Green New Deal Policy Forum

Testimony before the Western Caucus

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Thank you for the opportunity to offer remarks today and for your interest in examining the proposed Green New Deal. As requested, this testimony covers features of the New Green Deal as proposed by Representative Alexandria Ocasio-Cortez and Senator Ed Markey, climate impacts, cost estimates, additional costs to society, and offers a few recommendations.

Though aspirational, the Green New Deal or iterations of it are costly, not just in terms of financial resources but also to principles of representative government and free society. Regardless of one's opinion of the nature of global warming, the Green New Deal will have negligible impact on global temperatures, and amounts to little more than a stimulus package for renewable energy technologies.

What is the Green New Deal(s)

The Green New Deal is an aspirational resolution introduced by Representative Alexandria Ocasio-Cortez (D–NY) and Senator Ed Markey (D–MA) to mobilize the entire economy – energy, agriculture, manufacturing, transportation, infrastructure, education, and healthcare – over ten years to ultimately reach net-zero carbon dioxide emissions by 2050. It declares that it is "the duty of the Federal Government" to achieve net zero greenhouse gas emissions; create jobs and economic security for every American; invest in infrastructure; secure clean air and water, community resiliency, healthy food, access to nature, and a sustainable environment; and to end oppression.[1]

While the proposal remains vague as to precisely what mechanisms should be used to reduce greenhouse gas emissions, it envisions implementation at every level of government.[2] This will be accomplished through federal funding and financing, namely through the taxpayer. Some of the more concrete objectives include:

- Eliminating pollution and greenhouse gas emissions from infrastructure as much as technologically feasible
- An infrastructure bill that addresses global warming
- Generating 100 percent of America's electricity from "clean, renewable, and zero-emission" energy sources
- Building energy efficient grids to accommodate distributed energy sources

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[1] "Recognizing the Duty of the Federal Government to Create a Green New Deal," Draft resolution, 116th Congress, 1st Sess., p. 5, https://assets.documentcloud.org/documents/5729033/Green-New-Deal-FINAL.pdf. https://assets.documentcloud.org/documents/5729033/Green-New-Deal-FINAL.pdf

[2] Ibid. pp. 10, 12.

- Upgrading every building in the U.S. to be energy and water efficient
- Eliminating greenhouse gas emissions from manufacturing and industry as much as technologically feasible
- Eliminating pollution and greenhouse gas emissions from agriculture as much as technologically feasible through family farms
- Eliminating pollution and greenhouse gas emissions from transportation as much as technologically feasible through electric vehicles, public transportation, and high-speed rail
- Funding local adaptation projects
- Planting forests as carbon dioxide sinks and protecting biodiversity
- Cleaning up hazardous waste sites
- Exporting technology and financing to help countries accomplish their own Green New Deals.

Presumably, as earlier factsheets implied, a Green New Deal would include past efforts to regulate greenhouse gas emissions by Congress and previous administrations – such as carbon taxes, renewable energy subsidies, and cap-and-trade. Indeed, Senator Dianne Feinstein's draft version of her own climate change resolution also aims for net-zero greenhouse gas emissions by 2050 via at least 15 categories of greenhouse gas regulation that Congress is quite familiar with – policies like fuel economy and vehicle emission standards, the Clean Power Plan, energy efficiency standards (including the infamous lightbulb ban), the Kigali Amendment, the Social Cost of Carbon, and federal regulations on fracking.[3]

Despite the nebulousness of the resolution proposed by Representative Ocasio-Cortez and Senator Markey, it is clear the intent is to have Congress legislate a response to global warming.

Foundation for Action is Shaky

The Green New Deal bases action on several reports with notable problems and fantastically unrealistic scenarios.[4] However, regardless of one's opinion of the nature of global warming, the Green New Deal will have negligible impact on global temperatures, and amounts to little more than a stimulus package for renewable energy technologies for a variety of reasons:

- Immediately eliminating all carbon dioxide emissions from the U.S. would moderate any warming by only 0.137 degree Celsius by 2100. If the entire industrialized world totally eliminated all carbon dioxide emissions, only 0.278 degree Celsius of warming would be averted by the end of the century.[5]
- Eighty percent of the world's energy needs are met through carbon dioxide emitting natural resources like coal, oil, and natural gas. Coal remains a dominant source of energy globally. There are roughly 6,700 coal plants in operating around the world, providing 39 percent of the

