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Updated: Thursday, May. 13, 1999 at 23:14 CDT

Bush changes position, says he believes in global warming

By Jay Root
Star-Telegram Austin Bureau

AUSTIN -- Gov. George W. Bush, changing his tune on a key environmental issue, said yesterday that he no longer believes that there's any question about whether the Earth is warming.

"I believe there is global warming," he said at a news conference yesterday.

Bush had said just a few weeks ago that the "science is still out" on global warming. The governor, who is leading a crowded field of GOP presidential candidates, said his team of advisers had changed his mind.

"The last time I wasn't certain of the science," he said. "I've had some briefings recently and I'm becoming more convinced that the science proves there's global warming."

Tom "Smitty" Smith, director of the consumer and environmental group Public Citizen, welcomed the new position.

"We are delighted that Gov. Bush is acknowledging that global warming is a problem," he said. "We would ask him to take a leadership role since Texas leads the nation in global warming."

But the conservative Texas Citizens for a Sound Economy, which has fought efforts to curb greenhouse gas emissions, agreed with Bush's earlier position.

"We think there's been a lot of questionable and bad science that's been used," said the group's spokeswoman, Peggy Venable.

Jay Root, (512) 476-4294
Send your comments to jroot@star-telegram.com

WHAT DO YOU WANT TO SAY? SEND US YOUR THOUGHTS.

SEND — INCLUDE YOUR EMAIL ADDRESS IF YOU WOULD LIKE A REPLY.

can we do more on this

Fiddling While Antarctica Burns

By David Helvarg

WASHINGTON

I am glad to count myself among the handful of Washington reporters who missed the impeachment trial of the President. I was off covering a far more important story in Antarctica.

My trip convinced me that a hundred years from now Americans will look back at late-20th-century scientific research done in places like Antarctica and wonder how society could have been distracted by the sexual misadventures of a politician.

For the past 30 years climatologists have predicted that global warming would occur most rapidly at the poles, a fact now confirmed by scientists in Alaska, Canada and Greenland, at the North Pole and on the Antarctic Peninsula. The peninsula is a 700-mile-long rocky kite tail curving out from the coldest, driest, highest continent on earth. The peninsula is also, as I discovered, a wildlife-rich habitat undergoing a frighteningly rapid change.

Next century's scandals have begun — near the South Pole.

At Palmer Station, one of three Antarctic bases administered by the National Science Foundation, I spoke with the chief scientist, Bill Frasier, who has been studying the Antarctic climate since 1974.

"When I was a graduate student, we were told that climate change occurs but we'd never see the effects in our lifetime," Dr. Frasier told me. "But in the last 20 years I've seen tremendous changes. I've seen islands pop out from under glaciers; I've seen species changing places and landscape ecology altered."

While global temperatures have, on average, warmed by 1 degree Fahrenheit over the last century — paralleling increased industrial output of carbon dioxide and other greenhouse gases — the Antarctic Peninsula has seen a jump of more than 5 degrees in just 50 years, including an incredible 10-degree average warming during its winter months. As a result, huge pieces of the ice shelf — some sections are as large as the state of Delaware — have begun calving off its eastern shore.

And scientists are now discussing the possibility that the adjacent Western Antarctic Ice Sheet could experience a sudden meltdown, raising global sea levels by more than 15 feet over the next century (instead of one to three feet, as currently predicted).

That event could, among other things, turn the Trump Tower mezzanine into waterfront property. While most experts believe this melting will occur sometime after the 21st century, by the time they know for sure it will probably be too late to do anything about it.

Today's warming poses a more immediate threat to Antarctica's abundant wildlife. And here, too, there are implications that extend to the rest of the world, researchers told me.

Tiny shrimplike creatures called krill — the most abundant animal on earth in terms of their total biomass — are the broad base of Antarctica's food chain, consumed in vast quantities by penguins, seals and whales. (A single blue whale eats four tons a day.) Without access to sea ice, krill shrink, lose weight and are vulnerable to early death.

A decline of krill due to melting of the ice shelf could wreck much of the Antarctic ecosystem that depends on them.

Rising temperatures also increase precipitation — which, in Antarctica, takes the form of snow. Excessive spring snow has disrupted the nesting and breeding of Adelie penguins, leading to the extinction of many of their colonies. At the same time, more adaptable species like chinstrap penguins, elephant seals and fur seals are increasing their numbers, threatening to displace sea ice-dependent animals like Weddell seals, crabeater seals and leopard seals.

What these changes in the Antarctic Peninsula suggest is that rapid warming could speed up a global chain reaction of extinctions that — thanks to the impact of humans — is already under way.

"Weedlike" species that are highly adaptable to disrupted habitat (pigeons, rats, deer and elephant seals) will displace more specialized creatures (tigers, monarch butterflies, river dolphins and Adelie penguins) that depend on unique ecosystems like tropical rain forests, coral reefs and the Antarctic ice shelf.

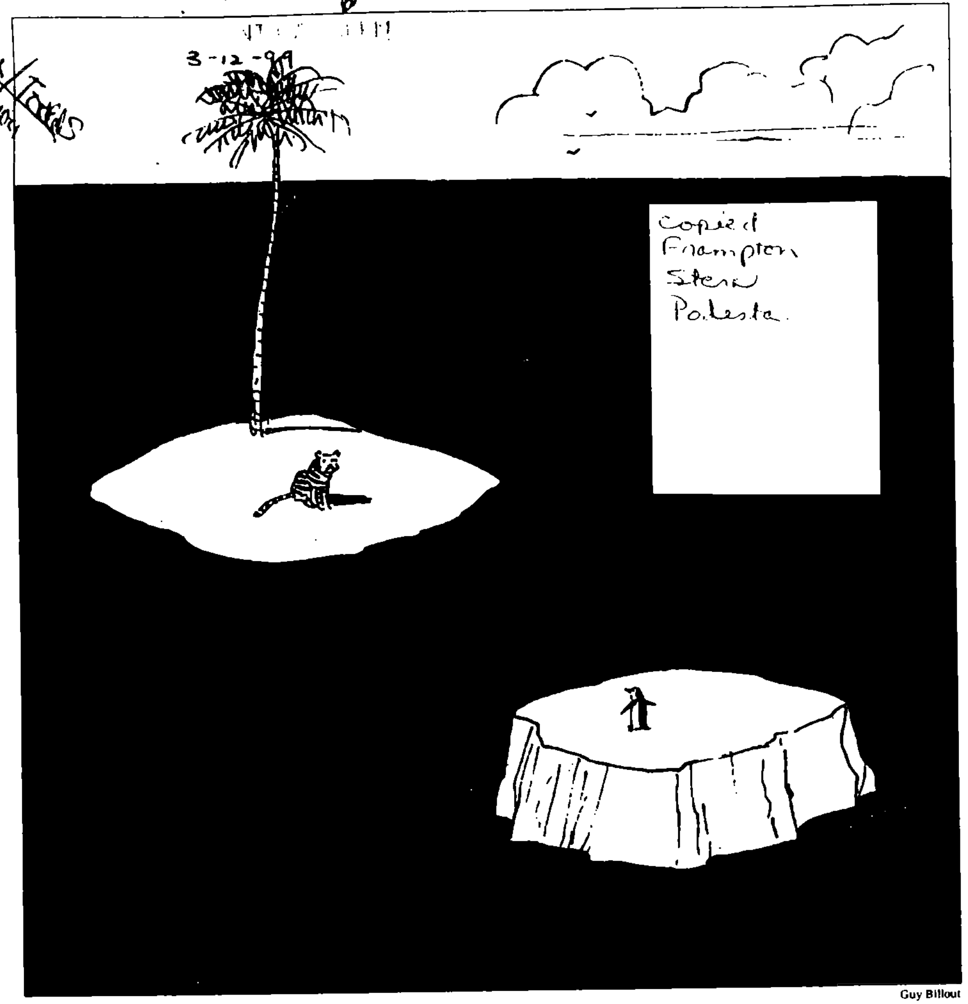
Rising temperatures may kill off certain plant species as well. At Palmer Station, I met Tad Day, a plant biologist who studies Antarctica's only two flowering plants: hairgrass and pearlwort. He has found that warming improves growth of pearlwort but appears to have a negative impact on hairgrass. Hairgrass, which was the dominant species in Antarctica, is now being displaced by pearlwort, a mosslike plant.

"Global warming," Dr. Day told me, "has the capacity to shift the competitive balance of species in ways that, until we get out there and do the research, we don't understand yet, and that could have important consequences on our ability to produce food and fiber."

Increasingly reliable climate models now predict a 2-to-6-degree planetary warming in the next century, with regional shifts in agriculture that will favor the industrial north at the expense of the poorer nations of Africa and Latin America. There will also be increases in extreme weather events, coastal storms and the spread of tropical diseases.

In that light, the work of Antarctic scientists like the ones I met suggests that — for better or worse — environmental change will define much of the politics of the 21st century, whether in Washington or at the South Pole. □

David Helvarg is a television documentary producer and the author of "The War Against the Greens."



Guy Billout

3-12-99

Copied Frampton Stern Polesta

Ms. Berry said the commissioners were aware that it was sometimes difficult to "balance" the tough work of crime-fighting and the need to exercise restraint when it is appropriate. "We all want to be protected from abuse or criminal behavior," she said. "But at the same time it is better for both the police and for residents that the police are respected and that they carry out their duties in a way that is not itself a source of abuse."

The demand that something be done about police misconduct in New York has intensified since Amadou Diallo, an unarmed man with no criminal record, was shot to death last month in a vestibule in the Bronx by four plainclothes officers who fired a total of 41 shots.

Falling crime brings an opportunity.

The commission will not be trying to get to the bottom of the Diallo case, Ms. Berry said, but rather will look at the overall picture of police-community relations in New York. The allegations of misconduct have run the gamut from killings that were not justified to the harassment of thousands of innocent civilians on the streets.

"We want to see how many incidents the police have been involved in and the kinds of complaints that have been made," Ms. Berry said.

The Commission on Civil Rights is a bipartisan fact-finding agency of the Federal Government. "We are not asked to go out and investigate and punish someone," Ms. Berry said. "What we get are complaints from people who feel they have not been taken seriously by government agencies when they originally complained. Our job is to be a watchdog over the enforcement by government agencies of people's civil rights."

Ms. Berry said that as part of its inquiry the commission will request — and subpoena, if necessary — documents and other data from the city and the Police Department. "We'll look at the regulations concerning the use of deadly force, for example, and the whole issue of external regulation or oversight of the department. We'd like information on the recruitment and training of police. We'll look at the demographics in the city and the qualifications required for police officer jobs, things like that."

The commission's findings and recommendations will be sent to the President and Congress, and will be made public.

New York is one of a number of cities the commission is focusing on.

Justice Blackmun, Off the Record

CAPITAL JOURNAL
BY GERALD F. SEIB

Gore and Bush: Feeling the Pain Of Being the VP

THIS IS A COLUMN about Al Gore and George Bush.

No, no, not *that* George Bush—not the one who's governor of Texas. This is about Al Gore and the *other* George Bush, the former president and father of the governor.

It's a sign of how fast things have changed that when you say "George Bush" now, most people in the political world think of the Texas governor and leading Republican contender in the 2000 race, not the former president. Right now, though, the more interesting comparisons can be drawn between Mr. Gore, the current vice president, and George Bush the elder, who once was Ronald Reagan's vice president.

A dozen years ago, the elder George Bush was trying to figure out how to mount a successful presidential campaign while serving as vice president. What he found then, and what Al Gore is about to find anew, is that it is far more difficult than most realize to run for president while serving as somebody else's vice president.

This issue arises because, right now, Mr. Gore doesn't exactly appear to be a red-hot political commodity. Yes, he towers above others in his party in financial and institutional support, and easily bests his only Democratic foe, former New Jersey Sen. Bill Bradley, when Democratic voters are asked their preference for the party's nomination in 2000.

Gore's Concern

Q. If the next election for president were held today, for whom would you vote?

George W. Bush	
Al Gore	
Neither/not sure	

THE WALL STREET JOURNAL/NBC NEWS POLL

vice president. And the numbers do, in fact, point to some real Gore weaknesses.

But they also point to a less well-understood reality. The assets that go with being vice president are offset by the considerable disadvantages a vice president has in shaking loose from his boss and establishing his own voice and identity with the nation's voters.

The fact that Mr. Bush pulled off a successful campaign as vice president in 1988 has made people forget just how rare that accomplishment is. Before Mr. Bush, the last sitting vice president who successfully ran for president was Martin Van Buren back in 1836. In this century, six other sitting vice presidents have sought the presidency; all six failed.

