



The High Costs of Kyoto

by David Hogberg

On the issue of global warming, consider recent columns by *New York Times* columnist Bob Herbert. He begins one column by ominously stating that the “earth has recently warmed so much, and the rate of warming is now so fast, that the effects have become increasingly obvious to the scientist and the layman alike.” The effects of the warming are that the “oceans are rising, mountain glaciers are shrinking, low-lying coastal areas are eroding, and the very timing of the seasons is changing,” and that the “decade of the 1990s was very likely the hottest of the last millennium.” “If there were such a thing as a global alarm bell,” Herbert warns, “now would be an excellent time to ring it.” Although most of these claims range from the controversial to the dubious — as presented in the last two BRIEFS — this does not prevent Herbert from stating that we should “mount an international effort to cut the emissions of greenhouse gases to an extent that would ward off a global catastrophe. It’s possible. But there is not a lot of time left.”¹

Presumably, the “international effort” that Herbert is referring to is the “Kyoto Protocol.” The Kyoto Protocol attempts to remedy global warming by requiring nations to reduce their output of greenhouse gases. Under this treaty, the U.S. is required to reduce carbon dioxide emissions to 7 percent below 1990 levels by the year 2012. In stark contrast to their hysteria over global warming is the left’s unbridled optimism regarding the potential economic effects of implementing the Kyoto Protocol. President Clinton claimed that a reduction in CO₂ can be achieved “with existing technologies or those already on the horizon, in ways that will not weaken the economy but in fact will add to our strength in new businesses and new jobs.” A report issued by the U.S. Department of Agriculture states that enacting Kyoto will cause energy prices to rise only between 3.2 to 7.7 percent and cause agricultural income to decrease by only 0.5 percent. Environmental groups like the Sierra Club and Environmental Defense — from which Bob Herbert gets much of his information — don’t even mention the possible economic costs of combating global warming on their websites. Other groups, like the National Environmental Trust, feel so confident that they dismiss warnings about the harmful economic threats of Kyoto as “empty threats.”²

Yet analysis by numerous independent organizations, and even some government agencies, conclude that the effects on our economy will be severe. In a 1997 study, the independent Wharton Econometric Forecasting Associates, Inc. (WEFA) found that if the Kyoto Protocol were implemented, the U.S. would lose \$3.3 trillion in output between 2001-2020, and employment would decline about 0.7 percent in 2005, 1.3 percent in 2010, and 0.9 percent 2020. Clinton’s own Department of Energy has predicted a \$397 billion loss in Gross Domestic Product in 2010. For the individual American earning approximately \$30,000 per year, this means a loss of 2.9 percent in income (\$879) for those in manufacturing jobs, and a 1.8 percent loss (\$540) for those in non-manufacturing jobs. In the state of Iowa, the Kyoto Protocol would result in a 2.2 percent loss in output and a 2.5 percent loss in employment in the trade sector by 2010. In the service sector of the Iowa economy 1.9 percent output loss and 1 percent employment loss would occur.³ With adverse effects on trade and service, Kyoto has the potential to damage two very significant sectors of our economy.

A Publication of:

Public Interest Institute at Iowa Wesleyan College

600 North Jackson Street

Mt. Pleasant, Iowa 52641-1328

Phone: 319-385-3462 Fax: 319-385-3799

E-Mail: public.interest.institute@limitedgovernment.org Web Site: www.limitedgovernment.org

Agriculture is another sector of the economy that would suffer under the Kyoto Protocol. Terry Francel of the Heartland Institute predicts that energy prices could rise 25 to 50 percent. This would increase farm production expenses between \$10 and \$20 billion per year, resulting in a net decline in farm income by 24 to 48 percent. WEFA predicts that the state of Iowa will experience a 2.3% decline per year in agricultural output.⁴ Agriculture will suffer enormously if Kyoto is implemented.

Public health will also suffer if Kyoto becomes environmental policy. One way to decrease CO₂ emissions is to increase the fuel efficiency of cars. To increase fuel efficiency would mean reducing automobile size and weight, two important factors of automobile safety. A study by Frank B. Cross and Herbert D. Kehlleher estimates that increasing average fuel economy nationwide from 27.5 to 40 miles per gallon will result in an additional 1,650 fatalities and 8,000 injuries on the nation's highways. The authors have also found that the Kyoto-caused reduction in personal income will result in increased public health problems, with a disproportionate share of the burden falling on the poorest of Americans.⁵

Like other government policies, the Kyoto Protocol will be "no free lunch." It will have immense costs for the U.S. Longer unemployment lines, declining standards of living, decreased agricultural output and increased public health problems — these are the likely effects of implementing the Kyoto Protocol, all for a global warming phenomenon that probably doesn't exist.

ENDNOTES:

¹ Bob Herbert, "The Danger Point," *The New York Times*, July 6, 2000, found at <http://www.nytimes.com/library/opinion/herbert/070600herb.html>, and "Cold Facts of Global Warming," *The New York Times*, July 10, 2000, found at <http://www.nytimes.com/library/opinion/herbert/071000herb.html>

² Schaefer, Brett D. "How the Global Warming Treaty Will Harm the Economic Health of the States," *The Heritage Foundation Backgrounder*, No. 288, November 21, 1997, found at <http://www.heritage.org/library/categories/enviro/bu288.html>. Nadler, Richard. "Will the Kyoto Protocol wreck U.S. agriculture?" *Environment News*, found at <http://www.heartland.org/environment/aug99/kyoto.htm>. The National Environmental Trust. "Global Warming: Facts Not Fiction."

³ Schaefer, Brett D. "How the Global Warming Treaty Will Harm the Economic Health of the States," *The Heritage Foundation Backgrounder*, No. 288, November 21, 1997, found at <http://www.heritage.org/library/categories/enviro/bu288.html>. "Kyoto Protocol's impact on U.S. economy," *Environment News*, found at <http://www.heartland.org/environment/may99/economy.htm>.

⁴ Schaefer, Brett D. "How the Global Warming Treaty Will Harm the Economic Health of the States," *The Heritage Foundation Backgrounder*, No. 288, November 21, 1997, found at <http://www.heritage.org/library/categories/enviro/bu288.html>.

⁵ Cross, Frank B. "Could Kyoto Kill? The Mortality Costs of Climate Policies," *Environmental Studies Program*, (Washington, D.C.: Competitive Enterprise Institute, October 1998.)

David Hogberg is a Research Analyst with Public Interest Institute.

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