[3] "Draft Climate Change Resolution," Office of Senator Dianne Feinstein, February 22, 2019, https://www.feinstein.senate.gov/public/_cache/files/b/5/b54a564f-f750-48b4-99fe-3608d626a1bc/19EB91A5CF1C8211EF585179F7BB0E73.2019.02.22-climate-change-resolution.pdf.
[4] Nicolas Loris, "4 Problems with the New Climate Change Report," The Daily Signal, November 26, 2018, https://www.dailysignal.com/2018/11/26/4-problems-with-the-new-climate-change-report/.
[5] Using the same assumptions about climate sensitivity as the U.N.'s Intergovernmental Panel on Climate Change as simulated by the Model for the Assessment of Greenhouse Gas Induced Climate Change. Kevin D. Dayaratna, "Methods and Parameters Used to Establish the Social Cost of Carbon," testimony before the Subcommittee on Environment and Oversight, Committee on Science and Technology, U.S. House of Representatives, February 24, 2017, https://docs.house.gov/meetings/SY/SY18/20170228/105632/HHRG-115-SY18-Wstate-DayaratnaK-20170228.pdf.

world's heat and electricity.[6] Another nearly 500 additional coal plants are under construction, the majority of which are being built in Asia, the Middle East, and Africa where electricity access is desperately needed.

- If the Green New Deal were serious about reducing carbon dioxide emissions, it would consider nuclear energy. Nuclear power emits no air pollutants, and is a reliable, energy-dense source of power that produces hundreds of megawatts for decades with very little physical footprint. Nuclear provides 56 percent of the United States' carbon dioxide emissions-free electricity.[7] However, factsheets on the Green New Deal reject the option of nuclear power, and itself recommends "dramatically expanding" politically preferred renewable energy technologies.[8] Such policies at the state level have already proved counter-productive if the actual goal is reducing carbon dioxide emissions. California's renewable energy mandates have forced the uneconomic operation and ultimate closure of Diablo Canyon, a nuclear power plant responsible of generating 9 percent of power in California.[9]

Ironically, the U.S. has been on a sustained downward slide in carbon dioxide emissions without any carbon tax. For nine of the last 18 years, the U.S. has led the world in carbon dioxide emissions reductions.[10] Over the last four years (2014-2017), Europe has increased emissions while U.S. emissions of carbon dioxide have fallen.[11] In the power sector, the Energy Information Administration reports that emissions are at their lowest level since 1987. Since 2005, all emissions from all energy sectors has fallen by five percent and the power sector by 28 percent.

Potential Economic Costs

It is hard to estimate the costs of an aspirational resolution with unclear policy mechanisms. However, there are some estimates that help describe the magnitude of costs.

The American Action Forum estimates infrastructure investments in the electricity and transportation sectors for low or no emissions would cost $8.3 trillion to $12.3 trillion over ten years, with another $42.8 trillion to $80.6 trillion for the entire Green New Deal vision.[12] A 2016 study by Columbia University economist Geoffrey Heal estimates that the investment to achieve an 80 percent reduction in greenhouse gas emissions from 2005 levels by 2050 would require between $3.3 trillion and $6.0 trillion in generating capacity, energy storage, and energy transmission.[13]

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[6] EndCoal.org, https://endcoal.org/global-coal-plant-tracker/summary-statistics/. See also, International Energy Agency, "Coal information: 2018 Overview," July 26, 2018, https://webstore.iea.org/coal-information-2018-overview.

[7] Nuclear Energy Institute, "Air Quality," https://www.nei.org/advantages/air-quality.

[8] "Duty of the Federal Government to Create a Green New Deal," p. 7.

[9] Katie Tubb, "Diablo Canyon Shutdown last Chapter for Clean Nuclear Power in California," *Orange County Register*, January 29, 2018, https://www.heritage.org/energy-economics/commentary/diablo-canyon-shutdown-last-chapter-clean-nuclear-power-california.

[10] "CO2 Emissions," BP Statistical Review of World Energy, https://www.bp.com/en/global/corporate/energy-economics/statistical-review-of-world-energy/co2-emissions.html.

[11] BP, "BP Statistical Review of World Energy," June 2018, https://www.bp.com/content/dam/bp/business-sites/en/global/corporate/pdfs/energy-economics/statistical-review/bp-stats-review-2018-full-report.pdf.