IT'S NOW OFTEN forgotten how, even serving under a popular President Reagan, Mr. Bush labored to escape the burdens of the vice presidency. The Iran-Contra scandal shadowed him, his political skills were compared unfavorably with Mr. Reagan's, and he struggled constantly to articulate his own agenda without being accused of disloyalty to his boss.

"Essentially, you're bound by the administration you've been in for seven years," says Robert Teeter, who then was a top Bush adviser and who now co-directs the Journal/NBC News poll. "At the same time, you're trying to distinguish yourself and present options, your agenda is being determined by the president and the White House." For Mr. Gore, this means he faces not only the usual vice president's struggle to make his own mark, but also the risk he could be hurt by Clinton scandal fatigue.

So, what to do? It's especially important for Mr. Gore to put his stamp on a set of "Gore ideas." He's started with some mini-initiatives designed to address the logistical and environmental scourges that go along with suburban sprawl. That's a legitimate issue of growing concern to important swing voters.

For Messrs. Stern and Sandalow from Rafe Pomerance 2 pages

YET EVEN even as the economy soars and Democrats seem ascendant in voters' estimation in other areas, Mr. Gore consistently falls behind when polls match him up against either the GOP's Gov. Bush or Elizabeth Dole. As the accompanying chart shows, a new Wall Street Journal/NBC News poll shows him a striking 18 points behind Gov. Bush in a hypothetical 2000 matchup.

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But he'll have to do more. He'd be well-served, for example, to begin framing his signature environmental issue for the 2000 campaign, before Republicans do it for him. How about an elongated explanation of how to square his environmentalism, and growing popular concerns about global warming, with economic growth?

Mr. Gore also has established solid foreign-policy credentials, particularly on Russia. With Russia sliding downward, this would be a good time to put his knowledge on better display.

Ironically, nobody would better understand the need to make a mark than George Bush—the elder, that is.

The Washington Times MAR 4 1999 A19

Kyoto lobby kills small businesses

By Marlo Lewis Jr.

Credit for early action — a policy proposal developed by the Environmental Defense Fund, warmly embraced by the Clinton-Gore administration, and championed by Rhode Island Republican Senator John Chafee, — is the latest ploy in the Kyoto lobby's strategy to divide and conquer the American business community. Early action crediting would jump start implementation of the non-ratified United Nations global warming treaty while increasing the number of companies amenable to ratification. Opponents rightly call the scheme Kyoto Lite.

Although the mechanics of an early action program are complicated, the basic idea is quite simple. Companies that reduce their energy-related emissions before 2008 — the year when a ratified Kyoto Protocol would go into effect — would earn credits they could later use during the first (2008-2012) Kyoto compliance period.

Any such program would fuel an upsurge in pro-Kyoto business lobbying. Credits earned under the program, although potentially worth millions or billions of dollars, would actually be worthless unless Kyoto, or a comparable regulatory program, were ratified or adopted. Consequently, participating companies would acquire financial incentives to support ratification.

Early action crediting is not an attempt to implement Kyoto through the backdoor of sneaky regulation. Rather, it is an in-your-face plan to implement Kyoto through the legislative front door. Early action crediting openly rewards compliance with Kyoto and is openly tied to ratification. As Mr. Chafee explained last October when he first introduced an early action bill: The credits would be usable beginning in the first five-year budget period (2008-2012) under the Kyoto Protocol, if the Kyoto Protocol is ratified.

Supporters describe early action crediting as a voluntary program, but the plan contains sticks — perhaps even fangs — as well as carrots. In the first place, the Environmental Protection Agency would likely be the administering agency. If EPA officials broach the topic of early action with a company over which they have inspection, permitting, or enforcement authority, how could the discussion not involve an element of coercion? Even if EPA scrupulously refrained from behind-the-scenes intimidation, companies might volunteer just to stay on the good side of their regulatory overlord.

Furthermore, even if not run by EPA, an early reduction program would put the squeeze on many companies to volunteer, because early reducers would profit at the expense of non-participants. The latter would not merely forgo benefits — they would be penalized.

Here's why. The Kyoto Protocol assigns to every industrial nation an emissions budget — a fixed quantity of emission allowances or credits it may lawfully use during 2008-2012. Under Kyoto, an industrial nation can earn emission credits, and thus increase its budget, by implementing early reduction projects in developing countries. However, early reductions achieved at home do not generate bankable credits that can later be added to a nation's budget. Thus, credits for domestic early action can come from only one place —the future U.S. Kyoto budget. The inescapable result is a zero-sum game. For every company that gains a credit for early action, there must be another that loses a credit in the compliance period.

Since early reducers are rewarded at the expense of non-participants, many businesses that otherwise would never dream of volunteering may do so just to avoid getting stuck in the shallow end of the credit pool, come 2008. This dynamic is, of course, exactly what Kyoto partisans desire, as it would build up the mass of companies holding costly paper assets that are completely valueless unless Kyoto is ratified.

In a Kyoto world, all small businesses will have to pay higher energy costs.

Who would be hurt the most? The answer is really quite obvious. Only the big boys — utilities and major manufacturing firms — have the legal and technical expertise and the discretionary capital to invest in voluntary emission reduction projects. Most small businesses will not be players in the early credit game. Yet in a Kyoto world, all small businesses will have to pay higher energy costs and many will have to reduce their use of fossil fuel. Credit for early reduction would not only make Kyoto more likely to be ratified, it would also make the treaty more costly for small business.

The strongest rationale for an early action program is Florida Republican Senator Connie Mack's 'precautionary' argument. Mr. Mack, an original cosponsor of the Chafee legislation, warns that a future Congress might ratify Kyoto or mandate energy-use controls. An early reduction program would allow participating companies to stretch out their compliance costs and thus, Mr. Mack contends, buy a kind of insurance against possible future regulatory excess.

This argument does not survive inspection. Enacting an early action program would send a strong message to the business community: Congress believes Kyoto ratification is inevitable, and American companies had better get prepared for it. That message —the Kyoto Express cannot be stopped — could easily become a self-fulfilling prophecy. Many businesses would conclude, if you can't lick 'em, join 'em. By strengthening the Kyoto lobby, early action crediting would feed the very regulatory ambitions Mr. Mack professes to oppose.

Early action crediting may seem like a voluntary, market-oriented, win-win environmental program. It is actually a political strategy to implement a non-ratified treaty and grow the Kyoto lobby. And it would produce a zero-sum game in which small business can only lose. Policy makers cannot consistently claim to oppose Kyoto and support early action crediting.

Marlo Lewis is Vice President for Policy & Coalitions at the Competitive Enterprise Institute.

Suzanne Fields

Suzanne Fields is on vacation. Her column won't appear this week.

CAPITAL JOURNAL
By Gerald F. Seib

Gore and Bush: Feeling the Pain Of Being the VP

THIS IS A COLUMN about Al Gore and George Bush.

No, no, not *that* George Bush—not the one who's governor of Texas. This is about Al Gore and the *other* George Bush, the former president and father of the governor.

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THE WALL STREET JOURNAL
WEDNESDAY, MARCH 10, 1999

Exporting the Jack Welch Way

THE WALL STREET JOURNAL
WEDNESDAY, MARCH 10, 1999

Business World

By Holman W. Jenkins Jr.

American companies face giant restructuring headaches. German companies face giant restructuring headaches. Why exactly do American companies believe that granting vast stock options is the best way to get on with this unpleasant work?

We never fail to find a visit from a German CEO enlightening, and a recent stop by the Journal by Siemens CEO Heinrich von Pierer didn't disappoint. His company faces a mother of all restructuring challenges. Shareholders are getting restless with its failure to master its many lines of business and generate a return in league with other companies its size. Mr. von Pierer has taken up the cry of "shareholder value." Nearly half the remuneration of his executives is now tied to performance.

Yet his use of stock options has been mingy by American standards. The top grant is no more than 9,000 shares. The American preference for truly stupendous grants makes him shake his head in disbelief: Does anyone really work harder for 100 million options than, say, two million?

Mr. von Pierer earns a respectable salary and works plenty hard. He recently bought a picture phone so he could see his wife once in a while. But the operating assumption here is that the important effect is not on how hard people work but on what kinds of decisions they are willing to make.

Happily for Mr. von Pierer, he will never have to make the kind of decision that would get him pictured in Newsweek as a "corporate killer." In Germany, such decisions are illegal. He can sit in his office and dream all day about moving with instant dispatch to dump lines of business, lay off masses of employees, and redeploy capital in more promising directions, but he can't do it. Under the German system of employment laws and the need for union acquiescence in strategic decisions, he must move slowly or not at all.

Unhappily for Mr. von Pierer, he finds himself competing globally for capital with companies that can adapt a great deal faster. Like many German business leaders, he has come up with GE's Jack Welch as a role model. Henceforth, Siemens will strive to meet the Welchian dictum of being "first or second" in any line of business. But it will get there by a different route: "I would not get very far with a nickname like 'Neutron Jack,'" Mr. von Pierer has said, referring to Mr. Welch's early reputation as a downsizer.

We wonder if he is missing the point. As Mr. Welch takes his victory lap, he has been keen to explain his own legacy, and it has nothing to do with where a business ranks or with the value of downsizing. In a presentation staged recently by Fortune magazine, the achievement he stressed was creating a company that could "think outside itself."

Mr. Welch made himself the enemy of every form of bureaucracy, tradition, sentiment or anything else that might stand in the way of his company realistically assessing its performance and opportunities. For one thing, the Welch Way favors a good deal of yelling and tears. The normal propensity of any organization is to bury bad news while speeding good news to the top, to seek unanimity at the expense of truth, to believe that painful change can somehow be avoided. The Welch Way works overtime to neutralize these natural tendencies. Almost by definition that requires a degree of interpersonal stress.

Psychologists live secretly in fear that they actually will be successful with their patients, since a genuinely well-adjusted person, free of fantasy, weighing everything in the cold light of reality, would be a scary thing. So is GE a scary thing to Germans and many others.

History being what it was, Germans take a dark view of the whole idea of tossing things up in the air and starting over. Not only would massive stock options be wasted on Herr von Pierer and his brethren. Massive stock options would be deeply upsetting to many Germans, because it would give the executives an incentive to restructure Siemens by the shortest, most efficient route. Large stock options send an unmistakable message to everybody up and down the line: "See all this money? If you won't do what's necessary, we can always find someone else who will."

> ***Large stock options say: "See all this money? If you won't do what's necessary, somebody else will."***

That's not a dynamic that many Germans want running loose in their land.

Their tax code makes such grants all but impossible, since executives have to pay income tax as soon as options are issued, whether or not they ever make any money from them. That puts Germany increasingly at odds with global practice. A corporate convergence is at work: Mr. von Pierer's investors are GE's investors; they are investors in Hewlett Packard, which last week announced a restructuring to be finished this year as dramatic as the overhaul Siemens has been plodding toward for a decade.

So much of the market value of any company depends on the market's confidence in the person running it—and "market" these days means a small number of fund managers who are able to assess top management face to face. These investors don't necessarily know much about a company's products and processes, but they can readily judge whether the people in charge are likely to recognize opportunity and move quickly to exploit it.

This is a game Mr. von Pierer cannot win, because he lacks the tools. One reason he is finally spinning off his semiconductor unit is so its frustrated chief, Ulrich Schumacher, will be able to wrest greater freedom from the unions to dangle stock options in front of key hires. In turn, that will help him attract the kind of investor who likes a risky venture—as long as management is properly motivated.

No doubt large CEO pay packages partly reflect the scarcity of the personality type that can Welchize an organization. Large pay packages also reflect the modern CEO's lack of job security, indeed the high likelihood of rendering himself unemployable in the future, since failure is a jinx that would stick in the eyes of other investors. Germans do not pay vast sums to get such people because they have no use for them. Indeed, such people would probably burn themselves up in an ulcer bonfire waiting for the system to let them to get moving. Mr. Schumacher's weight battles, his screaming matches, and his famous opposition to the huge North Tyneside plant (closed last summer after barely a year in operation) all suggest a Jack Welch in bondage.

Yet his boss, Mr. von Pierer, jokes about all the other Siemens executives who would like to see their businesses spun off so they can have a chance to "grow wealthy" too. Joking aside, his shareholders might worry why so many executives think they can become wealthy running the same businesses on the outside that have made no one wealthy while Siemens has been running them.

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FAX COVER SHEET

TO: Todd Stern

FROM: Peter Orszag

DATE: 11/28/98

SUBJECT: Op-ed on climate change

Todd –

You may recognize the basic idea in this op-ed, which I plan to shop around next week. Let me know if you have any comments or concerns.

Hope you had a great Thanksgiving.

Thanks,
Peter

PS: I am flying to DC tomorrow to help out on the Social Security conference, and will therefore be around until December 9.

