



Statement before the House Select Committee on
Energy Independence and Global Warming

“Not Going Away: America's Energy Security, Jobs and Climate Challenges.”

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The views expressed in this testimony are those of the author alone and do not necessarily represent those of the American Enterprise Institute.

Chairman Markey, Ranking Member Sensenbrenner, Members of the Committee:

Thank you for inviting me to testify today on what continue to be important questions of the day: how can we best manage risks involving America's energy security, jobs and climate challenges?

I have submitted to the record two AEI policy studies on the issue before us today, which are a small part of the research that underpins my comments.

First and foremost, I believe that it is critical for America that we shift our focus from mitigation of greenhouse gas emissions toward an agenda of building energy and climate resilience.

Whether you believe that climate change is a looming disaster, or whether, as I believe, it is a real but exaggerated threat, there is no rational argument for continuing to focus on mitigating greenhouse gas emissions in the near and even mid-term.

It is time policymakers recognize that despite the claims of renewable energy and efficiency hucksters, we do not have the technologies needed to significantly curb greenhouse gas emissions without causing massive economic disruption.

And the money and attention that we are spending on mitigation efforts is largely wasted – even if we shut the U.S. and the EU down completely, the trajectory of emissions from China and India will negate the environmental benefit of our self-sacrifice in only a few years.

The fact is, mitigation is immiseration.

Let's start with cap-and-trade, which, while seemingly dead, could come back to haunt us in the future, or under other guises.

For emission trading to work certain conditions must apply: you need readily available technology to capture emissions, or less emission-intensive input fuels. You need a single regulatory jurisdiction; you need a single trading currency that can't be manipulated; you need the ability to confirm emission reductions; you need a manageable number of actors, preferably uniformly distributed; and you need to auction all permits to prevent rampant corruption of the scheme by rent-seekers and special interests.

Those conditions allowed emission trading in sulfur dioxide to work, but they are virtually non-existent when it comes to carbon dioxide. Even the economists who first developed the theory and practice of cap-and-trade have said that it is not a suitable mechanism for greenhouse gas control. It hasn't worked in Europe, and it won't work here.

All that cap-and-trade will do is raise energy costs, and raise the costs of goods and services. This will reduce consumption, leading to job losses and weaker international competitiveness for US firms.

The same is true of EPA's misguided efforts to use regulation to force down emissions of greenhouse gas emissions. There are few, if any, affordable, economically sustainable ways for major power producers or consumers to accomplish that task. The methods available to them (mostly a matter of switching from coal to natural gas for producing energy and fueling boilers) will render many businesses uncompetitive both domestically and internationally. The idea that there are efficiency gains just laying around for

companies to capture is a form of economic delusion. The ground is not littered with twenty and hundred dollar bills. Firms are not so stupid as to leave real potential gains from efficiency uncaptured.

Some people like to call those who doubt any part of the climate change canon “deniers.” Well, the real deniers are those who continue to deny fundamental economic reality: mitigating carbon emissions is costly, will harm our economy, will lead to greater unemployment, and will prolong the worst economic conditions many of us can remember.

In fact, we’ll likely make things worse through the unintended consequences of thoughtless policies. As the New York Times recently observed, while environmental groups and federal agencies are constraining domestic coal use, the coal is being exported to China, and because of the transportation, more emissions, not less are released into the atmosphere. The administration’s de facto moratorium on domestic oil and gas production, along with attacks on Canada’s tar-sand oil, will almost certainly result in greater, not lesser imports of oil from countries that dislike us, that fund our enemies, and that wish us harm.

So, if we shouldn’t regulate, and we shouldn’t institute emission trading, what can we do that is positive, reduces risk, and offers social benefits? First, we should stop making things worse. That is, we should remove the misguided incentives that lead people to live in climatically fragile areas such as the water’s edge, drought-prone locations, flood-prone locations, and so on.

At present, our federal and state governments exacerbate this risk-taking by acting as the insurer of last resort. When people who live at water’s edge or in a flood plain are hit by storms or floods, governments intervene not only to rescue them and their property if possible, but then to provide rebuilding funds to let the people build right back where they are at risk. We are currently doing this in New Orleans, where people are re-building in an area that is still at risk from storm surges and levee failure.