[12] Douglas Holtz-Eakin, Dan Bosch, Ben Gitis, Dan Goldbeck, Philit Rossetti, "The Green New Deal: Scope, Scale, and Implications," American Action Forum, February 25, 2019, https://www.americanactionforum.org/research/the-green-new-deal-scope-scale-and-implications/.

[13] Geoffrey Heal, "What Would it Take to Reduce U.S. Greenhouse Gas Emissions 80 Percent by 2050?" National Bureau of Economic Research *Working Paper* No. 22525, August 2016, https://www.nber.org/papers/w22525.pdf.

For perspective, total energy subsidies with a direct impact on the federal budget totaled $15 billion in 2016;[14] the American Recovery and Reinvestment Act devoted $90 billion in clean energy investments and tax incentives;[15] *global* investment in renewable energy technologies amounted to $333 billion in 2017; total revenue from electricity sales in the U.S. was $390 billion;[16] the U.S. national debt is over $22 trillion.

There would be wider costs to the economy aside from simply the expense of investing in new infrastructure. In multiple studies, The Heritage Foundation modeled the adverse economic effects of a $37-per-ton carbon tax that increases gradually – a fraction of the policy reform recommended in the Green New Deal. To quantify such impacts, Heritage economists used the Heritage Energy Model, a derivative of the Energy Information Administration's National Energy Modeling System. Each analysis found an average shortfall of hundreds of thousands of jobs with peak-year unemployment eventually reaching over 1 million jobs lost, with half the job losses coming in energy-intensive manufacturing industries. Over a 20-year period, the total income loss would be tens of thousands of dollars per household, and the aggregate gross domestic product loss would be over $2.5 trillion.[17]

Costs spread throughout the economy because energy is a necessary input for nearly all goods and services. Energy heats homes and meals, runs schools and hospitals, and powers businesses that create jobs, products, and services. Consequently, Americans would pay more for food, health care, education, clothes—and every other good or service that requires energy to make and transport. Not only Americans, but also concerning is the intent of Green New Deal's authors to export "technology, expertise, products, funding, and services, with the aim of making the United States the international leader on climate action, and to help other countries achieve a Green New Deal."[18]

Unjust and Unwise Policy

Disregarding the negligible climate impact, say that it were actually possible to tax Americans enough to build the regulatory and tangible infrastructure necessary to accomplish the Green New Deal. Would we want to? Quite simply, the Green New Deal is unjust, unwise policy that makes a mockery of representative government and free society.

Anecdotally, much attention has been paid to youth pressuring members of both parties to endorse the Green New Deal. Similarly, students at the University of Miami interviewed by Campus Reform were enthusiastic about the plan. However, when confronted with details of the Green New Deal (for example, eliminating the use of coal, oil, and natural gas in ten years) their opinions changed drastically – in their

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[14] 53 percent of which went to renewables, smart grid and transmission infrastructure, and conservation; 42 percent went to end use programs like LIHEAP; nuclear and coal received the remaining 10 percent. U.S. Energy Information Administration, "Direct Federal Financial Interventions and Subsidies in Energy in Fiscal Year 2016," Table 4, https://www.eia.gov/analysis/requests/subsidy/pdf/subsidy.pdf.

[15] "Fact Sheet: The Recovery Act Made the Largest Single Investment in Clean Energy in History, Driving the Deployment of Clean Energy, Promoting Energy Efficiency, and Supporting Manufacturing," The White House, February 25, 2016, https://obamawhitehouse.archives.gov/the-press-office/2016/02/25/fact-sheet-recovery-act-made-largest-single-investment-clean-energy.

[16] Philip Rossetti, "What it Costs to Go 100 Percent Renewable," American Action Forum, January 25, 2019, https://www.americanactionforum.org/research/what-it-costs-go-100-percent-renewable/.

[17]Nick Loris, "Flaws in the Social Cost of Carbon, the Social Cost of Methane, and the Social Cost of Nitrous Oxide," testimony before the Subcommittee on Energy and Mineral Resources, Committee on Natural Resources, U.S. House of Representatives, July 27, 2017, https://docs.house.gov/meetings/II/II06/20170727/106337/HHRG-115-II06-Wstate-LorisN-20170727.pdf.