DRAFT

"Changing the Climate on Climate Change"

Peter Orszag*

Representatives from 170 countries recently gathered in Buenos Aires for ongoing climate change negotiations. Here at home, opponents of reducing greenhouse gas emissions argue that protecting the environment would bankrupt the country. Proponents claim that the costs would be minimal. Combining tradeable emission permits with a cap on the permit price may be the solution to their disagreement. It could allow us, as the Vice President has put it, to address "global warming without economic cooling."

Both sides agree that tradeable emission permits, which require firms to hold permits for each ton of emissions but allow the permits to be traded among firms, would cut emissions more efficiently than command-and-control regulations. Even with a tradeable permit system, however, cost estimates for reducing greenhouse gas emissions vary widely.

For example, the Clinton Administration's official economic analysis of the Kyoto Protocol -- under which the United States would reduce emissions to 7 percent below 1990 levels during the five-year period between 2008 and 2012 -- concludes that carbon permits would cost between \$14 and \$23 per ton. But other studies of the Kyoto Protocol, including one issued by the Energy Information Administration, conclude that the costs could be up to fifteen times higher.

not EIA
'by Treaty opponents"

Adding a price cap to the permit system would provide our economy with an insurance policy against excessive costs. Under such a combined system, regular permits would either be auctioned or issued. The U.S. Government would also stand ready to sell additional permits at some given price, thereby ensuring that the market price of the regular permits never exceeds that level.

A guaranteed price cap would force both sides to put their money where their mouths are. For example, assume the government's price for additional permits were \$25 per ton. The Administration's official economic analysis would suggest that no one would buy such permits from the government, since the market cost of regular permits would be below \$25.

But what if the Administration's opponents turn out to be correct? As the cost of regular permits rose above \$25, additional permits would be purchased from the government, thereby increasing the supply of permits and protecting firms and consumers from undue burdens.

The acid rain program provides a precedent for such a combined system. The program is most famous for its tradeable sulfur dioxide permits. But under a little-known provision,

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a small number of permits are available for sale each year at a guaranteed price of $1,500 per ton, adjusted for inflation. Since the market price of regular permits has been significantly lower than $1,500, no additional permits have been sold under this mechanism.

Recent research by Resources for the Future, a Washington think tank, suggests that a combined system for greenhouse gases may be more economically efficient than a simple permit system. And perhaps more importantly, it could bolster the political viability of the greenhouse gas reduction effort, since the price cap would protect business and consumers against unexpectedly high costs.

Environmentalists raise two objections worthy of consideration. First, they argue, any additional permit sales would allow more emissions, undermining the environmental integrity of the system. Our goal, however, should not be to reduce emissions regardless of the cost. A balancing of economic and environmental interests is appropriate, and is precisely what the combined system does.

would

Second, critics add that a combined system may require international approval, further complicating negotiations already struggling with numerous other tasks. But that would be a price worth paying for a politically viable system that balances economic and environmental objectives.

Climate change is a global problem requiring a global solution. But it is also an environmental problem requiring an economic solution. A permit system with a price cap could allow American consumers to enjoy the benefits of a healthy economy <u>and</u> a healthy environment.

Sandalow:

(1) innovation avoidance - if bus. know $25 cap, won't invest

(2) easier to characterize as a tax

Int'l escape clause has no appeal to countries w/o emis'ns trading

At Buenos Aires and Beyond

by J.W. Anderson, Richard D. Morgenstern, and Michael A. Toman

RFF analysts pinpoint where the latest round of international negotiations leaves us in the world's politically tinged efforts to cope with climate change.

When several thousand diplomats, politicians, and lobbyists from nearly every country on earth met in Buenos Aires last November to talk about climate, they were pursuing a process of negotiations that had begun in the late 1980s. In 1992 that process led to the Framework Convention on Climate Change. The convention sought to avoid "dangerous interference" with the world's climate, albeit without specific atmospheric goals or mandatory emissions limits. In late 1997 negotiators agreed on the Kyoto Protocol to the Framework Convention. If it goes into effect, Kyoto will set legally binding emissions targets for the industrialized countries, to be met in the period 2008 to 2012.

But the protocol omits, or leaves vague, a number of important points. These include the nature of commitments by developing countries, specification of mechanisms for international emissions trading, and terms for making qualified emissions-reducing investments in developing countries (the so-called Clean Development Mechanism). More broadly, the fate of any binding agreement on climate change hinges on a number of issues that, at least up to this point, have stayed below the diplomatic radar.

One is the issue of equity between rich countries whose emissions are high and poor countries whose emissions are low but rapidly growing. Other issues involve the high cost of quickly reducing emissions to meet Kyoto's fairly demanding targets, which would begin less than nine years from now. A number of experts who readily acknowledge the virtue of taking actions to restrict greenhouse gas emissions also worry that the Kyoto targets may be too much, too soon, and too rigid.

In this article we first review the status of some of the main issues discussed at Buenos Aires and that remain part of the ongoing international dialogue on climate policy. We then turn to other issues that have received less public attention but are likely to loom at least as large in determining the ultimate fate of the Kyoto process.

Emissions Trading and the Clean Development Mechanism

The United States continues to press hard for free and open trading in greenhouse gas emissions rights, relying in part on its own very successful experience with cost-reducing sulfur-dioxide trading by utilities under its acid rain control program. The Clinton administration has used figures implying that the United States could buy from other countries as much as 85 percent of the emissions reductions it needs to meet its Kyoto obligations, permitting substantial expansion of domestic emissions. These purchases could include a large quantity of low-cost surplus emissions permits that might be supplied by Russia. Other countries, especially several European nations, have denounced the U.S. strategy on several grounds. These include fears of lost competitiveness vis-à-vis the United States, doubts about the long-term U.S. commitment to reducing greenhouse gases at home, concerns about the integrity of Russian emissions permits, and beliefs that international equity requires domestic sacrifice by all developed countries. Critics of the U.S. view have demanded stringent limits on the number of permits that any country can buy abroad, which the United States has strongly resisted.

gas up and make the collection system as simple and painless as possible, Ives asked. Proponents of what is now known as "Pay-at-the-Pump" (or PATP) have been asking the same question ever since.

J. Daniel Khazzoom, who organized an RFF workshop in January to address criticisms of the concept, sees economic efficiency through PATP. He also sees other benefits that flow from efficiency: equity, safety, lower insurance cost, enhanced welfare of the poor, improved quality of the environment, and less global warming.

In his papers on the subject, Khazzoom notes that the current fixed-cost nature of auto insurance destroys any incentive to cut down on driving, even though miles traveled increases both accident risk and environmental degradation. Under PATP, however, the connection between the price of insurance and these factors would be made. The more you drove, the more you would pay for insurance in the form of a surcharge tacked onto the price per gallon of gasoline. If your vehicle didn't get good gas mileage, you would pay more, also.

Aside from the environmental benefits, PATP would mean universal insurance coverage. Everyone who purchased gas at the pump would automatically purchase insurance, too, thus eliminating the inequity and expense of subsidizing uninsured motorists.

Despite the merits that proponents point to, however, PATP has failed to pass muster in any state legislature that has taken the proposal up. Khazzoom believes it is time for proponents and critics to sit down together and see if they can resolve their differences. The January workshop was a first step in the process.

For more information on PATP and the workshop, contact J. Daniel Khazzoom; *khazzoom@rff.org*. Khazzoom is a professor of quantitative studies at San Jose State University. In 1997–98 he was a Gilbert White fellow in RFF's Quality of the Environment Division.

Climate beat

Climate policy continues to be a major focus of activity at RFF. In addition to sponsoring the digital forum *Weathervane*, RFF continues to host "live" talks on the topic in all its intricacy and controversy.

Following a June 1998 workshop with European researchers and officials, RFF held a second event in October, which featured an exchange of views between U.S. and Japanese analysts.

Masahiro Kuroda, a professor at Japan's Keio University, co-hosted the event with **Michael A. Toman**, who directs RFF's climate economics and policy program. Some twenty analysts from both countries discussed their positions on emissions trading, joint implementation, and the use of the Clean Development Mechanism to support cooperative efforts between economically developed and emerging nations to reduce greenhouse gas emissions.

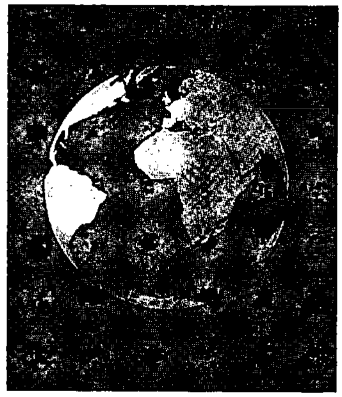
For an outline of the workshop discussion and points of agreement, go to *http://www.weathervane.rff.org/research/US-japan_flex.html* or contact the co-hosts: Masahiro Kuroda, *kuroda@fbc.keio.acjp;* Michael Toman, *toman@rff.org.*

RFF's **Wednesday Seminar Series** continues to be a forum for airing some high-profile opinions on climate.

At a seminar held in December, Yale University's A. Whitney Griswold Professor of Economics **William D. Nordhaus** pronounced the Kyoto Protocol "flawed, maybe fatally" so.

To a standing-room-only crowd, Nordhaus pointed out two main defects. First, the protocol imposes no constraints on the rapidly growing emissions of greenhouse gases in developing countries. Second, it relies on emissions trading as a way to limit emissions quantities. Since great uncertainty—and probably volatility—exist about the prices of such permits, Nordhaus said it would be better to use a system of harmonized carbon taxes.

Before another capacity crowd in January, RFF University Fellow **Hadi Dowlatabadi** discussed the effects of climate change on human health. Growing the global economy remains the best way to promote public



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health worldwide—more so than curbing climate change, he believes. Having said that, however, Dowlatabadi cited a number of reasons why health conditions might not improve despite economic growth.

As for trying to estimate the economic costs of climate change, Dowlatabadi doubted that we can. Amid profound change, costs cannot be calculated nor cost-benefit analysis applied, he said. It might be more useful, he suggested, to take a legal rather than an economic approach and consider the rights of people threatened by climate change.

Dowlatabadi's opinions are based on years of research directing Carnegie Mellon University's Center for Integrated Study of The Human Dimension of Global Change.

For a synopsis of each of these lectures, see J.W. Anderson's briefings at *http://www.weathervane.rff.org/archives*. For more information on RFF's Wednesday Seminar series, go to *http://www.rff.org/easy_instant_free.htm*.

The Clean Development Mechanism could allow developing countries to be beneficially engaged in greenhouse gas limitation investments. Under the CDM, for example, a firm in an industrial country wishing to expand emissions at home might finance a facility such as a highly efficient power station in a developing country, reducing that country's emissions and providing emissions credits for the industrial-country investor. But the concept raises a number of questions that negotiators have not yet adequately addressed.

One is whether the CDM will require new institutions to facilitate and vouch for international trades. The CDM might be conceived as a centralized agency playing a role in screening, selecting, financing, and assisting in project implementation. But experience suggests that many of those functions could be carried out more effectively by the private sector. The CDM would also require some mechanism to measure, monitor, and verify the claimed reductions of emissions. No agreement exists on who would do that work, or how.

Further, the protocol says that a "share" of the proceeds from CDM projects is to be used to help particularly vulnerable countries meet the costs of adapting to climate change. There is no consensus on the size of this fee, or the administrative machinery for allocating and spending the money. Nor have the negotiators confronted the reality of who is to bear the burden of this fee. It will not be international investors who can choose from a diverse menu of competitive investment options. Rather, host countries will receive a lower net return on the projects.

The CDM remains a work in progress. Yet there is little time to spare in settling these questions since, under the protocol, credit for early emissions could begin in the year 2000.

International Equity Debates

Progress on the Kyoto Protocol is slow not solely because of the technical, administrative, and political disputes on the current negotiating agenda, important though many of them certainly are. The lack of momentum is due also to a growing sense that larger questions must be cleared up before governments can confidently commit themselves to a treaty with enormous implications for their economic life.

A basic issue of equity underlies the tension between some of the industrial countries, led by the United States, and most of the developing countries, led by China and India. The issue can be summarized by observing that in 1995 the United States emitted 20 metric tons of carbon dioxide per capita, compared with about 2.5 tons in China and just under 1 ton in India. Why, these and other developing countries ask, should we take control actions now when the rich countries have contributed so much more to the problem?

What is a fair solution to that disparity? There has been some discussion of formulae for national emissions limits that would eventually bring about equality in per-capita emissions between developed and developing countries at some point in the future. However, the viability of this approach is open to question, at least for a number of years. A per-capita emissions target for rich countries down near China's and India's current emissions levels would require the developed world to make draconian emissions cuts or gigantic payments to poorer countries for extra emissions rights. A target up near the United States' current level of emissions per capita implies such an immense increase in worldwide emissions that the whole treaty becomes futile. Any agreement on emissions "convergence" would have to occur well into the future to be acceptable to all the parties. Sufficient progress in developing nonfossil energy sources would also have to occur so that the convergence would meet longer-term climate protection goals without being seen as excessively burdensome by rich or poor.

