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The G-8 Summit: President Bush Must Stand Firm on Global Warming

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At the forthcoming G-8 summit in Heiligendamm, Germany, America will face intense pressure to agree to a post-Kyoto deal on climate change that includes far-reaching mandatory targets to cut carbon emissions. G-8 President and German Chancellor Angela Merkel has personally endorsed increasing pressure on the Bush Administration to reverse its current environmental policies, despite the United States' superior performance in emissions reduction so far.¹

President Bush's May 31 remarks on the G-8 and climate change have led to speculation that he may reverse course and agree to binding targets on greenhouse gas emissions. This would be a mistake. The Administration should actively reject entreaties from fellow G-8 nations to agree to growth-sapping controls on energy use and instead continue its successful model in favor of economic development. It must also encourage the G-8 to live up to the themes developed at the 2005 Gleneagles Summit, where the Administration placed the objective of reducing greenhouse gas emissions firmly within the context of economic growth and poverty eradication in the developing world.

The 2005 Gleneagles Summit and Today. When Tony Blair put climate change at the top of the G-8 agenda in Gleneagles in 2005, he was well aware that a mixed policy picture would emerge. The Bush Administration walked a public policy tightrope and agreed to a final communiqué which addressed environmental policy on a number of fronts, including technology- and investment-based solutions.

Contrary to the Gleneagles agreement, however, Europe has failed to concentrate on policies other than Kyoto's cap-and-trade approach. The EU has arbitrarily capped member states' emission levels and then forced companies and groups to buy carbon credits elsewhere. Europe not only remains firmly committed to this approach for a Kyoto II deal but also is increasing pressure on the U.S. to sign up as well.

Chancellor Merkel has said she will offer a post-2012 deal at this year's G-8 summit whereby Europe would increase its proposed emissions cuts from 20 percent to 30 percent "if international partners come on board."² In turn President Bush announced at the White House on May 31, "By the end of next year, America and other nations will set a long-term global goal for reducing greenhouse gases. In addition to this long-term global goal, each country would establish midterm national targets."³ These proposals come in advance of not only the G-8 summit but also the United Nations' Kyoto II conference scheduled for December.

Science and Policy. The big problem is that the EU's environmental policymaking is based on doomsday scenarios of global warming, rather than sound science.

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Most scientists agree that mankind's emissions of carbon dioxide have had a marginal warming effect, but there is no scientific consensus that global warming will cause catastrophic climate change.⁴ For example, the U.N.'s Intergovernmental Panel on Climate Change (IPCC) projects sea-level rise of 7 to 23 inches over the next century, not the 18 to 20 feet discussed in former Vice President Al Gore's book *An Inconvenient Truth*. And suggestions of a facile cause and effect link between global warming and damaging hurricanes like Katrina actually contradicts the scientific consensus.⁵ Alarmism is just not the consensus. For example, the 2006 Stern Review on the Economics of Climate Change which attempted to measure the effects of global warming on the world economy has been especially discredited for its multiple analytical weaknesses.⁶ Therefore, the U.S. should take prudent steps to increase the reliability of global climate predictions before adopting far-reaching public policies in this area.

The United States must also ensure that any climate change policies have benefits that outweigh their costs. While the costs of global warming are often exaggerated and over-politicized, little consideration has been given to the costs associated with mandatory targets. Even if the U.S. had ratified the Kyoto Protocol, and even if Europe and others were in full compliance with it, the treaty would avert a mere 0.07 degrees of Celsius temperature increase by 2050, at a cost to the United States of \$100 bil-

lion to \$400 billion in annual GDP losses.⁷ The U.S. must carefully weigh both the costs and benefits of environmental policy before embarking on any post-Kyoto deal.

The Way Forward. German Environment Minister Sigmar Gabriel recently stated that the developing world will only deal with climate change once "industrial nations do justice to their responsibility."⁸ The United States has already taken the lead. America continues to lead the world with its development of cleaner technologies and should continue to insist that investment in new, clean technologies is a key agenda item at Heiligendamm. Low-emitting energy systems offer a profound opportunity for the developing world to deliver a lower carbon footprint without mortgaging their economies.

