

spotlight

No. 270 – November 9, 2005

LOPSIDED COMMISSION

North Carolina's Global Warming Commission Lacks Expertise

S U M M A R Y : The North Carolina Global Warming Commission is tasked with examining the relationship between greenhouse gases and climate change, but only one of its 16 members so far is a climate scientist. It is also supposed to study the economic impact of climate change and policy proposals, but none of its members are economists. Rather than experts, the commission is stocked with representatives of environmental pressure groups and particular industries. Such a commission is unlikely to propose reasonable, scientifically sound policies — and far more likely instead to advance their own ideologies and bottom lines.

The North Carolina General Assembly has established a “global climate-change commission” to study “issues related to global warming” and make policy recommendations.¹ There are two overarching areas for investigation: climate change and economics. In fact, economics dominates the analysis that the commission is mandated to carry out. With 16 members specified in the legislation and 18 yet to be appointed by Senate President Pro Tem Mark Basnight and House Speaker James Black, the commission has only one climate scientist and no economists. As it now stands, the commission clearly lacks the expertise that would be necessary to perform its mandated functions. Generally, the commission comprises representatives from environmental pressure groups, their allies in academe and business, and industry groups with financial interests in potential policy recommendations.

Who Is the N.C. Global Warming Commission?

From the onset the commission has been stacked with left-of-center environmental pressure groups: Environmental Defense, the Southern Alliance for Clean Energy, the North Carolina Coastal Federation, and the North Carolina Conservation Council. All of those groups advocate extensive regulation of private decision making to regulate greenhouse gas emissions (see Exhibit 1).

The commission also includes others with close ties to these groups or who hold extreme positions on global warming policy. For example:

200 W. Morgan, #200
Raleigh, NC 27601
phone: 919-828-3876
fax: 919-821-5117
www.johnlocke.org

The John Locke Foundation is a 501(c)(3) nonprofit, nonpartisan research institute dedicated to improving public policy debate in North Carolina. Viewpoints expressed by authors do not necessarily reflect those of the staff or board of the Locke Foundation.

Exhibit 1. Members of the N.C. Global Warming Commission, As Specified in S.B. 1134

- The President of Duke Power or the President’s designee.
- The President of Progress Energy or the President’s designee.
- The President of the North Carolina Citizens for Business and Industry.
- The President of the Manufacturers and Chemical Industry Council of North Carolina.
- The President of the North Carolina Farm Bureau Federation.
- The President of the North Carolina Forestry Association.
- The Southeast Regional Director of Environmental Defense.
- The Executive Director of the Southern Alliance for Clean Energy.
- The Executive Director of the North Carolina Coastal Federation.
- The Executive Director of the North Carolina Conservation Council.
- The Dean of the Nicholas School of the Environment and Earth Sciences, Duke University.
- The Dean of the College of Agriculture and Life Sciences at North Carolina State University.
- The Dean of the School of Agriculture and Environmental Sciences at North Carolina Agricultural and Technical State University.
- The Director of the Carolina Environmental Program at the University of North Carolina at Chapel Hill
- The Distinguished Research Professor, Department of Geology at East Carolina University.
- The North Carolina State Climatologist.

• Dr. William Schlesinger, dean of Duke University’s School of Environment and Earth Sciences, member of the North Carolina Board of Trustees of Environmental Defense (ED)² and a well known advocate for radical policies to reduce greenhouse gases.

• Dr. Douglas Crawford-Brown, Director of UNC’s Carolina Environmental Program, has advocated a 60-percent reduction in carbon dioxide emissions,³ dramatically greater than reductions required by the United Nations treaty.

• Duke Power’s President has publicly called for a new “carbon tax” to combat global warming.⁴ Recently Duke Power has made a multi-million dollar grant to Schlessinger’s department at Duke University to study climate change issues.⁵ Duke Power also worked closely with ED to pass Clean Smokestacks legislation calling for a global climate commission.⁶

Others on the commission mostly represent the narrow interests of particular industries. Their role is not to provide detached scientific or economic analysis but to get the best set of policies for their particular industry or constituency. Only four of the commission’s 16 current members do not have an apparent advocacy or financial agenda.

Climate Science Underrepresented

The legislation that established the commission, Senate Bill (S.B.) 1134, mandates analysis in seven general areas, and six require expertise in specific fields of research. Two examine the relationship between greenhouse gases and climate change, and four relate to the economic impact of climate change and policy proposals. The last is a review of actions taken by the federal government (See Exhibit 2).