[18] "Duty of the Federal Government to Create a Green New Deal," pp. 9-10.

words: too extreme, not feasible, drastic, we need those things to live.[19] College students unsurprisingly found it patently unfair to provide "economic security to all who are unable or unwilling to work."[20] Along a similar vein, a recent Associated Press poll found that 68 percent of Americans oppose paying an additional $10 per month to fight climate change.[21] Americans may not want what the Green New Deal is selling.

And for good reason. The Green New Deal's energy proposals are ultimately self-defeating, not only because it would be inconsequential to curbing global temperatures but also because it would *increase* the injustice and unfairness it purports to eliminate. Affordable, reliable, and widely available energy is essential to lift people out of poverty into better, healthier standards of living and economic opportunity.[22] The role that fossil fuels have played in making peoples' lives easier, healthier, and cleaner is undeniable. The Green New Deal would hinder access to affordable energy for the poorest people and countries, energy that may ultimately enable them to be more prosperous and therefore more resilient against natural disasters.

Further, the Green New Deal corrodes representative government by *inviting* cronyism. Decisions are centralized in government and backed by trillions of dollars of "free" taxpayer money. Cronyist tools like tax credits, government backed loans and loan guarantees, grants, federal and state-level mandates are exactly the tools the Green New Deal would need to accomplish its ends to eliminate fossil fuel use and go 100 percent renewable.

Contrary to the popular notion, big government and big business often work hand in hand.[23] There are reasons why the Chamber of Commerce endorsed President Roosevelt's New Deal; Enron lobbied for cap and trade; the major American car companies accepted fuel economy standards; regulated utilities become suddenly pro-renewable mandate in the face of competition; and General Electric, Goldman Sachs, Exxon, and others backed the Paris Climate Agreement in the face of small businesses which cheered President Trump's exit from the deal.[24] Big government policies enrich business with tax money and enable them to reduce their own risk through government credit. As larger companies, they can afford to lobby their way to a seat at the table to craft regulations that cut out competitors or their own minimize costs, which they can pass on to customers. Meanwhile, government officials and bureaucrats who created such opportunities for cronyism in the first place can claim they saved jobs and solved problems.

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[19] Cabot Phillips, "Students All About Ocasio-Cortez's 'Green New Deal'…Then Find Out What's In It," Campus Reform, February 11, 2019, https://www.campusreform.org/?id=11859.

[20] While not in the resolution, a fact sheet backed this idea. Gregg Re, "Ocasio-Cortez Advisor Admits He Falsely Claimed Green New Deal Didn't Promise Security for Those 'Unwilling' to Work," Fox News, February 10, 2019, https://www.foxnews.com/politics/ocasio-cortez-adviser-admits-he-falsely-claimed-green-new-deal-didnt-promise-security-for-those-unwilling-to-work.

[21] James Rainey, "More Americans Believe in Global Warming—But They Won't Pay Much to Fix It," NBC News, January 24, 2019, https://www.nbcnews.com/news/us-news/more-americans-believe-global-warming-they-won-t-pay-much-n962001.

[22] Terry Miller and Anthony Kim, *2015 Index of Economic Freedom* (Washington, DC: The Heritage Foundation, 2015), Chapter 5, https://www.heritage.org/index/pdf/2015/book/chapter5.pdf.

[23] Tim Carney, "Big Business and Big Government," *Cato Policy Report*, July/August 2006, https://www.cato.org/policy-report/julyaugust-2006/big-business-big-government.

[24] Landon Thomas Jr., "Small Businesses Cheer 'New Sheriff in Town' After Climate Pact Exit," *The New York Times*, June 2, 2017, https://www.nytimes.com/2017/06/02/business/dealbook/trump-climate-small-businesses.html?mcubz=0.

(It is worth remembering that "crony capitalism" is not the free market. As author Tim Carney writes, "the free market acts as an equalizer."[25] Capitalism is a system of competition and voluntary exchange; Amazon, Goldman Sachs, Exxon, and the like cannot make Americans buy their products. Cronyism is government acting on behalf of special interest groups including business; government can make Americans buy things like health insurance or condition their choices such that they can no longer buy a particular lightbulb or washing machine.)

Representative Ocasio-Cortez did not trust her state government to draw up a fair deal with Amazon in locating the company's new headquarters. American taxpayers learned the hard way that they could not trust their government with a $535 million loan guarantee to solar company Solyndra, not to mention dozens of other companies that received Recovery Act funding. Liberals and conservatives alike rightly decried the Trump Administration's proposal to bailout nuclear and coal power plants. Why should Americans believe their government could be any more successful with a multi-trillion dollar plan?

