

You want costly? Try doing nothing

By Bob Doppelt

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The first major greenhouse gas reduction bill to hit the Senate floor — introduced by Joseph Lieberman, I-Conn., and John Warner, R-Va. — crashed and burned two weeks ago when supporters fell six votes short of the 60 needed to end a Republican filibuster. Congressional action on climate change is now all but dead until next year.

I was never wild about the Warner-Lieberman act. I'm not convinced it would have produced the needed results. But that's not the point. Opponents claimed the costs of the bill were too high. Even though Sen. Gordon Smith of Oregon said he supported ending the filibuster, he voiced concern about the costs.

After reviewing the arguments used to kill the bill, it became clear that the debate was one-sided and misleading. Global warming produces at least four types of costs.

First, there are direct costs resulting from the damage produced by an increasingly unstable climate. More intense flooding, windstorms, droughts, crop failures and rising sea levels are costly. A recent report by the Global Development Institute at Tufts University projects that if greenhouse gases are not substantially reduced, the Atlantic and Gulf Coast regions will experience average hurricane damage of \$422 billion by the end of the century, along with rising loss of life.

Job loss is another direct cost of global warming. The collapse of the salmon fishery this year, which has been linked to global warming, put 1,000 commercial fishermen out of work and triggered other job losses in coastal communities. The shutdown also killed recreational salmon fishing that the American Sportfishing Association estimates is worth \$4 billion.

Real estate losses from rising sea levels, according to the Tufts report, will skyrocket under a business-as-usual emissions scenario. Even if rising water near large cities can be controlled with seawalls, storm surges will cause coastal residential real estate damage of \$360 billion per year by 2100.

In addition to the direct costs of damage, preparing for and adapting to climate change will be expensive. Upgrading roads, transmission lines and sewer systems to withstand more intense storms is an example of the costs of preparation. The Tufts report projected that global warming will increase the risk of drought or reduce rain at the times when it is needed most, requiring \$950 billion more per year by 2100 to provide the U.S. population with water.

Now, we can put a dollar figure on such direct costs of global warming and the costs

of preparation.

But other costs are difficult to calculate. Consider that a community's quality of life is diminished when an industry such as commercial fishing is shut down. Aside from lost income and tax revenue, there is increased financial strain on public services when climate refugees flee. This happened after Hurricane Katrina. These hard-to-quantify costs are likely to be much larger than the direct costs of damage or preparation.

Finally, there are costs involved with reducing greenhouse gas emissions. These are the costs that opponents of the Lieberman-Warner bill complained about.

The Pew Center on Global Climate Change recently examined the models used by eight different conservative, liberal, government and academic organizations to determine the costs of the Lieberman-Warner climate bill. Each based their assessments on different assumptions and consequently reached different conclusions. The costs range from 0.27 percent of gross domestic product by 2020 projected by the U.S. Energy Information Administration to 1.5 percent of GDP in a study done by CRA International produced for the mining industry.

One conclusion that stands out is that all of the assessments found that projected changes in GDP reflect a reduction in future expected growth — not an absolute reduction. In other words, each of the groups found that the economy would still grow, just at a lower rate.

This is consistent with the studies by the Intergovernmental Panel on Climate Change that former World Bank chief economist Nicholas Stern led for the British government. Both found that action to resolve global warming would cost about 3 percent of global GDP while leaving the problem unchecked would reduce global GDP by 5 percent to 20 percent annually, which are levels equal to the Great Depression.

Despite the demise of the Lieberman-Warner proposal, governments are certain to debate climate bills for years to come. When considering these proposals, be skeptical of arguments that fail to address the full range of costs. And, remember that the choice appears to be between slower but continued growth — if we act to fix the problem — compared to dramatic reductions in GDP if we don't.

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Bob Doppelt (bob-cwch@att.net) is director of resource innovations at the University of Oregon; he also directs the UO's Climate Leadership Initiative. He is writing a series of columns on climate change for The Register-Guard.

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