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Dear Journalist:

This is the largest study we have ever sent to the media. We realize this counters a trend of ever shorter news blurbs and faxed fact sheets, but we also know reporters want more in-depth information on major issues. The policy options that have been suggested to reduce greenhouse gas emissions are often costly. Energy taxes of \$900 per household are predicted, with losses to the U.S. economy estimated at \$500 billion by the year 2000. Since these policies provide no guaranteed benefit, they obviously need careful consideration.

The background report, developed for the Global Climate Coalition, examines three important aspects of the climate change debate: the state of existing scientific knowledge, an analysis of the economic costs associated with climate change policies, and a review of the policy options available in addressing man-made emissions.

Should we be concerned about climate change? Of course. But we should also recognize that while much has been "predicted," we actually know very little. There is, for example, no observational evidence indicating that human activity has contributed to increases in global temperatures. Strong economic growth, and the rising standard of living it sustains, will suffer from onerous policy options like carbon taxes, emissions targets, and other command and control measures designed to severely cut fuel use.

Improving energy efficiency is imperative for American industry. However, U.S. jobs and the competitiveness of American products overseas should not be jeopardized for policies based on uncertain and incomplete science when there is virtually no environmental cost in waiting for less ambiguous information.

I hope you will take a few moments to read the study's conclusions and recommendations on pages 43-45. We think informed public debate will improve the chances for effective solutions that make scientific and economic sense. The enclosed study is part of our contribution to that debate. We hope you will read it, use it as a reference, and call us if we can further respond to your questions.

Sincerely,

John Shlaes  
Executive Director

*John Shlaes is executive director of the Global Climate Coalition, an organization of business trade associations and private companies established in 1989 to coordinate business participation in the scientific and policy debate on global climate change.*



## At a Glance ...

### Highlights of the GCC Issues and Options Report on Potential Global Climate Change

#### Climate Science Overview

- The greenhouse effect is a natural occurrence caused primarily by greenhouse gases like water vapor, carbon dioxide and other trace gases in the atmosphere. Without it, the earth would be largely frozen.
- Direct observations do not confirm any influence on climate change by human activity. Average global temperature has risen between 0.3°C and 0.6°C over the last century. This is well within natural climate variation and does not correlate with the pattern of man-made greenhouse emissions.
- Existing computer climate models have serious, well documented scientific gaps. They can not "backcast" and are currently incapable of producing credible predictions of future climate trends.

#### Economic Issues

- Severe economic costs would be incurred to stabilize emissions at 1990 levels, but ecological benefits, if any, are uncertain due to the inability of climate models to provide reliable global, regional or local climate projections or related predictions of possible impacts.
- An independent study by DRI/McGraw-Hill found that the stabilization of carbon emissions at 1990 levels by the year 2000 would reduce the U.S. gross domestic product by 1.4%, which is equivalent to \$900 per household, and could involve carbon taxes of \$180 billion/year. Reductions would have an even greater economic impact.

#### Policy Analysis

- Even if OECD nations eliminated all emissions, the level of world emissions in 2025 would be 60% above 1985. Many developing nations are in the high growth phase of development. In addition, 90% of the world's population growth is expected to be outside OECD.
- Excessive focus on uncertain climate issues serves to divert international attention and constrains the financial resources of OECD nations that might otherwise be available to focus on the more certain and immediate problems of poor countries. In the U.S., it diverts attention from problems such as improved competitiveness, health care, education reform and the already full and costly environmental agenda.
- Other independent studies cited in the report found that delaying the imposition of stringent controls on carbon emissions would cause only a slight increase in cumulative emissions over the 1990 - 2100 period, but would lower costs to the economy by about 25% to 35%.

#### Recommendations

- Highest priority should be to increase research into basic climate science and impact assessment.
- Identify and pursue measures that will reduce the threat of climate change, yet also make economic sense in their own right.
- Protect carbon sinks by slowing deforestation, especially in the tropics, and by encouraging reforestation.
- Nurture international cooperation on global environmental issues.
- Promote technology transfer to developing nations, whose emissions rates are increasing rapidly with economic growth by supporting policies that encourage investment by multinational companies.

*For more information, contact Lisa Franklin or Don Rheem at 202/628-3622.*