The commission’s charge to examine “the possible natural and anthropogenic [human induced] causes of global climate change” and “the extent to which reductions in [greenhouse gas emissions] in the State, region, nation, and worldwide could be expected to affect global climate change” (*a* and *c* in Exhibit 2) clearly requires specialized expertise in climate science. Although the commission has several members who are scientists, only one of the current 16 commissioners — state climatologist Dr. Sethu Raman — has a specialty in a climate-related science (meteorology). Dr. Raman’s appointment was apparently an afterthought. The original legislation passed by the House and Senate included neither the state climatologist nor anyone else with expertise in a climate-related science on the commission — a commission on climate change. After State Senator Andrew Brock held a press conference in which that omission was highlighted, a climate scientist was included in the final compromise bill. Conceivably, a climatologist should have been the highest-priority position for such a commission, not an apparent afterthought. For this commission, however, environmental advocacy groups have been well represented from the legislation’s very first draft.

No Economists

For similar reasons, the commission needs members with expertise in economics. Many of the commission’s mandates will involve sophisticated economic analysis. Indeed sections *d* through *g* (Exhibit 2) all require specialized

Exhibit 2: Excerpt from SB1134

This examination shall include all of the following:

- a. A review of current scientific literature on the possible natural and anthropogenic causes of global climate change.
- b. A review of actions taken by the federal government and by other states to address global warming.
- c. An examination of the emissions of greenhouse gases from within the State and the extent to which reductions in the emissions of these gases in the State, region, nation, and worldwide could be expected to affect global climate change.
- d. An evaluation of the economic opportunities for the State that may result from international, national, and State action to address global climate change and the emerging carbon market.
- e. The potential impacts of global climate change on the citizens, natural resources, and economy of the State, including agriculture, travel and tourism, recreation, coastal real estate, insurance, and other economic sectors.
- f. The costs of any action taken by the State to address global climate change on individuals, individual households, local governments, businesses, educational institutions, agricultural operations, the State government, and other institutions and economic sectors.
- g. The benefits of any action taken by or within the State or other states and at the national or international levels to address global climate change on individuals, individual households, local governments, businesses, educational institutions, agricultural operations, the State government, and other institutions and economic sectors.

knowledge of economic analysis. The legislation calls for an “in-depth examination” of the costs and benefits of any “action taken by the State on individuals, households, business operations, agricultural operations” and “other economic institutions.” Furthermore, the commission is to examine the impact of global climate change on “the economy of the State,” enumerating particular economic sectors, including agriculture, tourism, insurance, and real estate. It must also evaluate any “economic opportunities” that might result from actions to address climate change.

In essence, the commission must conduct a full-blown cost/benefit analysis requiring sophisticated and technical knowledge of analytical techniques and advanced research capabilities in an extensive range of economic specialties.

But as currently construed, the commission is dominated by advocacy groups and others who have either an ideological or financial interest in the global-warming debate. If this construction is not remedied with future appointments, the commission’s economic analysis will likely be pedestrian at best, lacking scientific rigor. At worst it will be manipulated to favor the dominant advocacy position on the commission. Barring the input of trained economists who are not associated with any of the interest groups, such a result is highly likely.

The problem of advocacy economics

A good example of the kind of economic analysis that the citizens of North Carolina may be subjected to was recently published by Environmental Defense (ED),⁷ which has a dominant presence on the commission and over the last 5 years has had a significant influence upon both the N.C. General Assembly and Governor Easley’s administration.⁸ ED’s recent “economic study” of the impact of climate-change policies on North Carolina was apparently designed to influence the commission and take advantage of its lack of economic expertise. Also, its conclusions were pre-ordained by its methodology. It’s noteworthy that there were no economists listed among the report’s authors. Indeed, its analysis was so weak that it could not have received a passing grade in an introductory economics course.

ED’s report ignored what might be the first principle of economic analysis: all actions, by either individuals or government, have costs as well as benefits. A sound economic policy study would therefore have to net out the costs from the benefits. In advocacy mode, ED’s analysis focused strictly on industries that would benefit from proposals to reduce greenhouse gas emissions, and ignored industries or consumers that could be harmed. In doing so they conveniently ignored any costs associated with their policy proposals. Needless to say, analysis that focuses only on benefits will invariably conclude that the policy proposal is beneficial. That is the hallmark of advocacy economics — analysis structured to reach the conclusion that the advocates had decided beforehand they wanted to reach — and that is the risk North Carolina faces by having a commission stacked with advocates, not scientists.

