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Margo Thorning: R.I. should avoid the risky Kyoto path

MUCH PRAISE should be awarded to Governor Carcieri for not bowing to political pressures that ignore the harsh economic realities of the Regional Greenhouse Gas Initiative (RGGI).

Last month, seven Northeastern governors signed a pact committing their states to the RGGI, a cap and trade system intended to curb greenhouse-gas emissions. But RGGI proponents should pay close attention to the recent political struggle facing British Prime Minister Tony Blair.

In November, the prime minister's residence was the recipient of five tons of coal delivered by environmental protesters over the prime minister's recent reconsiderations of the Kyoto protocol into which he had led his country.

Blair, once a strong supporter of the tight caps on carbon emissions needed to meet the United Kingdom's Kyoto Protocol target, recently stated, "The blunt truth about the politics of climate change is that no country will want to sacrifice its economy in order to meet this challenge. But all economies know that the only sensible, long-term way to develop is to do it on a sustainable basis."

Mr. Blair added that solutions would come in part through the private sector in developing technology and science.

Data from the European Environmental Agency confirm Blair's suspicion in showing that the majority of the European Union's original 15 member states are not on track to meet their emission-reduction targets. New macro-economic analyses show that the U.K., Germany, Italy and Spain will face painful reductions in gross domestic product, increased unemployment, and sharp rises in electricity prices if they actually enforce the provisions of the Kyoto Protocol.

If the U.K. were to meet all of its

Kyoto obligations, the price of home-heating oil would rise by 44 percent; gasoline and diesel prices would rise 7 to 9 percent; industry would pay nearly 47 percent more for natural gas; and electricity prices would be nearly 35 percent higher.

The forecasts are no better for those U.S. states involved in RGGI, which would obligate states to cap emissions of carbon dioxide would at current levels -- about 121 million tons annually - - from 2009 to 2015.

Incremental reductions over four years would then aim to curb emissions by 10 percent by 2019.

Economic-consulting firm Charles River Associates has analyzed the economic impact of similar such regulations and found that households, workers and state budget receipts would all be hurt -- stemming from the fact that under present technology, the only way to reduce near-term emissions is to curtail economic activity.

Such regulations would result in some industrial production in Northeastern states relocating to other states where no emission limits exist. A region-wide carbon-trading program -- in effect a tax -- would ensure that the marginal cost of abatement would be equalized among the seven Northeastern states, but regulatory costs would be added to, for example, Rhode Island's electricity prices, already the eighth highest in the U.S.

Unfortunately, those who will be forced to bear the costs of RGGI would be those who can least afford it. The poor and elderly would bear much harsher burdens under these emission-reduction policies than would higher-income and younger households, because they spend more of their budgets on energy.

Given the similar economic predicaments currently facing the U.K., it is no

surprise that Tony Blair is giving the approach to combating climate change a "rethink" -- focusing not on a cap-and-trade system, but on encouragement of the private sector to develop new, clean and green methods of developing energy and reducing the rate at which greenhouse gases are emitted.

Energy use and economic growth go hand in hand, so helping the developing world (where most emission growth will occur) get improved access to cleaner, more abundant energy should be our focus. Near-term greenhouse-gas-emission reductions in the developed countries should not take priority over maintaining the strong economic growth necessary to keeping the U.S. one of the key engines for global economic growth.

Even members of European Parliament from diverse political affiliations see this reality as they recently signed a statement stressing the need for alternative solutions: "The development of renewable energy is important, but we also believe that the goal of securing Europe's energy future cannot be truly achieved unless the role of other technology development and other energy supplies such as nuclear and cleaner fossil fuels is fully incorporated into E.U. policy."

Fortunately, Governor Carcieri heeded the economic red flags of RGGI before committing Rhode Island to the same fate as the Kyoto-ratifying countries. Going down the Kyoto path would only shrink Rhode Island's industrial base, reduce employment and will have no perceptible impact on the growth in global emissions.

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