

**Remarks of Governor Christine Todd Whitman,  
Administrator of the U.S. Environmental Protection Agency,  
at the  
EPA Conference on Market Mechanisms and Incentives  
Washington, D.C.**

**May 1, 2003**

Thank you, Tom, for that introduction. I'm pleased to be with you today for this important conference. There is a simple truth underlying this meeting – a truth that I believe needs to be applied more broadly to this country's approach to environmental protection.

That simple truth is this: the power of the market can bring about powerful environmental results. It can help us leave America's air cleaner, its water purer, and its land better protected than we found it – which is, after all, the true measure of environmental success.

Over the years, the EPA has made good use of market-based incentives to produce environmental results. You can go as far back as 1977, when the Clean Air Act was amended to allow for market-based offsets and trading to reduce air pollution. Over the years, additional efforts, such as the Acid Rain program, have used the power of the marketplace to improve our living place – planet Earth.

The evidence is there – market mechanisms and incentives work – especially when they are based on sound science, and not political science – and when they also factor in economic science. The acid rain program is Exhibit 1 – it has reduced acid rain quicker, at less cost, and with greater compliance than anyone expected – and has far outperformed its regulatory counterparts. There's no doubt that the invisible hand of the market can outperform the heavy hand of regulation.

This year, President Bush is working to extend the power of the market even further, to achieve even greater improvement in America's air quality. In his State of the Union address in January, the President identified passage of his Clear Skies Act of 2003 as one of his top environmental priorities for the year. I'd like to tell you about Clear Skies.

Clear Skies is a mandatory, market-based program that will bring about the greatest air quality improvements in a decade. It also represents the most aggressive effort in history to reduce air pollution from electric utilities.

Clear Skies will sweep away all the ambiguity and confusion that the complex web of current laws and regulations engender. It will do that by requiring mandatory reductions – that's mandatory reductions – of 70 percent in three of the most dangerous air pollutants emitted by power plants – nitrogen oxides, sulfur dioxide, and mercury. But rather than have EPA tell every utility what it has to do with every smokestack at every power plant, Clear Skies will use a cap and trade program to achieve significant pollution reduction.

Over the first ten years, Clear Skies will remove 35 million more tons of NO<sub>x</sub>, SO<sub>2</sub>, and mercury from the air than would be achieved by the current Clean Air Act in the same time frame. We will do it without inviting endless litigation and without sending energy costs sky high.

Clear Skies will also bring important health benefits to the people of the United States. Every year, Clear Skies will prevent 12,000 premature deaths and will eliminate the need for hundreds of thousands of hospital visits. It will also reduce by 15 million the number of days each year when millions of asthma sufferers and others with respiratory illnesses can't go to work, school, or carry out their normal day to day activities.

I should also mention that we are calling this plan "Clear Skies" for a reason – because it truly will make America's spacious skies noticeably clearer. We project improvements in visibility of 3 to 4 deciviews, which is the visual equivalent of a decibel. When one deciview yields a perceptible improvement in visibility, achieving a 3 to 4 deciview improvement means you won't be able to miss the improvement Clear Skies will deliver.

In addition, Clear Skies will help the hundreds of counties that are currently in violation of fine particle and ozone standards. Today, the responsibility of bringing those counties into attainment falls to the states and localities – who often pass the buck to local businesses and consumers. Under Clear Skies, the vast majority of these counties will be brought into attainment – without forcing states and localities to pass more regulations to achieve greater reductions.

This approach is not some theoretical experiment. It is modeled on the most successful air quality program of recent years – the acid rain program that I mentioned a few minutes ago. It is also predicated on that simple truth I mentioned at the outset – never underestimate the power of the market to produce environmental results.

Of course, we are not limiting our market-based efforts to one program. There are numerous other areas where we are unleashing the power of the markets to produce real results. Earlier this year I announced our new Water Quality Trading program. You've already heard about some of the local successes water quality trading has brought about. We want to extend those successes all across the country.

The 11 pilot projects we've initiated will help prove to the skeptics that by providing economic incentives to encourage positive environmental action, we can reduce the threat to America's watersheds from both point and nonpoint source pollution.

While wading around in water issues, I should also mention that we are working on proposals to promote market incentives for wetlands protection by private land owners. In cooperation with a number of our federal partners, including the Army Corps of Engineers and the Departments of Interior and Agriculture, we have reaffirmed our commitment to "no net loss" of wetlands and have made a new commitment to using market mechanisms and incentives to meet that goal.

In addition, we are working to marry the need to cleanup America's brownfields with incentives for productive reuse for those lands once they are cleaned up. Last month, I announced EPA's new Land Revitalization Agenda. This program will use the economic incentives that come from the productive reuse of once-contaminated property to accelerate the cleanup of those properties.

Of course, in moving forward with programs such as these, we don't come up with something that sounds good and run out and do it. First, we do the research and the analysis to determine whether what sounds like a good idea really is a good idea. Only after testing that idea – and finding that it has merit – do we move forward. That's the difference between sound science and "political" science when it comes to environmental policy making.

That is why this conference will be so useful to us as we look at other ways we can extend market incentives to other specific areas of environmental protection. The various sessions being held are exploring some of our most important priorities. I look forward to hearing more about the ideas that they cover.

I also hope that this conference will help spark a wider dialogue – and eventually greater understanding by the public – of just how effective such approaches can be. All of us who know that market incentives work need to make sure we let others know the same thing.

The environmental challenges we face in this new century are different, and in many ways more difficult than those we faced 30 years ago. These challenges call for solutions that are designed and tailored to meet them. We can't afford to fight the last war on pollution – we have to be ready to fight the next one. By adding a full array of market mechanisms and incentives to our arsenal, we will be able to leave our air cleaner, our water purer, and our land better protected for our children and theirs.

Thank you.