A technology-based approach also offers the market the opportunity to find the winners and losers in future alternative energy sources. The public already trusts private enterprise over government to take the lead in reducing emissions. In response to the Stern report, a Populus poll revealed that 69 percent of British people see businesses as the most effective agents in combating threats to the environment, and 74 percent agreed that technological innovation, rather than government intervention, is the best way of dealing with future environmental challenges.⁹ Indeed, the President's May 31 remarks are consistent with this course. He emphasized both the need for global involvement and the importance

1. From 2000 to 2004, U.S. greenhouse gas emissions increased by 1.3 percent while EU-25 collective emissions increased by 2.1 percent. See Kurt Volker, "Post-Kyoto Surprise: America's Quiet Efforts to Cut Greenhouse Gases are Producing Results," Remarks to the German Marshall Fund, February 12, 2007.
2. The German Embassy and Washington Consulate, "European Council—Historical Agreement on Climate Protection," March 9, 2007, at www.germany.info/relaunch/politics/new/pol_EU_Council_2_3_2007.html.
3. The White House, "President Bush Discusses United States International Development Agenda," May 31, 2007, at www.whitehouse.gov/news/releases/2007/05/20070531-9.html.
4. Iain Murray, "What Every European Should Know About Global Warming," Competitive Enterprise Institute, July 20, 2005, at www.cei.org/pdf/4691.pdf.
5. See World Meteorological Organization, "Summary Statement on Tropical Cyclones and Climate Change," November 30, 2006, at www.wmo.ch/web/arep/arep-home.html.
6. "The Stern Review: A Dual Critique," *World Economics*, Vol. 7, No. 4 (2006), at www.staff.livjm.ac.uk/spsbpeis/WE-STERN.pdf.
7. Energy Information Administration, "What Does the Kyoto Protocol Mean to U.S. Energy Markets and the U.S. Economy?" October 1998, p. 22, at <http://tonto.eia.doe.gov/FTP/ROOT/service/oi/f9803s.pdf>, and Thomas Wigley, "The Kyoto Protocol: CO₂, CH₄ and Climate Implications," *Geophysical Research Letters*, Vol. 25, No. 13 (1998), pp. 2285–88.
8. "German minister says he regrets difficulties with U.S. on climate change," *International Herald Tribune Europe*, May 28, 2007, at www.iht.com/articles/ap/2007/05/28/europe/EU-GEN-Germany-US-Climate-Change.php.

of technology in creating economically practical means of reducing future emissions of greenhouse gases.¹⁰ The United States must insist on policies that utilize the private sector in technology development and innovation. Government intervention through subsidies merely presents another recipe for disaster.

Friends and Allies. The European Union would have the world believe that America has alienated the world over climate change policy. In fact, the Asia-Pacific Partnership on Clean Development and Climate is an agreement by which both developed and developing nations can coordinate the creation and deployment of clean technologies. It is a growth-based approach that actively engages the critically important economies of China and India, and it is far more flexible and workable than the cap-and-trade approach.

Binding limits for developing countries will limit their competitiveness, stunt their growth, make compliance less likely in the long run, and probably send jobs to even less clean countries. Therefore, an integrated approach is needed to jointly address the challenges of human development, energy, and emissions cuts. The Administration must prioritize wealth-creation as a key policy in combating and adapting to climate change phenomena. A nation with a strong economy can better deal with whatever challenges the future brings—global warming-

induced or otherwise—than a nation whose economy has been weakened by decades of growth-inhibiting measures like Kyoto.

Conclusion. There are risks to global warming, but there are also risks to global warming policies, and the latter could easily outweigh the former. The Kyoto Protocol is proving costly and problematic, and most of the European signatories are not even on track to meet its requirements.¹¹ If the U.S. takes ill-conceived actions, many U.S. jobs will wind up in Kyoto-exempt nations such as China and India that will continue to emit greenhouse gases at higher rates per GDP than the U.S. Rather than ratcheting down emissions via energy-rationing caps, the U.S. has embarked on research efforts to develop new technologies that are more carbon friendly and reached out to both developed and developing nations to coordinate the creation and deployment of these technologies. The current global warming hysteria cannot last much longer, because it is unsupported by the scientific facts. In the interim, the United States must resist cap-and-trade measures, which would be costly and difficult to reverse.

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9. Sacha Kumaria and Peter Nolan, "Public Perceptions of the Economics and Politics of Climate Change," Submission for the Stern Review, The Stockholm Network, at www.hm-treasury.gov.uk/media/27C/1F/sacha_1.pdf.

10. The White House, "President Bush Discusses United States International Development Agenda."

11. "Europe V. American on CO₂," December 20, 2006, The Wall Street Journal Online, at <http://online.wsj.com/article/SB116606091947649743-search.html>.