



Written by [Steven J. DuBord](#) on October 29, 2009

Expert Opposes Senate “Cap and Trade” Bill

The Senate held a hearing on October 29 dealing with the Clean Energy Jobs and American Power Act (S. 1733), cap-and-trade legislation that would cut CO2 emissions. At that hearing, evidence was presented that clearly showed how an aggressive emissions reduction strategy would be detrimental to the United States.

The presenter was Iain Murray, the vice-president for strategy at the Competitive Enterprise Institute, which describes itself as “a public interest group dedicated to free enterprise and limited government.” A link to Murray’s full testimony in PDF form is [available](#) at the CEI website.



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S. 1733 is a carbon emissions trading scheme, often referred to as cap-and-trade legislation. The bill “replicates policies that have been tried and failed in other nations,” Murray said in his written testimony to the Committee. Specifically, the European Union has gone this route and become an example of what not to do.

Murray explained: “The primary vehicle for European Union action to mitigate global warming is the European Emissions Trading Scheme (ETS). Indeed, the ETS is often spoken of as the model for any American cap-and-trade scheme for greenhouse gas emissions. However, the ETS has not been a success.”

Murray pointed out that in August 2007 the British think-tank Open Europe rendered this assessment of ETS: “The Emissions Trading Scheme (ETS) is supposed to be the EU’s main policy tool for reducing emissions. But so far, it has been an embarrassing failure. In its first phase of operation [2005-2008], more permits to pollute have been printed than there is pollution. The price of carbon has collapsed to almost zero, creating no incentive to reduce pollution. Across the EU, emissions from installations covered by the ETS actually rose by 0.8%.”

By way of contrast, the United States is already among the top performing nations at reducing emissions since 2000. Murray noted, “According to the United Nations Framework Convention on Climate Change and the International Energy Agency, the United States has reduced its greenhouse gas emissions by 3 percent.” The United Kingdom almost equalled this performance with a 2.9 percent reduction, but “the only major economy to reduce its emissions more was France, at 6 percent.”

“This should be taken into account when comparing policies and performance,” Murray insisted. (For example, France’s reliance on nuclear energy may be worth noting here.) He also emphasized that the underwhelming ETS has cost Europe \$171 billion.

Developing nations around the globe are going to become a major source for emissions, and they would have to pay the even higher price of remaining undeveloped if the G8 goal for emissions reduction is to



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be met. The target is to reduce global emissions to 50 percent below their 2005 levels by 2050.

Murray presented data showing that “emissions increases over the next 40 years are predicted to come overwhelmingly from the developing world.” No matter how much developed countries reduce their emissions, the developing nations would have to make reductions that would cripple their growth. More likely, they would just continue their present course of development.

Because the United States “does not recognize that the path of emissions reduction is rightly unacceptable to developing nations,” Murray stated, it “will mean the United States will be placed at a serious economic disadvantage” if S. 1733 becomes law. This disadvantage will be added on top of America’s industries moving overseas, the current recession, the decline of the dollar, and the federal deficit.

Murray suggests a more sane course of action: ““Instead, what European and American lawmakers should do is pursue other avenues than emissions reduction. Adaptation, scientific research and building resiliency in developing nations are all more promising approaches.”



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