In the meantime, other avenues exist through which to approach equity in ways that build on the self-interests of different countries. In the shorter term, for instance, leaders of some developing countries may agree to modest limits on the growth of their greenhouse gas emissions in order to reap collateral benefits at home—such as improved economic efficiency and reduced conventional air pollutants, which damage the health of their own citizens—as well as to increase the availability of international investment through the CDM or other channels. But for such activities to succeed, they must be seen as beneficial by developing as well as developed countries. The climate negotiations have only begun the difficult exercise of deciding what concepts of fairness can attract such agreement.

Abatement Costs and Policy Design

The cost of emissions controls has figured prominently in domestic policy disputes, but has been much less significant in the international negotiations. Article 3.3 of the Framework Convention observes that "policies and measures to deal with climate change should be cost-effective so as to ensure global benefits at the lowest possible cost." But this observation does not speak to the more fundamental question of what costs are seen as acceptable to bear in exchange for reducing the long-term risks of climate change.

The Clinton administration argues that the United States can achieve compliance with the Kyoto requirements for less than $25 per ton of carbon avoided, assuming an idealized system of international participation in carbon control through emissions trading. Other estimates, some based on comparably pessimistic assumptions, go much higher, into the range of $300 a ton. These figures are all produced by technically competent models. The differences arise from their varying assumptions about international emissions trading, and cost-effective opportunities for carbon abatement, among other factors.

The higher estimates have figured in the opposition within the U.S. Senate to ratifying the Kyoto Protocol. This deadlock over the cost figures is unlikely to be resolved until there is more information about abatement costs from actual experience. But the protocol does not allow for small-scale experiments. Instead, it would commit most of the industrial countries to substantial emissions cuts in the near future. The U.S. Energy Department estimates that, if nothing is done, emissions will be more than 30 percent above 1990 levels by the year 2010. Thus, U.S. compliance with the Kyoto Protocol—which would entail a 7-percent reduction below 1990 levels—would require cutting emissions by more than one-third below business-as-usual, and doing it in little more than a decade. This prospect raises another central question, this one about basic economic strategy.

Given the large uncertainties about the cost of reducing greenhouse gases, what is the best way to proceed? One option is to introduce more flexibility regarding the emissions target to be achieved. This flexibility could take the form of a ceiling on the cost of compliance. In the context of an emissions trading program the cost ceiling could be implemented by the government standing ready to sell additional permits at a prespecified price. The price ceiling could start at a relatively modest level and escalate gradually over time, causing a corresponding drop in the total quantity of emissions.

Proponents of the Kyoto target may be correct in asserting that the costs are not that large—either because the economic models are underestimating the quantity of cheap reductions available or because international markets for greenhouse gas trading would flourish with developing country participation. If so, then additional permits offered by the government would not be needed to meet the Kyoto target. If the higher cost estimates are right, however, and firms did purchase additional permits, the emissions reduction would be less. But the burden on the economy would be limited to a predictable level.

Policy can set either price or quantity targets with some assurance, but not both. If the objective is to cap the cost of control, the amount of emissions actually eliminated cannot be guaranteed. If on the other hand the objective is to cut emissions by a certain amount, the cost of doing so cannot be predetermined, either. Environmentalists prefer the certainty of quantity over the certainty of cost. However, this preference does not give full weight to the fundamental differences between climate change and most other environmental problems. The uncertain and potentially large size of greenhouse gas abatement costs argues for a price ceiling to start the process, with the possibility of converting to a fixed-quantity approach once more information is available on the true costs of emissions reductions and agreed-upon mechanisms are established to better monitor international activities.

Long-Term Timing of Emissions Control

Changes in the earth's climate, and thus the risks of climate change, are affected by the long-term concentration of greenhouse gases in the atmosphere, not simply by year-to-year increases in emissions. This reality highlights the need for a long-term focus in setting policy targets, in contrast to the Kyoto approach of setting one relatively near-term set of targets and leaving future targets open for negotiation.

A substantial body of economic analysis has developed since the start of the climate negotiations, which suggests that the lowest-cost path to any plausible longer-term target for greenhouse gas concentrations in the atmosphere would start with relatively modest cuts in emissions, restricting them more severely in later decades. In this kind of scenario the price of emissions control would start at a low level, giving people time to learn the new rules and develop reliable data on strategies for operating in a low-emissions regime. Over time, the price would be increased as needed to keep the concentrations within the target.

One important reason for this gradual acceleration approach is that a faster turnover of capital equipment, like electric generating plants, might be very expensive. Another reason is that a more gradual approach allows greater opportunities for taking advantage of future developments in technology. There is a need to promote development of new technological options. This promotion could be enhanced through increased support for R&D as well as through the gradual but inexorable effect of rising energy prices.

Where Do We Go from Here?

As we noted at the outset, a number of policy issues within the scope of the Kyoto Protocol remain to be worked out. On international trading mechanisms, while there is room for compromise, we believe that the positions held by the United States and its allies in the debate are basically sound. In practice, achieving the Kyoto targets requires the kind of extremely flexible and cost-effective policy mechanisms that the United States advocates. The private sector can play the lead role in developing the necessary market mechanisms for trading. We further believe such mechanisms can be developed without compromising the integrity of emissions targets through development of appropriate international capacities for monitoring and compliance evaluation. The results will not be perfect but, to cite a tired Washington cliché, perfection should not be the enemy of the good in international climate policy.

Yet, these efforts will not address some of the more fundamental concerns we have raised about the path on which the world has embarked to restrict greenhouse gases, concerns related to cost, timing, and economic uncertainty. The kinds of policies we have described above provide a long-term approach to a long-term risk, and they reduce short-term uncertainty about costs. Of course, a long-term approach cannot be carved in stone today, since our current analyses require assumptions that, in many cases, are little more than educated guesses. However, some concrete first steps along the lines we have discussed could provide opportunities for experimentation and learning in an area in which we believe policy cannot wait for complete scientific and economic certainty.

Issues of equity, cost, and long-term strategy are only partially on the climate negotiators' agenda. But it seems unlikely that an effective international agreement on greenhouse gases will go into effect until these concerns are seriously addressed. Some of the policies we have discussed are inconsistent with the Kyoto Protocol. They nonetheless should remain part of the policy debate, since international climate policy is a work in progress.

J.W. Anderson is RFF's Journalist in Residence. Richard D. Morgenstern is a visiting scholar in RFF's Quality of the Environment Division. Michael A. Toman directs the Energy and Natural Resources Division.

Environmental Liability in Transition

A Look at the Record in Hungary

by Maria Csanádi and Ruth Greenspan Bell

The records of privatization in a former communist country offer a rare glimpse at how environmental liability fits into the puzzle of moving toward a market economy.

When the Soviet Bloc crumbled almost ten years ago, countries in Central and Eastern Europe resolved to transfer into private hands property that had been under state control for forty-five years. Privatizing many thousands of industrial enterprises was complicated by a legacy of environmental neglect, sometimes predating communist times. The privatization process came to be entangled in questions about responsibility for environmental liability.

If such questions were new to privatization officials in what were once collective economies, they were routine to prospective buyers from the West. Years of experience with the Superfund regime in the United States caused them to worry about paying for past pollution; they were hardly reassured by the lack of clear liability principles in the former Soviet Bloc countries.

The transition to market-based economies has been going on for some time now. Nevertheless, little is known about how these countries have responded to investors anxious about how much liability might come with the facilities they purchased. Our ignorance about this issue is partly a consequence of government secrecy, but investors, too, have been reluctant to share specifics. As a result, whatever information is available has been largely anecdotal.

This article reports on one of the first opportunities to review the written records of a governmental entity responsible for privatization, in this case what is referred to here for simplicity's sake as Hungary's state property agency (SPA). The records reflect privatization activities between 1990 and 1998. Co-author Maria Csanádi traced how Hungary's SPA, with little law or experience to guide it, evolved in its management of contamination issues in privatization transactions. For Hungary, like many of its neighbors, did not have laws on compensation for the restoration of environmentally damaged industrial sites, should remediation be required; nor did it have soil cleanup standards. At the same time, however, Hungary's Civil Code, written long before site contamination became an issue, broadly provides that a purchaser acquires property with all rights and duties pertaining to it.

The Records Reviewed

The Hungarian government made available for examination twenty-six hundred contracts memorializing privatization transactions. The transactions selected for study were those officially registered as having environmental aspects. In seventy-nine cases, the contracts clearly indicated SPA commitments to shoulder in some

Pentagon's 'Scrooges' Turn Off Lights, Share Savings

By JOHN J. FIALKA
Staff Reporter of THE WALL STREET JOURNAL

BARKSDALE AIR FORCE BASE, La. – For decades a little known but crucial step in the nation's strategic military preparedness has occurred here in a dimly lit, stadium-sized hangar where B-52 bombers taxi in for a regular checkup.

After the building's 200-foot door closes, technicians crawl over the mammoth plane looking for tiny rust spots, a serious matter for bombers that are at least 37 years old. But often the technicians couldn't see very well. So they would open the door again, letting all the heat out in winter. After doing some touch-up painting, they closed the door again and waited two hours for the cavernous building to warm up, or their paint wouldn't dry.

Nathan Cost

The fact that this wasted enormous amounts of time and energy was generally ignored, until now.

Today the hanger is comfortably warm and brightly lit with skylights and high-tech fixtures that use half the previous load of electricity. During the Cold War and the Gulf War there were other enemies to deal with; now the Defense Department is attacking its $6.1 billion annual energy bill, the largest in the land.

For the military, an organization that created the air-conditioned tent, this is a wrenching change. For a small group of private companies the Defense Department has brought in to act as the energy Scrooge, it is a golden opportunity. Under a federal program, they get the value of half the energy savings they create for the next 10 years.

"We do nighttime audits," explains Ken Ormsbee, whose company, Energy Masters International Inc., plays Scrooge here. "You can find all kinds of things running wide open when there's no one here but us."

They found the base's 8,000-foot runway apron lit up like a night baseball game when no one was working there. Sometimes the lights remained burning during the day. There was no way to turn off the system of 29 massive light poles, each of which had its own switch. Energy Masters, a subsidiary of Minneapolis-based Northern States Power Co., put in more-efficient lights and installed a master switch in the control tower. Result: $32,139 worth of annual savings. The project paid for itself in less than a year.

"This was just a case of shutting off the lights when you didn't need them," explains Nathan Cost, the base's first civilian energy manager. He and his outside consultants are working on projects worth $2 million in annual savings, and he figures there may be another $18 million worth.

Base managers noticed problems before. But previous energy managers were military officers who often rotated out before discovering all of the base's expensive quirks. And when energy-savings requests came up against money for bombs, aircraft and readiness, Mr. Cost says, they usually lost.

"But now you have to think outside the box a little bit," he explains. He is referring to the federal energy-savings program, mandated by Congress in 1992 and strengthened by a White House order in 1994, calling for a 30% energy reduction by 2005. One of the key changes is that outside contractors find the energy savings and then put up the money to finance their equipment installations; that means no more budget fights.

The way it works here is that the base keeps paying its old utility bill, but the local utilities, which are also partners in the program, earmark half the savings to pay the contractors' costs plus interest. Most projects are paid off in 10 years and, after that, the government gets all the savings.

According to defense officials, Scrooges at other bases have found:

• By fixing 10 water leaks in the plumbing of the Navy's shipyard at Portsmouth, N.H., which were spilling 46.7 million gallons a year, and by solving a variety of other energy problems, the base will get an annual savings of $2 million.

• By spraying a stucco-like foam on the outside of "temporary" redwood buildings, built at California's McClellan Air Force Base in 1944 and designed to last one year, they can be efficiently air-conditioned.

• By scrapping 4,003 air conditioners at Fort Polk, La., and replacing them with geothermal heat pumps that use the difference between the underground temperature and the air to heat and cool, the Army can trim $5 million off the base's $13 million annual utility bill.

Not all the projects are solved easily, however. Barksdale, like most military bases, is a sprawling collection of 746 buildings, some of them poorly insulated "temporary" buildings slapped up during crises long ago. Often they have been modified several times, so their heating and cooling systems don't necessarily match their current needs.

Energy Bill

The defense department's annual energy bill, in billions:

Fleet operations, aircraft, vehicles and ships	$3.6
Heating and cooling buildings	$2.2
Industrial operations and laboratories	$0.3
TOTAL	**$6.1**

Source: U.S. Department of Energy

"You find lots of surprises in this business," says Mr. Ormsbee, whose company works at 17 other military bases. At an Air Force base near Fairbanks, Alaska, the company found a headquarters building with a gigantic steam heating system running without controls. Officers worked in T-shirts by open windows when the temperature outside was 40 below. Energy Masters downsized the heating system. "These people will be a lot more productive now," he speculates.

