



## Bad Economy Threatens Obama's Climate Fix

by Elizabeth Shogren

[Listen Now](#) [4 min 48 sec]

<http://www.npr.org/templates/player/mediaPlayer.html?action=1&t=1&islist=false&id=97393883&m=97483220>

*All Things Considered*, November 25, 2008 · Many environmental activists, scientists and business leaders worry that a recession and two wars will force President-elect Barack Obama to put his ambitious plans to tackle global warming on the backburner.

Obama reiterated his campaign pledge at a governors' conference on climate change last week.



Dong Moon assembles a wire basket at Marlin Steel Wire in Baltimore, one of the factories that would see increased costs under a "cap and trade" plan. *Courtesy Marlin Steel Wire*

"We'll establish strong annual targets that set us on a course to reduce emissions to their 1990 level by 2020, and reduce them an additional 80 percent by 2050," he said in a video message that aired during the event.

No one seems to doubt his commitment, but experts caution that keeping this pledge would be very challenging in good times and that the country's economic troubles make it much harder.

"There will be so many reasons not to attend to climate change," says William Reilly, who headed the Environmental Protection Agency under the first President Bush.

Reilly says delaying would be risky — both for the planet and Obama.

"It would be a matter of huge disappointment if the new president did not give this the priority he has promised to give it. And even more, it would affect his standing in world opinion. The United States quite properly is seen to have dragged its feet on the most important environmental issue of the day," Reilly adds.

### **Charging Companies To Pollute**

The president-elect favors a so-called "cap and trade" approach, modeled after a program that has cut acid rain pollution from coal-fired power plants 50 percent since 1990, according to the EPA.

The government would set a cap on how much global warming pollution businesses can emit and then tighten that cap over time. The government also would create a new market: Instead of stocks, businesses would trade the right to pollute.

Reilly helped create the acid rain program. He says it took a lot of arm-twisting to get Congress to adopt that program because it was especially costly for states that mine a lot of coal or depend on it for most of their electricity.

He says it will be much trickier to craft a market for controlling the most abundant greenhouse gas.

"Carbon dioxide is a much more difficult pollutant to control. It's combustion. It's the basis of civilized life," Reilly says.

Because carbon dioxide is ubiquitous, Obama's plan would regulate the whole economy, not just power plants.

### **Many Companies Would Feel The Pinch**

Last summer, the Senate tried and failed to pass a bipartisan version of this approach. That was before the credit crisis hit. The financial collapse makes

members of Congress much more skittish about passing on big costs to businesses.

"Right now we're in a recession. Right now people are very nervous. And the last thing we need to do is add on a whole new layer of costs to factories," says Drew Greenblatt, who owns Marlin Steel Wire in Baltimore.

Greenblatt calls himself an environmentalist and uses only recycled steel. But he's dead set against Obama's climate policy.

"Our energy costs will go up. A lot of our clients will have challenges because their energy costs will go up," Greenblatt says.

He says workers would suffer because companies would cut back on health care and maybe have layoffs.

Economists predict that businesses would pass most of the costs to customers.

"We're looking at the creation of a program that has a value of hundreds of billions of dollars every year and it's going to deeply affect households," says Dallas Burtraw, an economist at Resources for the Future, a Washington-based think tank.

"Families can expect to pay more for electricity, more for gasoline at the pump, more for natural gas or oil to heat their homes," he adds.

Burtraw says the government could help offset this pain by offering a big rebate.

### **Regulating Pollution Is A Tough Sell**

Still he thinks the recent financial market fiascos could make it difficult to gain public support for a massive new market that will trade something as ephemeral as greenhouse gases.

Supporters of the market approach say they're concerned about this.

"What if we've lost faith in markets, what do we do?" asks Jim Rogers, CEO of Duke Energy, a big electric company in the Carolinas.

Rogers says other options — such as taxing businesses or directly regulating greenhouse gases — just wouldn't work.

He says a market would help businesses cut carbon dioxide in the cheapest possible way, like the acid rain program does.

"There's nothing in that experience that tells me that won't work for [carbon dioxide]," he adds.

### **Making Pollution Costly Creates Incentive To Reduce**

Rogers predicts that once companies have to pay to pollute, they'll find cleaner ways to do business.

"Let's create the most energy-efficient economy in the world. And it would create jobs and stimulate our economy," Rogers says. "That would be the smartest thing to do because we're not talking about a rescue plan or bailout. We're talking about reinvesting in our future, in a future that's going to be a low-carbon world."

In fact, if the government auctions off the right to pollute, instead of giving it away, it could raise \$100 billion a year — maybe more. That money could help companies build wind farms, design electric cars and come up with cleaner ways to burn coal.

Or it could be divvied up to households, which could help take away the sting of the new climate policy and the recession.

<http://www.npr.org/templates/story/story.php?storyId=97393883>