

## Climate cost?

The California Air Resources Board owes the state a realistic estimate of the costs of implementing the California Global Warming Solutions Act. And journalists, business groups and others with a stake in California's future should thoroughly vet the analysis.

The Legislature passed the act, AB 32, in September 2006, not knowing how its aims could be accomplished or how much the endeavor would cost. Legislators should have demanded price data before casting their votes. Now, once trustworthy cost projections are available, Californians and their elected officials might want to revisit all or part of AB 32 if the costs of the bill eclipse its benefits.

A new survey suggests that public support for action on global warming is heavily reliant on the expense involved. The poll, conducted Aug. 3-10, was commissioned by a Sacramento-based business association, the AB 32 Implementation Group.

The survey found, for example, that the public supports low-carbon fuels, 58 percent to 11 percent. But the poll found far less support for low-carbon fuels that cost more: Just 23 percent approve, while 31 percent oppose higher-priced gasoline and diesel.

It is vital that the public understand the price of AB 32, which aims to cut greenhouse gas emissions 30 percent by 2020. Without that information, families and businesses are unable to plan their budgets or make informed decisions to invest in equipment that would minimize expenses.

And cutting emissions, as proposed by the board in preliminary regulations issued in June, will raise the cost of electricity, fuel, cars and consumer products generally. It will raise the cost of doing business, as companies will be required to buy credits to release greenhouse gases.

Preliminary modeling done by Gov. Schwarzenegger's Climate Action Team in 2006 forecast a modest effect on California's economy. One model suggested a slight positive impact -- with energy savings outweighing higher prices. The other predicted a slightly negative outcome. But other modeling pegged to similar climate legislation found larger effects:

The Heritage Foundation in May conducted a state-by-state analysis of the Lieberman-Warner bill, a less-ambitious national emissions-reduction plan the Senate rejected that month. The employment effect on California through 2025: 180,000 lost jobs.

A 1998 Data Resources/Wharton Econometrics analysis of the Kyoto Protocol found that, had the United States ratified and honored the emissions-cutting treaty, California's economic output would have plummeted 3 percent; family income would have fallen by \$1,600 a year; and the state would have shed 278,000 jobs between 1998 and 2012.

And regarding AB 32, the chief economist for the American Council for Capital Formation wrote in June 2006 that the bill would "tend to slow growth in business investment, jobs and household income."

Advocates of climate change action promise a bright future under a "green economy" -- AB 32 aspires to position the state's "economy, technology centers, financial institutions, and businesses to benefit from national and international efforts to reduce emissions of greenhouse gases." But the state should closely monitor progress toward that new age to ensure that the state is not staking its future to wishful thinking.