As Charles Perrow observes in his book *Our Next Catastrophe*: “State-mandated pools have been established to serve as a market of last resort for those unable to get insurance, but the premiums are low and thus these have the perverse effect of subsidizing those who choose to live in risky areas and imposing excess costs on people living elsewhere.”

Programs that subsidize climatic risk-taking should be phased out as quickly as possible, in favor of fully-priced insurance regimes. Rebuilding after disasters in climatically fragile areas should be discouraged. Eliminating risk subsidies would show people some of the true cost of living in climatically risky areas, and would, over time, lead them to move to climatically safer places where they can afford to insure their property and safety.

Another area we might profitably examine is our infrastructure. We currently build and manage our infrastructure with blithe disregard to pricing and sustainability; energy efficiency, or environmental resilience. For example, governments are good at building highways, but generally fail to incorporate a market-based pricing mechanism.

Thus, no price signal exists to show whether a highway should be elevated, re-routed, or abandoned, and no revenue stream is created to allow for any major changes. The same is true of fresh-water infrastructure, wastewater infrastructure, electricity, and other infrastructure. Establishing market pricing

of infrastructure would automatically and continuously steer people and investment away from climatically fragile areas, dramatically reducing the costs of dealing with climate variability.

And consider our water supply. Full pricing of water and full privatization of the water supply, drinking water plants, and wastewater treatment plants would ameliorate many climatic risks incrementally over time, including flooding, seawater intrusion, and coastal and river pollution from storm runoff. Charging the full price for water, from supply to disposal, would create a price signal for consumers regarding the real risks they face living in hydrologically sensitive areas and create incentives for conservation while producing a revenue stream to allow for expanded capability or the securing of alternative supplies. At some point, again, high prices could simply lead people to move away from areas that are hydrologically costly, such as cities dependent on a single winter snow pack that shrinks or a single major river that suffers reduced flow.

Another area where we are making things worse for ourselves is in zoning, and regulatory constraints on urban growth and migration. If the climate warms, and people want to move northward, they will, in many cases, find a welter of zoning regulations, federally protected lands, state-protected lands, anti-growth policies, and so forth that will hinder an adaptive response to climatic change. Restrictive zoning increases the costs of housing and construction, which could make it impossible for many people to move according to climate conditions: this is especially true of the poor.

Finally, I would suggest that we trust in resilience, but tie up our camel. In the event that climate change does tend toward higher estimates put forward by the United Nations and other groups, it is reasonable to consider insurance options that might help deal with such climate changes. Such options might include government investment in geoengineering research, investment in research and development to advance technologies allowing the removal of greenhouse gases from the atmosphere

Thank you for allowing me to speak to you today. I look forward to your questions.

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CURRICULUM VITAE

POSITIONS

Resident Scholar, Interim Director of the Center for Regulatory Studies,
American Enterprise Institute for Public Policy Research, 04/06 – Present.

Executive Director, Environmental Literacy Council, 06/05 – 04/06.

Director, Centre for Studies in Risk and Regulation, The Fraser Institute, 10/02 – 5/05.

Director of Environmental Program, The Reason Foundation, 9/94 – 9/02.

Environmental Policy Analyst, Hughes Aircraft Company, 9/91-9/94

EDUCATION

Doctorate in Environmental Science and Engineering (D.Env.), UC Los Angeles, 1994.

Master of Science in Biology (Molecular Genetics), San Diego State University, 1988.

Bachelor of Science in Biology (General Biology), UC Los Angeles, 1983.

SELECTED WORKS

Book(s)

K. Green (2002). “Global Warming, Understanding the Debate.” (New York: Enslow Publishers).

Book Chapters / Encyclopedia Sections

K. Green (2009). “Climate Feedbacks,” In Encyclopedia of Global Warming (California: Salem Press) (In press).

K. Green (2009). “American Enterprise Institute,” In Encyclopedia of Global Warming (California: Salem Press) (In press).

- K. Green (2009). "Second Assessment Report," In Encyclopedia of Global Warming (California: Salem Press) (In press).
- K. Green (2009). "Carbon Taxes," In Encyclopedia of Global Warming (California: Salem Press) (In press).
- K. Green (2009). "Gasoline Prices," In Encyclopedia of Global Warming (California: Salem Press) (In press).
- K. Green (2009). "The Hockey Stick," In Encyclopedia of Global Warming (California: Salem Press) (In press).
- K. Green (2009). "Polluter Pays Principle," In Encyclopedia of Global Warming (California: Salem Press) (In press).
- K. Green (2009). "Conservatism and Global Warming," In Encyclopedia of Global Warming (California: Salem Press) (In press).

