

The Economist

August 19, 2006

Clearing the air; Greenery in California

A chance to see the hills again from the San Joaquin Valley

Are the pressures of industry and a growing population conspiring to spoil the Californian dream? According to the state-sponsored California Climate Change Centre, California's 36m car-addicted residents already breathe America's worst air, with 90% of them living in areas that violate the state's air-quality standards. The rich fields of the San Joaquin Valley sit under a cloud of pollution so thick that the surrounding mountains can barely be seen; the brown layer of air over Los Angeles, which produces spectacular sunsets, also contributes to a statewide count of some 8,800 deaths and \$71 billion in health-care costs a year.

Moreover, worse is supposedly to come. "By mid-century, extreme heat events in urban centres such as Sacramento, Los Angeles and San Bernardino could cause two or three times more heat-related deaths than occur today," says the Centre's latest report. With less snow likely on the Sierra Nevada, there will be less water for both agriculture (a \$30 billion industry employing 1m workers) and cities. By the end of the century, California's already frequent wildfires could increase by anywhere from 30% to 90%. Rising sea levels could erode those magnificent beaches and lead to coastal flooding.

So what is a canny politician to do? Evidently, propose some green-sounding measures and hope they work. This week the state's lawmakers in Sacramento, pressed by an end-of-August deadline, began their final wrangles with Assembly Bill 32, which would make California the first state in the country to impose pollution caps on smog-making industries. Last year California was the world's 12th-biggest producer of greenhouse gases, and the heroic aim of the new bill is to reduce these to their 1990 levels by 2020, which would mean a cut of 25% from projected levels.

All this makes great electoral sense in a state where 80% of the residents say global warming is a "very or somewhat serious threat" to California's quality of life. Arnold Schwarzenegger, who is seeking reelection as governor in November, is particularly keen to burnish his green credentials. Last year, for example, he set the goals that underlie the new bill. Greenhouse gases must be down to their 2000 level by 2010, to 1990 levels by 2020 and, amazingly enough, 80% below 1990 levels by 2050. Last month he signed an agreement with Britain's prime minister, Tony Blair, that could lead to the transatlantic trading of carbon-dioxide pollution credits. Two years ago his administration announced that from 2009 it will impose on carmakers mandatory reductions of greenhouse gases from

their vehicles, the first such regulation in the country.

Yet at least some of the political effort could turn out to be a lighter shade of green, for the simple reason that business groups, whose donations fill the campaign coffers, are unhappy. The American Council for Capital Formation says that AB32 is likely to cause "leakage" of industry and jobs to states with no emissions caps; and, because of population growth, it will in practice yield no net reduction in greenhouse gases. The California Chamber of Commerce, normally a loyal supporter of the governor, calls AB32 and his strategy on global warming "a job killer" which will increase costs for California businesses and cramp economic growth.

Mr Schwarzenegger, stung by that charge, is now proposing that the bill should be amended so that its deadlines can, if necessary, be extended. The Democrats are not impressed by this backsliding, but doubtless the voters will hardly notice, or may even be reassured. As for the green lobby, its view is that business is scaremongering. The National Resources Defence Council reckons the proposed curbs on pollution would save the state money that would otherwise be spent on importing oil. It would also put California at the head of a "clean technology" industry which, with global warming, can only grow bigger.