Often the benefits go beyond money. For example, when Tinker Air Force Base in Oklahoma refitted 356 vehicles with electric and natural-gas-powered engines, the move was just enough to tip nearby Oklahoma City back into compliance with the Clean Air Act.

Sherri Goodman, a deputy undersecretary of defense, says that her agency has not only cut its energy bill by 19%, it has also trimmed its emissions of "greenhouse gases," thought to be warming the planet, by 25% against 1990 levels. "We want to be lean and mean and green," she says.

Meanwhile, now that more-efficient lights are on here at Barksdale, the B-52 technicians have discovered that their hanger is lean and mean and, well, blue. One whole wall of the hangar is sprayed blue, a color they haven't used here for years. (B-52s are currently sprayed dark gray.)

"Before this, you couldn't really tell what was up there," explains Tech. Sgt. Calvin Freeman, manager of the facility, pointing at the wall.

THE WALL STREET JOURNAL
FRIDAY, FEBRUARY 26, 1999

Border States, Clinton Feud On Immigration

By Marjorie Valbrun
Staff Reporter of The Wall Street Journal

WASHINGTON—A feud has erupted between lawmakers from states bordering Mexico and the Clinton administration over immigration policy, setting the stage for a possible budget battle.

The dispute, which has led the House's top immigration legislator to threaten to seek the removal of the chief of the immigration service, ranges from U.S. Border Patrol staffing to the detention and release of criminal aliens.

While a few Democratic lawmakers have also complained about the lack of administration funding for additional Border Patrol agents to keep out drug smugglers and illegal aliens, the issue has taken on an increasingly partisan tone as Republican lawmakers have begun harshly criticizing the administration's immigration-control efforts.

The tensions burst into public view yesterday. At a hearing by a House subcommittee on immigration, Rep. Lamar Smith (R., Texas) took Immigration and Naturalization Service Commissioner Doris Meissner to task for not hiring as many Border Patrol agents as Congress mandated and for planning to possibly release certain criminal aliens, deemed not to be a threat to the public, to relieve overcrowding at INS detention centers.

"This administration's record on release of criminal aliens and refusal to fund additional Border Patrol agents should be disturbing to everyone in the country," said Mr. Smith, chairman of the panel. "This administration's pattern of nonaction appears to be [a] full retreat, if not a complete surrender, in the war against drugs."

Ms. Meissner responded, "I want to be very clear . . . that no aliens have been released who are subject to mandatory detention." She added that the number of criminal aliens removed by the INS nearly doubled from 28,600 in fiscal 1993 to 56,100 in fiscal 1996, the latest year for which figures are available.

Mr. Smith, along with panel member Rep. Elton Gallegly (R., Calif.), seemed unimpressed. "We don't need to import criminals to our country," Mr. Gallegly said. "We have enough of our own."

Meanwhile, Democrats on the subcommittee argued that the tough 1996 immigration law has made it more difficult for the INS to do its job. The law requires the agency to detain and seek deportation of nonviolent illegal aliens. It also requires the arrest and deportation of legal aliens who committed felonies in the past and have already served time in prison.

Democratic Rep. Sheila Jackson Lee of Texas suggested that parts of the law "might be harsh and unenforceable." Rep. Barney Frank (D., Mass.) agreed, saying the measure greatly broadened the number of people eligible for detention and removal, thus overwhelming the INS.

"This Congress went on an anti-immigrant bend a few years ago and has complicated things," he told Ms. Meissner. "You have been given more people to deal with than you should."

In a Feb. 11 letter to Attorney General Janet Reno, Messrs. Smith and Gallegly detailed areas where they believe the INS has failed to properly do its job and urged her to take action. The letter cited the Clinton administration's fiscal 2000 budget request for "only" $22.5 million for additional beds for INS detention centers and "not one additional Border Patrol agent."

"Taken together, these facts lead us to the obvious conclusion that the INS is not serious about enforcing immigration laws," the lawmakers wrote. "Moreover, if Commissioner Meissner is unable to quickly address these enforcement problems, we will have no choice but to ask for the removal of the current Commissioner and her replacement with a new Commissioner who is capable of enforcing the law with regard to illegal aliens."

After yesterday's hearing, Ms. Meissner said, "I have no intention of resigning." In an interview, she noted that the INS requested $73 million for more beds in fiscal 1999, but Congress appropriated only $17 million. In addition, she said that if Congress approves an $80 million supplemental funding request for this fiscal year, the agency won't have to consider releasing any criminal aliens.

The Republicans' letter came 10 days after Democratic Rep. Sylvestre Reyes of Texas wrote to President Clinton lamenting the lack of additional funds for 1,000 new Border Patrol agents. Rep. Reyes wrote that the shortfall would hurt the agency's effort to curb drug smuggling at the Southwest border, the gateway for about 50% to 70% of the drugs entering the country. A bipartisan group of border-state lawmakers, 11 Republicans and five Democrats, signed the letter.

"Congressional support for the additional Border Patrol agents has been without question, strong and bipartisan," Rep. Reyes wrote. "We believe that additional Border Patrol agents are an essential component to securing our nation's border, reducing crime and keeping our communities safe."

The 1996 immigration law requires the INS to hire 1,000 new agents a year. Ms. Meissner said the strong labor market has hampered the agency's recruitment efforts but noted the fiscal 2000 budget maintains Border Patrol staffing at this year's level of nearly 9,000 agents, up sharply from the 3,965 agents in fiscal 1993.

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Hybrid Bus Is Environmentally Friendly

By MATTHEW L. WALD

WARREN, R.I., Feb. 2 — When most buses accelerate, they labor, lumber and roar, spewing clouds of choking exhaust as their heavy diesel engines struggle to drag along 24 tons or so. But a new bus rolling out of a sailboat factory here, hums at a constant tone, never emits visible exhaust and runs on about half the horsepower a compact car needs.

It may look like a bus, but it is also a performance vehicle. Floor it, said Stephen A. Misencik, the chief designer, and "we can almost smoke the tires."

The bus, a 30-foot model that will enter service soon as a shuttle between terminals at Logan Airport in Boston, is powered by two electric motors, one for each rear wheel, and a natural gas engine. More fiberglass than steel, it is two-thirds the weight of a regular bus. The prototype cost about $1 million. A conventional full-size bus costs $225,000 to $275,000. With other designers pushing in the same direction, and mass production, the cost of the hybrid bus is expected to drop.

Some of the most creative work in reducing air pollution is being seen in the design of buses, which are big enough to accommodate bulky new components and whose buyers are often governments eager to buy antipollution technologies.

"Transit agencies are under more and more pressure to get off diesel," said Sheila Lynch, the executive director of the Northeast Alternative Vehicle Consortium, a nonprofit agency that helped finance the design and assembly of the new bus with money from the Pentagon. "Government agencies are reviewing all their options," said Ms. Lynch, who pointed out that Boston has decided not to buy any new diesel buses, and that in New York City, the Natural Resources Defense Council is on a campaign to win the same promise from local officials.

The new bus here is the brainchild of Everett A. Pearson, who looked at the standard 30-foot bus, which weighs about 23,500 pounds without passengers, and decided it needed to go on a diet. He kept the metal in the axles and the wheels, but hardly anywhere else. It weighs 16,200 pounds.

A leaner, cleaner bus goes to Logan Airport in Boston.

The rest of the manufacturing world may not be ready for such a weight drop. Mr. Misencik, a mechanical engineer, said that finding lightweight, mass-produced axles, hinges and other parts was sometimes impossible: The door weighs only 28 pounds but the lightest hinge available is too heavy, because it is designed for a 98-pound door.

Mr. Pearson founded Pearson Yachts with a cousin in 1957 but later sold the company. John Walton, of the Wal-Mart fortune, owns part of his current company, TPI Composites. Among TPI products are modular bathrooms for passenger trains and hot tubs.

Mr. Pearson spent about $500,000 of the company's money on the bus that will go to Boston. The Northeast Alternative Vehicle Consortium, a nonprofit agency that distributes grants, also invested $500,000.

Building a large fiberglass chassis involved several innovations. Local air pollution officials in Rhode Island insisted on a change, Mr. Pearson said, that led to one of them. The traditional method of making fiberglass is to lay out fabric woven from glass fibers and slather it with resins — but the resins give off gases during manufacturing that help cause smog. Under pressure from Rhode Island, Mr. Pearson invested in a patented system of pumping the resin into the material while it is in a vacuum. The result: a stronger finished product with more glass, less resin and no air bubbles, which are a source of structural weakness.

He said that TPI had also improved a method for increasing the ability of fiberglass to withstand compression, so bolts could be inserted without weakening the structure.

The weight reduction achieved by using fiberglass is only half of the innovation. The other half is the hybrid electric-natural gas drive system. Hybrid systems use less fuel and produce fewer emissions than diesel engines. Both Toyota and Honda plan to introduce cars with hybrid systems soon.

New York City has been using five hybrid buses with conventional steel bodies since September, and plans to buy 10 more. They run on the M-5 route along Riverside Drive, and the M-60 route from the Upper West Side to La Guardia Airport. Most riders notice the low floors because they do not have to climb steps into the bus.

"The reaction of our bus drivers has been overwhelmingly positive," said Albert W. O'Leary, a spokesman for New York City Transit. Maintenance is easier, too, he said, because drivers of New York's hybrid buses do not make much use of the brakes. To stop, they press the brake pedal, turning their drive motors into generators, which slow the bus and convert that energy into electricity that flows back into the battery.

A conventional bus the size of the hybrid bus would need a 190-horsepower diesel engine. The hybrid bus, with 68 horsepower, has two large electric motors, powered by batteries charged continuously by a generator, which in turn is powered by the small natural gas engine. Natural gas is far cleaner than diesel. And this engine, fueled by natural gas, runs at a constant speed, which is the engine's "sweet spot," at which it returns the most energy from fuel.

The result is a huge reduction in energy use. And the TPI bus produces 58 percent less carbon dioxide as a diesel model than do conventional buses with diesel engines.

But changing the bus industry is not easy and the first big contract, from North American Bus Industries, of Anniston, Ala., a major manufacturer, will be for bus bodies that will accept conventional diesel drivetrains. N.A.B.I. signed a $6 million contract to buy several bodies, plus tooling and technical information so it can build more. Some will be 40 feet long, like a standard city bus, and others 45 feet, like a Greyhound coach. Once N.A.B.I. is comfortable with the fiberglass bodies, Mr. Misencik hopes to persuade the company to try one with a hybrid engine.

Ed Quinn for The New York Times

TPI Composites in Warren, R.I., has built a bus with two major innovations: a hybrid drive system and lighter body made mostly of fiberglass, which are expected to help reduce emissions and use less fuel.

Tuesday January 26 12:22 AM ET

White House Wants More Money For Global Warming Fight

By Patrick Connole

WASHINGTON (Reuters) - The Clinton administration said Monday it wants a $1 billion increase in the amount budgeted to battle global warming in fiscal year 2000, bolstering the struggle against what the White House calls a ''grave threat'' to the world's future.

In its 2000 budget for climate change, a copy of which was made available to Reuters, the administration proposes a $4.05 billion spending and tax incentive package aimed at enticing corporations and individuals to choose environmentally friendly options when building plants, burning fuel and buying homes.

More than three-fourths of the money would be spent researching the global warming phenomenon, developing renewable, efficient energy technologies like wind and biomass, and promoting cleaner vehicles.

Vice President Al Gore, the administration point man on the environment, said recent data showed 1998 to be the warmest year on record, making budget increases necessary for ''ensuring a safer planet for our children and grandchildren.''

In addition to diplomatic efforts to fashion a workable treaty on global climate change, Gore said the administration wants to improve efforts on the home front.

''That is why President Clinton and I are proposing a record $4 billion for expanded research and other programs to better understand and protect our climate, and for tax incentives for consumers and businesses to purchase energy-efficient cars, homes and appliances,'' Gore said in a statement.

A senior White House official said the package, which calls for a $1 billion spending increase over the previous fiscal year, was separate from the issue of whether or not the United States should ratify the Kyoto Protocol on global climate change.

''It's really not related to Kyoto. A great many of these programs were started well before Kyoto,'' the official said.

The controversial protocol, named for the Japanese city where the agreement was negotiated in late 1997, calls for industrial nations to cut heat-trapping emissions from burning fossil fuels by an average of 5.2 percent below 1990 levels in the period 2008-12.

