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HEADLINE: Cost of fighting global warming draws heated debate

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KYOTO, Japan - If global warming from pollution and cutting down forests is happening - and a growing number of mainstream scientists say it is - then somebody will have to pay the cost of fighting it.

That's much easier said than done. Economists don't agree on how much it will cost to head off the worst effects of a climate heated up by emissions from fossil fuels and other sources.

Negotiators working in Kyoto on a deal to limit industrialized nations' emissions of "greenhouse gases" can take their choice of economic forecasts.

Vice President Al Gore, who spoke Monday at the U.N. Framework Convention on Climate Change, says the United States' plan will boost the economy, not hurt it.

Delegates from most of the world's nations were still haggling Monday over how, when and how much to cut greenhouse gas emissions.

Despite some encouragement after Vice President Al Gore's offer of new flexibility, the possibility remained that the talks will end Wednesday with no agreement.

Some American industry groups have set up shop in Kyoto to argue against any treaty. They say clamping down on fossil-fuel use will cost billions of dollars and hundreds of thousands of American jobs.

"If the United States takes these steps by itself, the consequences would be very serious," said David Montgomery, an economist working for the Global Climate Coalition. It is a U.S. group backed by oil, mining and manufacturing companies that either sell or rely on fossil-fuel energy.

Other U.S. business interests, as well as environmental groups, are in Kyoto to say the pessimists have it all wrong. If the plan is a good one, they say, there's money to be made from the new energy sources and technologies that will dominate the future.

An economy that spends less on oil and doesn't pollute the planet, they argue, will be a much stronger one.

The Kyoto climate talks go far beyond dueling economic theories.

In time, the agreement that could emerge by Wednesday might change the way Americans light their homes, run their cars and power their factories - the biggest revolution in energy use since coal replaced wood, some businesspeople here say.

"Once concluded, this treaty will affect the economic order of the globe, the well-being of every citizen of the Earth, and the Earth itself," said Kevin Fay, executive director of the International Climate Change Partnership. The group represents U.S. corporations that say they could profit from a well-designed global warming plan.

Studies by the private World Resources Institute in Washington, D.C., and Columbia University's Columbia Earth Institute show why the cost estimates vary so much: What the economists find depends largely on what they expect to find.

If one assumes that everything will go wrong - a bad plan, badly implemented - then cutting emissions would hurt the U.S. economy by about 2.5 percent by 2010. But do the same calculations with optimistic projections and the economy actually benefits by about 2.25 percent, said Columbia economist Graciela Chichilnisky.

Doing nothing is sure to cost billions, too, said Dr. Robert Watson, chairman of the Intergovernmental Panel on Climate Change, the world's leading expert group on global warming.

The droughts, floods, coastal land loss and disease outbreaks resulting from a heated climate could cut the world's economic output up to 2.5 percent by itself, said Dr. Watson, who works for the World Bank. "We must become a much less carbon-dependent society."

The stakes for changes in energy use are especially high in oil-rich, oil-dependent Texas. Cuts in the oil industry would mean lost jobs and would reduce investments crucial to many areas, says Texas Citizens for a Sound Economy, a group opposing the climate treaty.

Texas environmentalists and some businesspeople counter that Texas is also in a unique position to benefit from action on global warming. The state's reserves of cleaner-burning natural gas, as well as West Texas' unlimited potential for wind and solar power, could make Texas a winner, says the Sustainable Energy and Economic Development Coalition, an Austin-based group.

Emissions are rising in all industrialized countries except the former Soviet Union and Eastern Europe, where the oldest, dirtiest plants have been shut down for economic reasons.

The U.S. goal is to return emissions to their 1990 levels by 2012. In 1993, President Clinton endorsed a much more ambitious goal that President Bush had agreed to: getting back to 1990 levels by 2000. For that reason, said climate scientist Bert Bolin, former head of the Intergovernmental Panel on Climate Change, it's time to prod economies to change.

In the meantime, the panel said, big reductions in emissions are already technically possible and economically feasible in every part of the economy - 10 to 30 percent in energy alone. Whether that happens, it said, depends on how serious the effort is.

The Global Climate Coalition, the U.S. business group fighting a treaty, assumes that it will take hefty taxes on fossil fuel use to discourage it. The group cites one study saying carbon taxes would cut the economy by 2.3 percent, or \$ 203 billion.

"They're going to cost us jobs," said coalition executive Connie Holmes.

American business does not speak with one voice at Kyoto. Groups such as the International Climate Change Partnership, the International Chamber of Commerce and the World Business Council for Sustainable Development support the climate treaty's goals - in large part to be on the winning economic side.

"The outcome of this process will benefit those industries that seize the opportunity," said Mr. Fay, the International Climate Change Partnership's executive director.

Dr. Chichilnisky, the Columbia University economist, has pioneered plans for a market-based system to cut emissions. Nations that help solve the problem - by preserving carbon-absorbing forests, for example - could sell credits to those that need to keep cranking out emissions.

The United States already does that with sulfur dioxide emissions, letting utilities that clean up their emissions sell credits to those that can't afford to. The result has been an inexpensive cleanup.

There's no room for a carbon tax in Dr. Chichilnisky's approach, which has won support from industry leaders, environmentalists, the World Bank and the Clinton administration. "The market is much more efficient," he said.

Economics and fairness are even more compelling issues in poorer countries. The average American is responsible for 12 times as much in greenhouse gas emissions as the average person in China, a fact that has caused no end of headaches for American delegates trying to get developing countries to limit their emissions.

In Peru, where 34 percent of the people have no electricity at all, there's nothing to cut. "There is not a serious effort worldwide to improving renewable energy," said Peruvian delegate Patricia Iturregui.

In tiny Bhutan, one of the planet's poorest nations, putting a solar energy panel in a remote village costs a pittance in United States terms - just \$ 1,500, said Dechen Tsering Gyaltshen, a government environmental planner.

But in a country where the average person earns \$ 170 a year, "That is a few years' earnings," Ms. Gyaltshen said.

GRAPHIC: PHOTO(S)