Particularly telling, not even once did the ED study reference any of the truly rigorous analysis on the economic effects of CO₂ reduction plans, all of which show dramatic economic losses for the United States.⁹ For example, the

U.S. Energy Information Agency's 1998 analysis of the effects of the UN's Kyoto protocol (which ED endorsed), found over a 4 percent reduction in GDP with an 83 percent increase in electricity prices and a 53 percent increase in gasoline prices. Also, a study by Wharton Econometric Forecasting Associates (WEFA) at the University of Pennsylvania, which attributed to Kyoto on net over 2 million jobs lost nationally — over 100 thousand of those in North Carolina.¹⁰

Also, ED offered no evidence that their policy proposals would have any effect on the *climate*, despite that being their ultimate goal. ED freely admits that “one state’s actions will not stop global temperatures from rising.” Regardless, ED asserts without evidence that “the collective actions of individual state’s will make a difference.”¹¹ This claim is unsupportable. An unrefuted study by Dr. Thomas Wigley,¹² a scientist sympathetic to ED’s alarmist position on climate change, concluded that even if the UN treaty were implemented with 100 percent compliance, global temperatures would be only *fourteen-hundredths of one degree* (F) cooler in 50 years they they would be if nothing were done. Fourteen-hundredths of a degree is an amount so small that it would be undetectable by conventional temperature measuring devices.

If a *global* effort would have an imperceptible impact on climate, then there is nothing mere *states* could do, acting either individually or in consort. This means that any policy recommended by the commission would have no benefits in terms of climate change.

Conclusion

With few exceptions, the North Carolina Global Warming Commission appears to be primarily an assembly of special interests with their political and economic agendas. The state’s global-warming policies are at risk of being crafted not in response to reasoned scientific investigation, but as part of a special-interest process meant to advance ideologies and bottom lines. Indeed, it’s enough to excuse the skeptic who suspects the commission was chosen with a pre-ordained result in mind.

Dr. Roy Cordato is V.P. for Research and resident scholar at the John Locke Foundation.

Notes

1. S.B. 1134, “An Act to Establish the Legislative Commission on Global Climate,” 2005.
2. <http://www.nicholas.duke.edu/people/faculty/schlesinger-cv.html>
3. <http://townhall.townofchapelhill.org/agendas/ca050411/12-Proposal%20to%20Participate%20in%20Carbon%20Reduction%20Project%20Program.htm>
4. <http://www.climateark.org/articles/reader.asp?linkid=40622>
5. <http://www.dukenews.duke.edu/2005/09/dukeenergy.html>
6. Op. cit. at note 2.
7. North Carolina Climate Stewardship Task Force, “Economic Opportunity in Addressing Global Warming: The Silver Lining for North Carolina in a Lower Carbon Economy.” Environmental Defense, 2005.
8. See series of reports on the origins and passage of North Carolina’s Clean Smokestacks Bill in *Carolina Journal* by Paul Chesser: http://www.carolinajournal.com/exclusives/display_exclusive.html?id=2259; http://www.carolinajournal.com/exclusives/display_exclusive.html?id=2262; http://www.carolinajournal.com/exclusives/display_exclusive.html?id=2265.
9. Energy Information Administration, “Impact of the Kyoto Protocol on U.S. Energy Markets and Economic Activity,” 1998, and “Analysis of Strategies for Reducing Multiple Emissions from Power Plants: Sulfur Dioxide, Nitrogen Oxides, and Carbon Dioxide,” December 2000; Mary Novak et al., “Global Warming: The High Cost of the Kyoto Protocol, National and State Impacts,” Wharton Econometric Forecasting Associates (WEFA), Inc. 1998; Christopher N. MacCracken, James A. Edmonds, Son H. Kim, and Ronald D. Sands, “The Economics of the Kyoto Protocol,” *The Energy Journal*, Vol. 20 (1999), pages 25-71.
10. *Ibid.*, Novak.
11. Amber Munger and Michael Shore, *Understanding Global Warming for North Carolina*, Environmental Defense, 2005, p. 18.
12. Thomas Wigley, “The Kyoto Protocol: CO₂, CH₄, and Climate Implications,” *Geographical Research Letter*, Vol. 25, 1998.