The problem is not just in the apparent abuse of taxpayer dollars, but more broadly that policies like the Green New Deal empower bureaucrats and lobbyists to make decisions. As James Madison wrote in 1792, "Where an excess of power prevails, property of no sort is duly respected. No man is safe in his opinions, his person, his faculties, or his possessions."[26] Americans *should* have little trust in government to understand the unique needs of diverse individuals and communities. The history of the last century should be testament enough.

However, Americans should have full hope in the dispersed creativity, grit, collaboration, and innovation of people to solve problems. Global warming is no exception.[27] For example, it is by this creativity that Malthusian fears about overpopulation[28] have not materialized. Most recently, world population in 1990 was 5.3 billion with 1.9 billion of those people living in extreme poverty; today 0.7 billion people live in extreme poverty of a population of 7.6 billion. There are many reasons for this, among them advances in agriculture and affordable energy. American farmers today feed a population twice as large as lived in 1949 on *less* acreage.[29] The number of people around the world without access to electricity fell below one billion for the first time in history.[30] Congress does not owe people more free stuff, but rather the dignity of genuine independence and self-determination.

Recommendations

Congress should not embark on another large tax and spend stimulus program, let alone a plan to rework the entire economic and social fabric of the United States. Regardless of one's opinion of global warming, there are genuinely free market, limited government reforms that could achieve greenhouse gas reductions and private sector innovation.

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[25] Carney, "Big Business and Big Government."
[26] The Founders Constitution, Volume 1, Chapter 16, Document 23, The University of Chicago Press, http://press- http://press-pubs.uchicago.edu/founders/documents/v1ch16s23.html.
[27] Oren Cass, "How to Worry About Climate Change," *National Affairs,* Winter 2017, https://www.nationalaffairs.com/publications/detail/how-to-worry-about-climate-change.
[28] Excepting Ocasio-Cortez who believes people should not have children. Daniel Chaitin, "AOC Rips Dianne Feinstein After Her Confrontation with Kids Over Green New Deal," *Washington Examiner*, February 24, 2019, https://www.washingtonexaminer.com/news/aoc-rips-dianne-feinstein-after-her-confrontation-with-kids-over-green-new-deal.
[29] Jack Spencer, ed., Environmental Conservation: Eight Principles of the American Conservation Ethic, The Heritage Foundation, July 27, 2012, http://www.heritage.org/research/projects/environmental-conservation#EightPrinciples.
[30] International Energy Agency, "Sustainable Development Goal 7," https://www.iea.org/sdg/.

- **Address barriers to nuclear energy operation and innovation.** To date, the attention in Washington has largely focused on how to subsidize the costs of research, development, approval, and construction of nuclear technology. That approach is deeply problematic for a variety of reasons. Chief among those problems is the reality that throwing taxpayer money at companies will not to solve two of the biggest problems facing advanced nuclear companies: overregulation and a failed nuclear waste management policy. The Heritage Foundation has proposed a list of at least seven policy options to address this.[31]
- **Eliminate Solar Tariffs.** The Trump administration imposed tariffs on solar technology imports in 2018. The solar industry in America can provide customers the best, most affordable service to Americans when it is able to access components from the most competitive companies around the globe. It should succeed or fail on its own merits, free from federal policies that threaten its competitiveness.[32]
- **Encourage Competition in the Electricity Sector.** The federal government and states should eliminate all energy subsidies and mandates and allow technology neutral competition to meet Americans' electricity needs. Doing so puts the customer first, allows innovative technology and companies to come online, and incentivizes efficiency.[33]

[31] Katie Tubb, Nicolas Loris, and Rachel Zissimos, "Taking the Long View: How to Empower the Coal and Nuclear Industries to Compete and Innovate," Heritage Foundation, *Backgrounder* No. 3341, September 5, 2018, https://www.heritage.org/energy-economics/report/taking-the-long-view-how-empower-the-coal-and-nuclear-industries-compete.
[32] Katie Tubb and Tori Whiting, "U.S. Solar Energy Sector Threatened by Government Proposal to Jack Up Prices," Heritage Foundation, *Issue Brief*, No. 4754, August 15, 2017, https://www.heritage.org/trade/report/us-solar-energy-sector-threatened-government-proposal-jack-prices.
[33] Tubb, Loris, Zissimos, "Taking the Long View."