The U.S. signed the treaty last November, but details of how the agreement would work, and key questions over the participation of developing nations such as India and China, have not been worked out.

White House policies on global warming, and the administration's support of the Kyoto framework, have staunch foes in Congress. Clinton has not submitted the treaty for Catification.

Opponents believe U.S. industry would suffer hundreds of thousands of job losses, and the economy in general would be harmed by meeting targeted emission cuts.

Still, the White House said new programs, like the proposed $200 million Clean Air Partnership Fund, would help state and local governments fight carbon emissions and other harmful harmful pollution.

The White House official highlighted plans to double the amount spent on agricultural research, specifically the study of how soil and forests can sequester carbon emissions. Other monies would be allocated for satellite monitoring, studying consequences of climate change and three-dimensional mapping.

JANUARY 26, 03:25 EST

$4B Sought To Combat Global Warming

By H. JOSEF HEBERT
Associated Press Writer

WASHINGTON (AP) — The Clinton administration, stymied in getting quick acceptance of the Kyoto climate treaty, will seek $4 billion next year to pursue an ``aggressive, commonsense" policy that addresses the threat of global warming.

White House officials disclosed late Monday that President Clinton intends to propose as part of his next budget sharp increases in climate-change related spending and tax breaks in hopes of reducing the flow of greenhouse gases into the atmosphere.

Vice President Al Gore said the additional spending, which is expected to meet stiff resistance in Congress, represents ``significant new investments ... to accelerate our aggressive, commonsense efforts to meet the challenge of global warming."

The proposals will be part of the fiscal 2000 budget the president will send to Congress next month.

A linchpin of the climate initiative will be a plan to create a $200 million ``clean air partnership fund" that would be used to generate millions of dollars more in state and private funds to help reduce greenhouse gases, chiefly carbon dioxide from burning fossil fuels.

A senior White House official said the money, which in many cases will be tied to promises of state matching funds, can be used for a wide variety of programs from retrofitting buildings to purchasing more fuel-efficient or cleaner burning vehicles. Some of the funds would be used to promote public-private partnerships to reduce greenhouse gases, including voluntary efforts by companies to improve energy efficiency.

The administration will argue to Congress that the funds will be earmarked for programs that not only address climate change, but also reduce urban smog and other air pollution by reducing emissions from automobiles or coal-burning power plants.

The initiative will help states and communities meet tougher smog requirements and other clean air rules being developed by the Environmental Protection Agency, officials said.

``Efforts to address global warming can at the same time help to protect public health," said Gore of the new spending programs.

Clinton alluded to the clean air fund in his State of the Union address last week, but provided no details.

The administration also is proposing $105 million, more than double the current levels, for research into how agriculture and forests can offset greenhouse gas emissions by absorbing carbon dioxide.

Much of the climate package — including proposals for more than $1.4 billion in tax incentives — are aimed at promoting energy efficiency and spurring developing of new energy technologies to reduce the reliance on fossil fuels.

These include:

—$1.4 billion in spending for research and development into more energy-efficient technologies and renewable energy programs such as solar and wind power, a 34 percent increase over such spending this year.

—Tax credits for purchase of ultra-energy-efficient homes or energy-efficient equipment, or for the purchase of electric, hybrid or fuel cell vehicles expected to begin hitting showrooms over the next few years.

—$122 million to spur technology for cleaner burning, coal-fired power plants.

A similar package of research dollars and tax incentives was proposed last year, but stalled in Congress amid charges from Republican critics that the administration was trying to implement the Kyoto accord without it first being sent to Congress for ratification.

Congressional opposition, especially among Republicans leery of the Kyoto climate agreement, is likely to be strong again this year.

Last week, Sen. Jesse Helms, chairman of the Senate Foreign Affairs Committee, demanded that the White House send the Kyoto climate treaty up for ratification, sure that such an attempt would fail. Administration officials have said they don't expect the treaty to be submitted to Congress until after the 2000 election.

Clinton Plan Aims To Curb the Effects Of Global Warming

By JOHN J. FIALKA
Staff Reporter of THE WALL STREET JOURNAL

WASHINGTON—The Clinton administration will propose a $1 billion increase in spending and tax incentives to spur the development and use of more energy-efficient vehicles, homes, and heating and cooling equipment.

The increased spending is part of the administration's effort to curb global warming.

The plan, announced yesterday, includes a revamped version of a five-year, $3.6 billion package of tax incentives that Congress rejected last year. The new proposal includes credits of as much as $2,000 for the purchase of more energy-efficient homes and as much as 20% of the cost of electric-heat pumps, natural-gas water heaters, rooftop solar-electric generating systems, and other heating and cooling equipment that saves energy.

It also includes credits of as much as $4,000 for more energy-efficient cars, beginning in 2003 when auto makers are scheduled to begin production on vehicles that can get 60 miles per gallon and beyond. A White House official said the program has been enhanced to gain more political support from home builders and auto makers.

A Clean Air Partnership Fund containing $200 million would be created to provide grants for state and local government antipollution projects that reduce production of so-called greenhouse gases, such as carbon dioxide, which are believed to be causing the world's climate to heat up.

The proposal would provide $105 million, or roughly double the funding, for research sponsored by the Department of Agriculture to see whether better conservation methods by farmers and the timber industry could substantially reduce the nation's emissions of carbon dioxide.

Once ways are found to measure the benefits of conservation methods, the Clinton administration hopes to involve farmers in emissions-trading plans similar to those that reward some industries that cut air-pollution levels below allotted quotas.

The proposal also includes a $347 million increase in government research and development programs financing industry efforts to produce more fuel-efficient cars, heating equipment and energy-production devices powered by solar, wind and geothermal sources as well as the burning of agricultural wastes.

THE WALL STREET JOURNAL
TUESDAY, JANUARY 26, 1999

Home Sales Jumped 3.1% in December; '99 Outlook Is Strong

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—Sales of existing single-family homes jumped 3.1% in December from November as a strong economy, low mortgage rates and warm weather spurred a flurry of purchases.

The National Association of Realtors said seasonally adjusted sales rose to an annual rate of 5.03 million homes from 4.88 million in November and 4.37 million a year earlier, with strength in all four regions of the nation. "We're going to enter 1999 on a running start," said David Lereah, chief economist with the Mortgage Bankers Association of America.

The results were boosted somewhat by the method used to seasonally adjust the numbers. While December is, in fact, a weaker sales month than November, this December was stronger than usual, thereby skewing the results. During December, the average rate on a 30-year conforming fixed-rate mortgage was 6.73%, according to HSH Associates, a financial publisher in Butler, N.J.

"The reports we've had on retail sales show consumers put them off until the last minute. The good news is that they were buying houses instead," said Paul Taylor, senior economist with America's Community Bankers, a thrift trade group.

The question now is whether the nation's housing markets can accommodate such a pace. New-home construction has met a lot of the housing demand, but inventories of new and existing homes are at lows not seen for several years.

Mr. Lereah predicted home sales will slow to a still-healthy 4.6 million in 1999, compared with a preliminary 1998 total of about 4.79 million. The median price of existing homes was $130,600 in December, compared with $131,700 in November, but up 3.7% from $125,900 in December 1997.

U.S. Records Deficit Totaling $5.4 Billion For Past December

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON—The federal government had a $5.4 billion deficit in December—but only because it issued Social Security checks a few days early, on Dec. 31 instead of Jan. 3.

The government took in $178.6 billion and doled out $184 billion last month, the Treasury Department said. The $5.4 billion deficit compares with a $13.6 billion surplus posted in December 1997.

For the first three months of fiscal 1999, which began in October, receipts totaled $412.6 billion. That compares with $386.3 billion in receipts a year earlier. Government outlays for the period were $467.5 billion, compared with $426 billion a year earlier. About $116 billion of the outlays for the fiscal 1999 period went to pay interest on the federal debt.

THE WALL STREET JOURNAL
TUESDAY, JANUARY 26, 1999

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Hagel Doesn't Want U.S. Shackled by Climate Treaty

FOR IMMEDIATE RELEASE

ALBUQUERQUE, N.M., January 11, 1999--The Kyoto Protocol on global climate change threatens the liberties of individual Americans and U.S. industry, and endangers the national sovereignty of the United States, Sen. Chuck Hagel (R-Neb.) today told Farm Bureau members attending the organization's 80th annual meeting.

Hagel, a co-sponsor of a unanimous Senate resolution opposing the treaty last year, said he soon would draft similar legislation to "scrap" the treaty. He said the effort would be bipartisan and again would likely draw strong support from Sen. Robert Byrd (D-W.Va.), who was the chief co-sponsor of last year's Senate resolution. That resolution stated the Senate would not approve the treaty unless it included all nations of the world and did not cause economic harm to Americans.

"It (the Kyoto Protocol) will never be ratified by the United States Senate," Hagel proclaimed.

The Nebraska Republican told Farm Bureau members that terms of the climate treaty would allow the United Nations to enforce regulations that dictate many farming practices, including the types and amounts of fuel and fertilizers used to produce crops. As a consequence, Hagel said U.S. farmers would "lose control" of their own destinies, and it would cost them far more to produce their crops and livestock.

"Those same U.S. products would be far less competitive on the world market at the same time 134 other nations (who have not signed the treaty) would not have to meet the same requirements," Hagel warned. "We have essentially allowed others to make determinations for us. This is a very dangerous and a very bad treaty.

"The United States has done more good for more people than any other nation on the face of the Earth. Our nation believes that people can soar as high as their talents, discipline and hard work will allow them to soar. That's what this country is all about."

Hagel said United Nations policies should not be allowed to thwart that American spirit. He did, however, call for continued government support for valid scientific research on the climate issue and he praised agriculture's support of scientific research over the last 100 years.

The largest challenge facing America's farmers and ranchers, who Hagel called "the roots, fiber and soil" of American society, is to find and secure their position in a "new, competitive world unlimited by potential and imagination." He said a global trading environment that incorporates larger regional trading blocs and common currencies, such as the Euro, will provide challenge and opportunity.

"What we are seeing develop is a United States of Europe," Hagel said, also noting that Russia, after pulling itself together, and China will play major roles in global economics and leadership. "Our great challenge ahead is to prepare ourselves for this new competitive world. We must prepare our young people like we never have before. We must review and make relevant all our institutions--every industry."

Hagel is encouraged by the global trend toward greater freedom. A recent study by the private organization Freedom House reported that more people today are experiencing freedom than any other time in history. Of the nations cited, 88 were considered free, 53 offered at least partial freedom and only 50 still were governed by totalitarian or authoritarian regimes. Half of the planet's entire population now experiences total or some degree of freedom.

"Every time a nation and individuals have (the slightest) opening for freedom, they take it," Hagel said. He explained that the United States has been the standard bearer for freedom around the world. America, he said, also has a reputation of being the world's leading supplier of food.

"As our challenges descend on us during the next century, we must build on that foundation and share (freedom and food) with the rest of the world," Hagel said. "Agriculture has help bridged those gaps. The sharing of technology and the sharing of values has been wrapped and embodied in American agriculture.

"The very soul and spirit of this nation has always resided in the countryside of America--the agriculture sector," he told Farm Bureau members. "You are the core, the glue, the leadership, the passion that keeps this nation together."

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Beware of the Kyoto Compromise

By Jack Kemp
and Fred L. Smith Jr.

WASHINGTON

In November the Clinton Administration signed a treaty, negotiated in Kyoto, Japan, that purports to temper "global warming" by imposing a schedule of emissions reductions on so-called greenhouse gases. The action was widely regarded as a public relations move, pure and simple, because the Senate has voted overwhelmingly — 95 to 0 — to reject the treaty as written.

But if there is no chance of the treaty's protocols going into effect, why are large blocs of corporate America booking seats on the Kyoto Express? The explanation is that they are being seduced by the promise of getting credits for any reductions in emissions they achieve before the Kyoto treaty would take effect in 2008, and in some cases for reductions already achieved.

For some companies, the emissions credits earned now could be applied against the strict limits they would face later. And corporations able to make even deeper cuts in emissions now could sell their surplus credits for billions of dollars under a trading system that the Clinton Administration wants to set up. Some large utilities, for example, would benefit, while the petroleum industry would be hurt.

The emissions-credit plan is the brainchild of John Chafee of Rhode Island, the leading Republican environmentalist in the Senate, who worked with Senator Joseph Lieberman of Connecticut, a Democrat, and Senator Connie Mack of Florida, a Republican.

These three Senators, honorable men all, seem to believe they have found a "third way" between pro-Kyoto and anti-Kyoto forces.

The stated rationale for their approach is clear enough. Awarding early credits to companies that reduce emissions might encourage a trend toward cutting back on greenhouse gas production. This would win points with the global warming crowd. And the plan also looks attractive to industries, which would find it advantageous to reduce in advance the long-term costs of the Kyoto treaty, or some domestic version of it, and to secure some tangible gain in return.