Monographs/Policy Analyses

- K. Green (2010). "Should the Government Expand Telework?" (WDC: American Enterprise Institute).
- K. Green and Steven F. Hayward (2010). "The Dangers of Overreacting to the Deepwater Horizon Disaster," (WDC: American Enterprise Institute).
- K. Green (2010). "Countering Kerry's Catastrophic Climate Claims," (WDC: American Enterprise Institute).
- S. Hayward and Kenneth P. Green (2009). "Climategate and Climate Science," (WDC: American Enterprise Institute).
- K. Green (2008). "Climate Change: The Resilience Option," (WDC: American Enterprise Institute).
- S. Hayward and Kenneth P. Green (2009). "Waxman-Markey: An Exercise in Unreality," (WDC: American Enterprise Institute).
- K. Green, and Ben Eisen (2009). "The Environmental State of Canada: 30 Years of Progress," (Canada: Frontier Centre for Public Policy Research).
- K. Green, and Aparna Mathur (2009). "Indirect Energy and your Wallet," (WDC: American Enterprise Institute).
- K. Green, and Aparna Mathur (2008). "Measuring and Reducing Americans Indirect Energy Use," (WDC: American Enterprise Institute).
- K. Green (2008). "Incoherent at Best: the Energy Policies of Barack Obama and John McCain," (WDC: American Enterprise Institute).
- K. Green (2008). "Ethanol and the Environment," (WDC: American Enterprise Institute).
- K. Green (2008). "Is the Polar Bear Endangered, or Just Conveniently Charismatic?" (WDC: American Enterprise Institute).
- K. Green, Joel M. Schwartz, and Steven F. Hayward (2007). "Politics Posing as Science." (WDC: American Enterprise Institute).
- K. Green, Steven F. Hayward, Kevin A. Hassett (2007). "Climate Change, Caps Vs. Taxes." (WDC: American Enterprise Institute).

- K. Green (2006). “Bringing Down Gas and Oil Prices.” (WDC: American Enterprise Institute).
- K. Green, Ross McKittrick, and Joel Schwartz (2005). “Pain Without Gain: Shutting Down Ontario’s Coal-Fired Power Plants Would Hurt Ontario.” (Canada: The Fraser Institute).
- K. Green and Sylvia Leroy (2005). “Can Markets Save Canada’s Parks?” (Canada: The Fraser Institute).

Magazine and Newspaper Articles

- K. Green (2010). “Hayward Testimony: All That Was Missing Were the Water Boards,” *Forbes.com*.
- K. Green (2010). “Science Turns Authoritarian,” www.american.com
- K. Green (2010). “Green Energy Jobs? Not from Obama’s Big Government Meddling,” *U.S. News and World Report*
- K. Green (2009). “Get the U.N. Out of the Climate Business,” *Wall Street Journal Europe*.
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- K. Green (2009) “Cash Sequestration,” *Financial Post*
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- K. Green (2009). “Who Should Go First on Greenhouse Gas Controls?” www.american.com
- K. Green (2009). “Green Illusions.” *The Windsor Star*
- K. Green (2009). “Obama’s Green Team.” www.american.com
- K. Green (2008). “Will President-Elect Obama’s Energy Plan Work?” *CQ Researcher*.
- K. Green (2008). “Obama’s “Green Jobs” Plan Will Not Work.” www.american.com
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- K. Green (2008). “Polar Bear Risk Claims on Thin Ice?” *Orange County Register*.
- K. Green (2008). “The New Dissidents.” www.american.com
- K. Green (2008). “To Stop Global Warming, End Eco-Extremism.” *Fraser Forum*
- K. Green (2008). “It’s not Easy Being Green.” Washingtonpost.com
- K. Green (2008). “How Not to Address Climate Change.” www.tcsdaily.com
- K. Green (2008). “The Climate Gap and the 2008 Presidential Campaign.” www.tcsdaily.com

RECENT PRESENTATIONS

J.P. Morgan Power and Gas Conference (2010). “Our Energy Society.”

