny the existence of global warming, but considers the predictions of its harmful effects to be grossly exaggerated. He writes,

Actual observations suggest that the sensitivity of the real climate is much less than that found in computer models whose sensitivity depends on processes that are clearly misrepresented.

Answering Lindzen in the next chapter, "Anthropogenic Climate Change: Revisiting the Facts," is Stefan Rahmstorf, professor of physics of the oceans at Potsdam University in Germany. Rahmstorf sums up his opinion of Lindzen's arguments in one sentence: "All this seems completely out of touch with the world of climate science as I know it and, to be frank, simply ludicrous." These two chapters give the reader a sad picture of climate science. Rahmstorf represents the majority of scientists who believe fervently that global warming is a grave danger. Lindzen represents the small minority who are skeptical. Their conversation is a dialogue of the deaf. The majority responds to the minority with open contempt.

In the history of science it has often happened that the majority was wrong and refused to listen to a minority that later turned out to be right. It may—or may not—be that the present is such a time. The great virtue of Nordhaus's economic analysis is that it remains valid whether the majority view is right or wrong. Nordhaus's optimum policy takes both possibilities into account. Zedillo in his introduction summarizes the arguments of each contributor in turn. He maintains the neutrality appropriate to a conference chairman, and gives equal space to Lindzen and to Rahmstorf. He betrays his own opinion only in a single sentence with a short parenthesis: "Climate change may not be the world's most pressing problem (as I am convinced it is not), but it could still prove to be the most complex challenge the world has ever faced."

The last five chapters of the Zedillo book are by writers from five of the countries most concerned with the politics of global warming: Russia, Britain, Canada, India, and China. Each of the five authors has been responsible for giving technical advice to a government, and each of them gives us a statement of that government's policy. Howard Dalton, spokesman for the British government, is the most dogmatic. His final paragraph begins:

It is the firm view of the United Kingdom that climate change constitutes a major threat to the environment and human society, that urgent action is needed now across the world to avert that threat, and that the developed world needs to show leadership in tackling climate change.

The United Kingdom has made up its mind and takes the view that any individuals who disagree with government policy should be ignored. This dogmatic tone is also adopted by the Royal Society, the British equivalent of the US National Academy of Sciences. The Royal Society recently published a pamphlet addressed to the general public with the title "Climate Change Controversies: A Simple Guide." The pamphlet says:

This is not intended to provide exhaustive answers to every contentious argument that has been put forward by those who seek to distort and undermine the science of climate change and deny the seriousness of the potential consequences of global warming.

In other words, if you disagree with the majority opinion about global warming, you are an enemy of science. The authors of the pamphlet appear to have forgotten the ancient motto of the Royal Society, *Nullius in Verba*, which means, "Nobody's word is final."

All the books that I have seen about the science and economics of global warming, including the two books under review, miss the main point. The main point is religious rather than scientific. There is a worldwide secular religion which we may call environmentalism, holding that we are stewards of the earth, that despoiling the planet with waste products of our luxurious living is a sin, and that the path of righteousness is to live as frugally as possible. The ethics of environmentalism are being taught to children in kindergartens, schools, and colleges all over the world.

Environmentalism has replaced socialism as the leading secular religion. And the ethics of environmentalism are fundamentally sound. Scientists and economists can agree with Buddhist monks and Christian activists that ruthless destruction of natural habitats is evil and careful preservation of birds and butterflies is good. The worldwide community of environmentalists—most of whom are not scientists—holds the moral high ground, and is guiding human societies toward a hopeful future. Environmentalism, as a religion of hope and respect for nature, is here to stay. This is a religion that we can all share, whether or not we believe that global warming is harmful.

Unfortunately, some members of the environmental movement have also adopted as an article of faith the belief that global warming is the greatest threat to the ecology of our planet. That is one reason why the arguments about global warming have become bitter and passionate. Much of the public has come to believe that anyone who is skeptical about the dangers of global warming is an enemy of the environment. The skeptics now have the difficult task of convincing the public that the opposite is true. Many of the skeptics are passionate environmentalists. They are horrified to see the obsession with global warming distracting public attention from what they see as more serious and more immediate dangers to the planet, including problems of nuclear weaponry, environmental degradation, and social injustice. Whether they turn out to be right or wrong, their arguments on these issues deserve to be heard.