Emission credits would draw us into a bad treaty.

As usual, though, there is no real third way. Proposals like the one introduced by Senator Chafee and his colleagues will inevitably divide the business community between winners, who can achieve large windfalls, and losers, who will face the full brunt of any emissions controls. The result will be to push the pendulum toward a plan closer to that drawn up in Kyoto.

Unfortunately, this dynamic of giving special breaks to individual companies is all too familiar. It explains why, for example, we have a Federal tax code with rates much higher than they need to be, but with many exemptions, privileges and special rules accorded to favored industries and activities in the form of credits, deductions, exclusions from income and the like.

It represents a cynical bargain between big business and the Federal Government, with the corporations acceding to unreasonably high rates in exchange for special benefits. In 1996, the National Commission on Economic Growth and Tax Reform, also known as the Kemp Commission, a private organization created at the request of then Senator Bob Dole and Speaker Newt Gingrich, found that "the history of our tax code, in economic terms, mirrors the course of most addictions: advancing dependence, diminished returns and deteriorating health of the afflicted."

The Kyoto treaty and its progeny portend a repetition of that experience, only on a global scale. The treaty would create a vast array of bureaucrats, at home and abroad, who would employ vague standards, arbitrary conditions and dubious science to allocate economic rights and privileges.

Bad as the existing tax system is, most of us agree the Government must have some mechanism for raising revenue. But it's not clear at all that we need any regulatory structure for limiting "greenhouse gases," so shaky is the science on which the treaty is based. There is little hard evidence that internationally enforceable emissions limits, implicitly intended to wean us away from use of fossil fuels, will actually slow global warming.

What is more, the Kyoto treaty has not yet devised clear-cut rules governing emissions trading. They are still being negotiated.

The Kyoto treaty is unlikely to be approved by the Senate because control over much of the American economy would be forfeited to international bureaucrats. It would also impose huge new costs on that same economy and cost jobs. This would have the result of transferring wealth from country to country, industry to industry and company to company. The accord's strictures would apply to developed nations but not, conspicuously, to developing nations like China and Paraguay.

Ceding power to unelected global authorities would be a hard sell, even if the science behind Kyoto were compelling. Surrendering power on that scale for the sake of a vague, arbitrary promise of modest financial relief doesn't make sense for any American business.

We must therefore guard against a milder version of the Kyoto treaty that would serve the same purpose, offering concessions to companies that acquiesce in creating the biggest global regulatory regime yet conceived. Let's not put a more appealing face on a treaty that cannot possibly help our economy and is likely to do it immense harm. □

Will corporations fall for global-warming trickery?

Jack Kemp is a co-director of Empower America. Fred L. Smith Jr. is president of the Competitive Enterprise Institute.

The New York Times
WEDNESDAY, JANUARY 13, 1999

Charter Schools, Then What?

By Roger W. Bowen

NEW PALTZ, N.Y.

The time for debating the legislation creating charter schools in New York State has passed, but educators who value public education are nonetheless obliged to speak out now, before too many of the 100 schools permitted by the recently adopted law are created and before the state starts down the slippery slope toward increased privatization of education.

The initial opposition to charter schools voiced by Rudy Crew, New York City Schools Chancellor, is worth remembering. He argued that devoting scarce public money to the charter school alternative will further enervate our public schools, which are already seriously underfinanced. Every dollar going to charter schools is a dollar not going to public schools in this zero-sum relationship.

For the supporters of charter schools, the issues are choice and competition. Consumers — parents with school-age children — will enjoy the freedom to choose between charter and public schools, and any choice, it is reasoned, is better than no choice. And letting charter schools compete with public schools will presumably cause public schools to work harder; in districts with low-performing public schools, charter schools will either displace them or force genuine improvement. Implicit in this assumption is a classic free-market notion: that perfect consumers having perfect information will abandon failing public schools for promising charter schools.

It is impossible to miss the leap of faith here. More than 30 states now allow charter schools, but the jury is still out on whether they meet expectations. Has creating them forced public schools to improve? Are parents of charter school students more satisfied than they were before? Are charter schools truly public, or are they publicly financed semi-private schools that have agendas inimical to the public good? The first New York groups to indicate a desire to set up charter schools were religious.

Of greater concern is whether these semi-private charter schools will be a dangerous prelude to the introduction of a voucher system — one that would give parents even more choice by subsidizing study at private and religious schools. "Choice" may be the justification cited by proponents of vouchers, but the real intent will be to assist private education by draining public coffers.

In New York, which has many excellent private institutions at all levels, including college, there seems to be a public perception that anything private is better than anything public. Vouchers that help pay for even a small portion of the cost of a private education in kindergarten through grade 12, and thereby ratchet up competition with public schools, may be a proposal waiting to be made.

To get an idea of the consequences of privatizing education, one need look only at the State University of New York. Despite modest spending increases in the past two years, SUNY is still underfinanced, yet that does not deter legislators from using public money, in the form of "member items," to assist so-called independent colleges.

For example, a recent $500,000 grant is helping a private college in the mid-Hudson region to build a new library. Meanwhile, look west across the Hudson at SUNY New Paltz's crowded Sojourner Truth Library, a public library open to any citizen. It needs anywhere from 23,000 to 57,000 square feet of new space but cannot afford to build an addition.

Should the $500,000 in taxpayers' money going to a private college instead be used to build a library addition at public SUNY New Paltz? Should legislators be working to improve public education, or should they instead be using their influence to assist private colleges? And by feeding at the public trough, are the private colleges really becoming closet "charter colleges"?

Already for years now, students attending New York's independent colleges have been receiving state "vouchers," otherwise known as Bundy aid and tuition assistance — more, in fact, on a per-student basis, than students receive if they attend New York's public colleges. Do taxpayers who cannot afford to send their children to private colleges really want scarce public dollars diverted from the underfinanced public institutions that their children attend?

As one who spent most of his career at private colleges, I know well their administrators' pique toward publicly subsidized universities. From their perspective, public institutions are given an unfair, uncompetitive advantage by being able to keep the cost of education for the student artificially low. Yet no private college, to my knowledge, seeks to "go public" and officially become a "charter college," so to speak. Private colleges value their independence, their right to fashion any sort of education they wish without the regulation and politicalization that characterize public universities.

There's only so much money for public education. Ask SUNY.

But should private institutions be able to have their cake and eat it too? To spurn interference from public authorities while at the same time competing for public subsidies? There is no question that private colleges enrich educational opportunity in New York State, but neither is there any question that they educate large numbers of students who, upon graduation, return to their home states to work.

The public, especially in tax-weary states like New York, has grown tired, even skeptical, of the incessant pleas by educators for more money. In such a climate, Chancellor Crew's perspective is one that resonates widely: public financing for alternative public institutions like charter schools, or for private schools, is financing being denied to the very schools the public has created and held accountable.

If it can be granted that financing for education has limits, then it is in the public's interest to strengthen its existing public institutions before expending scarce public dollars on unproven experiments like charter schools, or subsidizing private schools. As the charter school experiment in New York takes shape, attentive taxpayers should keep a close watch on the experimenters. □

The New York Times

WEDNESDAY, JANUARY 13, 1999

Elliot J. Diringer
12/04/98 12:40:34 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc: Nancy Marlow/CEQ/EOP
Subject: Good post-BA piece in Natl Jrnl

Margaret Kriz

ENVIRONMENT

After Argentina

By Margaret Kriz, National Journal

Saturday, Dec. 5, 1998

For a while last month, it looked as if the Clinton administration couldn't do anything right in Buenos Aires, where delegates from 150 nations were meeting for negotiations on fighting global warming. First, the White House infuriated leaders from poorer, developing nations by insisting that those countries join the richer, industrialized nations in slashing emissions of global-warming gases. The administration's stance was designed to mollify U.S. business executives unhappy with the 1997 Kyoto global-warming treaty, which calls for pollution limits on industrialized nations but not on the developing countries. But world leaders protested that the U.S. position was self-serving, arguing that the United States has long been the world's worst polluter and should therefore take the lead in cutting emissions.

Then, at the end of the conference, the American delegation -- headed by Undersecretary of State Stuart E. Eizenstat -- upset U.S. business and political critics by signing the 1997 treaty. Although this action was largely symbolic (the global-warming pact can't become law in the United States until the Senate ratifies it, and because of staunch GOP opposition, that probably won't happen), it nonetheless enraged critics who say the treaty should be scrapped, not endorsed.

Those controversies notwithstanding, Buenos Aires may end up being remembered as something of a milestone for the Clinton administration. It appears that the administration made important progress in advancing its approach to tackling global warming. The administration has two uniquely American, market-based environmental programs it wants to sell to reluctant developing nations and U.S. businesses that rely on fossil fuels, the primary source of warming gases.

The White House is promoting these two innovative economic programs to curb world emissions of warming gases:

Emissions trading, which allows countries that can cheaply cut their pollution to sell their "pollution allowances" to other countries. The pollution allowances permit certain levels of pollution.

A so-called Clean Development Mechanism, which rewards companies in industrialized nations for investing in technologies that reduce pollution in developing countries. The companies would receive pollution allowances from an international certification agency.

The most significant breakthrough occurred in the closing days of the Buenos Aires talks, when two developing countries -- Argentina and Kazakhstan -- agreed to voluntarily adopt limits on their warming-gases emissions. In effect, the countries are moving beyond the 1997 treaty negotiated in Kyoto, Japan, which applies only to 38 of the world's most-industrialized nations.

Until those two countries agreed to pollution caps, negotiators from developing countries were uniformly opposed, arguing that the rich nations should meet their own pollution reduction targets before the poor nations are required to move. That opposition is beginning to evaporate, and more than a dozen developing nations are considering adopting pollution caps.

Analysts say that Argentina and Kazakhstan reversed course because they want to participate in the "Clean Development Mechanism" program. Not everyone is convinced that these market-based incentives are a good idea. Some wary environmental activists and world leaders fear that rich countries will use the programs to try buying their way out of the global-warming problem rather than cracking down on polluters back home. But an increasing number of developing countries are looking at the clean-development and emissions-trading proposals as a way to solve their environmental problems while attracting new high-technology investment.

"The poor countries are jumping onto the bandwagon with these enticements," said Agus Sari, a member of the Indonesian delegation to the talks.

And the bandwagon's getting crowded, as more U.S. businesses are also acknowledging the need to control warming gases. They, too, recognize the potential economic benefits of the market-based programs. Some analysts predict that the global- warming accord will trigger development of a $300 billion market for environmentally friendly technologies.

"Companies that were expected to oppose this to the bitter end are now talking about what they're going to do to cut their emissions," said Michael L. Marvin, executive director of the Business Council for Sustainable Energy, a Washington-based business trade association.

More than a dozen Fortune 500 companies have joined with the Pew Center on Global Climate Change to promote the incentive programs. The Environmental Defense Fund, the World Resources Institute, and other environmental groups are also working with U.S. companies on similar initiatives.

Eizenstat argues that the American economic incentive programs are helping to bridge the gap between the rich and poor nations and between businesses and environmental groups. "In Kyoto, emissions trading was a novel concept to most nations," he said at a Nov. 14 press briefing in Buenos Aires. "A year later, there is growing recognition that trading will help us achieve maximum environmental gain for each dollar, peso, euro or yen invested in greenhouse gas reduction. In Kyoto, many developing countries resisted creation of the Clean Development Mechanism," he added. "A year later, countries from Senegal to China are expressing great interest in using this powerful tool to help meet both their environmental and their economic needs."

Getting Serious

After two weeks of talks in Buenos Aires, negotiators emerged early on the morning of Nov. 14 with an ambitious timetable for developing and implementing the rules needed to cut international emissions of warming gases. The plan gives nations two years to work out the mechanics of the market-based incentive programs and to decide how to handle countries that don't meet pollution targets.

The Buenos Aires meeting was the latest step in more than a decade of international talks on global warming. Scientists say carbon dioxide and other pollutants are accumulating in the earth's atmosphere, causing the world climate to warm. Some researchers say evidence links global warming to recent dramatic shifts in the weather and an increased incidence of weather catastrophes.

In the United States, roughly two-thirds of the warming emissions come from electric power plants, cars, trucks, and airplanes. Because those gases can persist in the atmosphere for a century, the scientists warn that today's pollution will haunt generations to come.

In December 1997, world leaders responded to those concerns by hammering out the Kyoto treaty, which requires the worst-polluting nations, from 2008 to 2012, to cut their cumulative emissions of warming gases to 5 percent below 1990 levels.

The United States, as the worst polluter of all, is being asked to cut its pollution rate to 7 percent below its 1990 levels. Negotiators said America should be held to a tougher standard because it has 4 percent of the world's population, but produces 21 percent of the warming pollutants.