Giannini Foundation Conference (2010). “The Many Flaws of AB32.”

CATO Institute Seminar (2010). “Thinking About Energy.”

Construction Industry Roundtable (2010). “Does the U.S. Have a Realistic Energy Policy?”

Electricity Consumers Resource Council (ELCON) (2010). “U.S. Climate Policy: Consensus or Crisis?”

Institute for Strategic Studies (2009). “Security and Energy Security: Global Challenges”

Minneapolis Symposium on Climate Change (2009). “Cap and Trade, and the Green Jobs Illusion.”

Montana Energy Users’ Summit (2009). Keynote Address, “Climate Change, Science and Policy.”

American Enterprise Institute (2009). “The New Greening of America.”

KPMG Annual Energy Conference (2009). “Climate Policy Roundtable.”

American Enterprise Institute (2009). “Energy Transitions: The Time Factor.”

American Enterprise Institute (2009). “Deregulation Under Bush 43: Myths and Realities”

U.S. House of Representatives Conservative Opportunity Society (2009). “Cap-and-trade vs. Carbon taxes.”

American Enterprise Institute (2009). “A changing climate for Tariffs?”

2nd International Conference on Climate Change (2009). “Green Jobs, or a Sea of Red Ink?” New York, Heartland Foundation.

International Oxygen Manufacturers Association (2008). “Climate Science and Policy, an Update.”

Boston University (2008). “Boston University Great Debate.”

LEGISLATIVE / REGULATORY TESTIMONY

U.S. House Subcommittee on Africa and Global Health (2010). “Managing Climatic Risk in Africa.”

U.S. Senate Committee on Finance (2009). “Climate Change Legislation: Consideration for Future Jobs.”

U.S. Senate Committee on Environment and Public Works (2009). “Legislative Hearing on S. 1733, Clean Energy Jobs and American Power Act.”

U.S. House Select Committee on Energy Independence and Global Warming (2009). Building U.S. Resilience to Global Warming Impacts.”

U.S. Senate Committee on Environment and Public Works (2009). “Scientific Transparency and Integrity.”

U.S. Senate Committee on Environment and Public Works (2007). “Green Jobs.”

PROFESSIONAL ACTIVITIES/AFFILIATIONS

Periodic grant and proposal reviewer for the U.S. EPA

Member of Council of Officials, Scholars, and Leaders, Center for the Study of Carbon and Energy Markets, October 2009-present.

Campaign Advisor, Energy & Environment, Danielle Smith for Premier, Wildrose Alliance Party of Alberta, Alberta, Canada, April 2009-present.

Member of Advisory Board, Frontier Centre for Public Policy Research, Canada, 2008-present.

Scientific Advisor, American Council on Science and Health, 2005-present

Faculty, Institute for Humane Studies, 2000-present

Member, American Association for the Advancement of Science, 1990-present.

Expert Reviewer, United Nations Intergovernmental Panel on Climate Change (IPCC), Aviation and Global Climate, 2002.

Expert Reviewer, United Nations Intergovernmental Panel on Climate Change (IPCC), Climate Change 2001 (Third Assessment Report), Working Group 1, 2000.

Member, California Department of Transportation Advisory Board, 1996-2000.

Member, California REACH (Reduce Emissions and Congestion on Highways) Commission, 1996-1999.



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Statement of Kenneth P. Green regarding the receipt of federal funds:

To the best of my knowledge, neither I, nor the institutions which have employed me have received federal grants in the last four years. I have been paid a small honorarium for helping the EPA with grant reviews, which I estimate totaled less than \$1,000.00 over the last three years.

In 2006, I was the Executive Director of the Environmental Literacy Council which had received grants from the National Science Foundation and from the National Endowment for the Arts, for the development of curricular materials pertaining to the environment. These curricular materials can be found at www.enviroliteracy.org

In the long distant past, as a doctoral student at UCLA (1988-1994), I believe that I received some tuition-offset grants via the National Institutes of Health, but I have no way of documenting the extent of such support. Prior to that, in the summer of 1988, I served as an intern with the United States Public Health Service, detailed to the National Institutes of Health Extramural Grant Review office, which paid me a stipend, though again, at this late date, I cannot estimate how much that would have been.

A handwritten signature in purple ink, appearing to read "Ken Green".