Past efforts to persuade U.S. businesses to voluntarily slash pollution levels have been only moderately successful. In 1997, U.S. emissions continued to rise, although at a slower pace than in the past, according to a Nov. 3 report by the Energy Department's Energy Information Administration. Americans are emitting the equivalent of a whopping 1,791 million tons of carbon per year -- 10 percent more than in 1990.

Some U.S. business leaders warn that Americans will have to drastically change their ways of living if this country is to abide by the standards set in Kyoto. "The treaty puts a limit on emissions, and that means a limit on the nation's energy use," said William F. O'Keefe, executive vice president at the American Petroleum Institute. He predicted that meeting the Kyoto goal would cause U.S. energy prices to skyrocket, severely damaging the nation's economy.

O'Keefe and Republican leaders cite an October study that concludes that the Kyoto pollution limits could send gasoline prices soaring by anywhere from 14 to 66 cents a gallon and cause the nation's gross domestic product to shrink by $61 billion, to $397 billion. The study was conducted by the Energy Information Administration at the request of Republican congressional leaders.

But White House officials complain that Republicans directed regulators to ignore the potential savings from the administration's market-based incentive proposals. With the incentive programs in place, U.S. gasoline prices won't increase by more than 5.5 cents a gallon and the gross domestic product won't decline by more than $1 billion to $5 billion, White House officials counter.

Some market trading specialists side with the administration. "The economic models don't allow for the kinds of technological changes that we're going to see," said Richard L. Sandor, chief executive officer of the Chicago-based Environmental Financial Products. "By comparison, if you had modeled the personal computer that way in the early days of computers, you never would have gotten to a price of $1,100, which is what we have today."

Even today, environmentally friendly technologies are leapfrogging forward, prodded in part by worries about global warming. For example, Toyota Motor Corp. recently unveiled the Prius, a sedan that can get 80 miles per gallon of gasoline, using a hybrid electric/gasoline engine. Meanwhile, German manufacturers are developing a car powered by a new fuel-cell technology, in which hydrogen and oxygen combine to produce electricity to run the car. Both vehicles emit dramatically less pollution than American cars. Those breakthroughs have sent U.S. automakers scrambling to develop high-tech cars that won't spew warming gases.

In the face of world pressure, domestic companies are increasingly dropping their assertions that global warming simply doesn't exist, and joining the debate over how best to resolve the problem. These companies seem to sense that the Kyoto treaty is gaining momentum. And corporate leaders are recognizing low- cost environmental improvements they can make within their own firms, argued Marvin of the Business Council for Sustainable Energy.

"There are indications from some of the largest companies in the world that they can get further than the emissions reductions that the United States has pledged," Marvin said. "To me, that's an indication that the first round of pollution reductions is not as draconian as some might have you believe."

But Eileen Claussen, executive director of the Pew Center on Global Climate Change and a former negotiator on global warming, cautioned that reducing U.S. pollution levels wouldn't be a painless process. "The administration is trying to show that it isn't going to cost anything to deal with the climate change issue," she said. "But we're talking about serious change, and that doesn't come for free."

A Success Story

The Clinton administration's proposed market-based solutions to the global-warming problem are not without precedent.

In 1990, the United States embarked on a grand experiment that combined economics with environmental protection: a nationwide emissions-trading program aimed at cutting sulfur dioxide (SO2) pollution, which causes acid rain, precipitation that can kill trees.

Created under the 1990 amendments to the Clean Air Act, the program established a national cap on all SO2 emissions generated by the nation's electric power plants. Utilities that could easily cut their pollution levels were allowed to sell their emissions permits to firms with costlier environmental problems.

That program has been a great success. Since it first kicked in, America's power plants have reduced their sulfur dioxide emissions by more than 30 percent.

Emissions-trading enthusiasts concede that setting up a similar global system will be tricky. "It's not an easy system to set up, and when you make it global, it's going to be 10 times as difficult" as the SO2 program, Claussen said. For example, a carbon dioxide (CO2) program would be vastly larger than the U.S. SO2 trading program. The SO2 program applies only to 136 domestic utilities; the CO2 program could eventually include any company or country in the world that burns fossil fuels.

That could translate into thousands of pollution trades, and the result could be a global headache. For example, the owner of a coal-fired power plant in the United States might seek to buy emissions permits in Russia, where a broad economic decline has led to lower demands for energy, and lower pollution levels, for now. Under the Kyoto treaty, trading would be allowed only among the industrialized nations. But American officials and business leaders are pushing for unfettered global trading. They also want to give countries pollution credits for planting new forests or maintaining their young-growth forests, because trees absorb carbon dioxide as they grow. The countries could then sell those credits to companies from other nations.

The hurdles could be insurmountable, according to some environmentalists and industry officials. "You're never going to be able to fix the problems with emissions trading," said Daniel Becker, a Sierra Club staff attorney. "There is no one around who can police the system and make sure the trades are honest. My pessimistic prediction is that trading will be such a fiasco that it will have to be abandoned after 10 years."

Becker worries that the trading program will induce U.S. companies to buy cheap emissions permits overseas, rather than investing in costlier new technology at home. "They'll rob the future of the technology that the U.S. needs to clean up its act," he said.

European leaders want to prevent rich U.S. firms from buying all their emissions credits from overseas, by requiring companies to get at least half of their pollution credits at home. That provision is steadfastly opposed by American lawmakers and businesses. "The United States has such a large reduction to achieve that it's not going to be economical to buy all the credits to meet our goals," said Sen. Joseph I. Lieberman, D- Conn., in a press conference in Buenos Aires. Lieberman, a member of the Senate Environment and Public Works Committee, was part of the U.S. congressional delegation at the negotiations. "Our companies," he said, "are going to want to be seen as the solution, to want to be seen as green."

Trading supporters say putting a price on air pollution will give companies economic incentives to rethink their own production processes back home. "Emissions trading gives companies the right to earn a return on reducing their pollution," argued Annie Petsonk, international counsel with the Environmental Defense Fund.

Sandor said that U.S. companies are already zeroing in on potential emissions reductions domestically and overseas. "There are enough people who believe that this is an important issue," Sandor said. "If the markets can solve these environmental problems at a cheap enough cost, we'll get it solved. The politics may be extensive, but the march has already begun."

Green Power

While the industrialized nations debate emissions trading, the developing countries are clamoring to be part of any program that brings investment within their borders. "The Clean Development Mechanism is the preferred option of most developing countries because there'd be money for adaptation, to reduce the pollution," said Indonesian delegate Sari.

"People want economic progress, and they also want a clean environment," added Rep. Dennis J. Kucinich, D-Ohio, who also attended the Buenos Aires meeting as part of the congressional delegation. "Now we're setting the stage for putting the mechanisms in place to help them do that."

Under the Clean Development Mechanism, a company based in an industrialized nation might build a state-of-the-art power plant in a developing country. Because the high-tech plant would produce less pollution than the developing country's conventional technology would, the project would be eligible for pollution credits, which the firm and the country could share.

When the Clean Development Mechanism was first outlined at the Kyoto meeting, developing nations' negotiators were skeptical. They feared that the Northern, industrialized nations would use the system to take advantage of the Southern, poorer countries.

Now all of that has changed. "Eleven months ago, nobody knew what a Clean Development Mechanism was," noted Marvin of the Business Council. "Now in Buenos Aires, the African delegation was reaching out and asking us how they can best position themselves to get these projects."

Like the emissions-trading program, the Clean Development Mechanism has the potential for unintended (and unfortunate) consequences, according to business and environmental critics. For example, the Sierra Club's Becker fears that the program would encourage government officials in the C™te d'Ivoire to harvest and sell their rain forest's mature trees, which are no longer absorbing as much carbon dioxide as when they were growing. Then the country could invite industrialized nations to earn emissions credits by planting new trees. "If the Ivory Coast wants to maximize its dollar value for its people, this would be financially rewarding," Becker noted. "But losing the rain forest would be an environmental disaster."

Political Constraints

Despite the rest of the world's focus on how to reduce international emissions of warming gases, some business lobbyists and politicians in the United States still argue that the science backing global-warming studies is inconclusive. "I am one who believes that the clear, sound science isn't even close to being there," said Sen. Chuck Hagel, R-Neb., who headed the Senate side of the delegation to the Buenos Aires meeting. Hagel argued that the administration's market-based incentives are "interesting theories," but are too sketchy to be taken seriously.

But Democrats and environmental advocates argue that Republicans will pay a political price if they don't respond to the growing support for action on global warming from American businesses and the American public.

"American industry is making a powerful statement about the need to not only deal with climate change, but also to protect their ability to be competitive in the future," argued Kucinich. "If the Republican majority fails to recognize that, they're not going to be the majority much longer."

During the 105th Congress, lawmakers increased support for energy-efficiency and renewable-energy projects. But Congress also barred the administration from requiring carmakers to build more-efficient vehicles. And Republican leaders pushed through a measure that prevents the Environmental Protection Agency from taking any regulatory action to implement the Kyoto treaty. That provision, argued the Sierra Club's Becker, "will let the nutball fringe in Congress, the [Indiana GOP Rep.] David McIntoshes of the world, hold an inquisition every time anything is done that has the impact of reducing emissions."

Environmental activists and business executives alike say that in the next Congress, they will support legislation guaranteeing international credit for U.S. companies that take steps now to cut their warming-gas emissions. Such a measure was introduced late in the 105th Congress by Sen. John H. Chafee, R- R.I., who chairs the Environment and Public Works Committee.

Chafee's bill was co-sponsored by moderate Democrat Lieberman and conservative Republican Sen. Connie Mack III of Florida. Mack supported the bill even though he isn't convinced that the science on global warming is conclusive. In an Oct. 10 floor statement, Mack said "It makes sense to provide some appropriate encouragement [to] those who want to invest in improved efficiency, those who want to find ways to make cars and factories and power production cleaner."

For its part, the administration has promised to adopt tougher efficiency standards so that home appliances require less energy. And in a Nov. 12 speech to the Buenos Aires meeting, chief U.S. negotiator Eizenstat said that deregulating the electricity industry will result in environmental improvements. Environmental advocates note, however, that President Clinton's 1998 electricity deregulation proposal included few steps to curb carbon dioxide emissions.

Environmentalists are urging the administration to press the GOP for action on global warming. "We need willpower on the administration's part to put the Republican Congress on the defensive on global warming," argued Philip Clapp, president of the National Environmental Trust. "So far, the president and vice president have confined themselves to being weather reporters," Clapp said, noting that Clinton and Gore mention the possible link between bad weather and global warming whenever either visits a flood or hurricane site. But, he continued, they never talk about solutions.

Clapp and other environmental advocates want the White House to crack down on coal-fired power plants in the United States, many of which are exempt from the Clean Air Act's pollution limits. They also want Clinton to push carmakers to produce cleaner and more-efficient vehicles.

But a primary target of the environmental community remains the electricity industry, which now emits a third of the nation's carbon dioxide pollution. According to Lieberman, that means electricity deregulation legislation should include tough pollution-control language. "The environmental consequences of electricity deregulation should be at the center of the discussion," he said.

Senate Democrats say that even though businesses are increasingly backing the Kyoto treaty, there is almost no chance that the treaty will be ratified by the Senate anytime soon. Sen. John F. Kerry, D-Mass., suggested that the chamber will remain hostile to the treaty until more of the developing countries cut their emissions of warming gases.

But environmental advocates said politics is at the heart of the Senate's standoffishness. "This issue is so closely linked to Vice President Gore [a prospective presidential candidate in 2000], that it is unrealistic to think a Republican Senate would be willing to sign the protocol before the presidential elections," said Katherine Silverthorne, staff attorney for U.S. Public Interest Research Group.

Nonetheless, these days some congressional Republicans are using somewhat less-vitriolic rhetoric in criticizing the White House's stand on global warming. After the administration signed the Kyoto treaty, for example, Senate Energy and Natural Resources Committee Chairman Frank H. Murkowski, R-Alaska, described the treaty as "doomed." But he added that "we should shift the focus to efforts to reduce global emissions with a mix of 21st-century technology, market-oriented approaches and American ingenuity" -- a description that echoes the White House rhetoric.

The Clinton administration's greatest successes continue to be in inching reluctant nations, entrenched U.S. businesses, and Republican lawmakers away from a fossil-fueled economy and toward market-based solutions to the world's global-warming problem.

Message Sent To:____

George T. Frampton/CEQ/EOP
Todd Stern/WHO/EOP
David B Sandalow/CEQ/EOP
Roger S. Ballentine/WHO/EOP
Martha L. Wofford/WHCCTF/EOP
John D. Gibson/WHCCTF/EOP
Julie M. Anderson/WHCCTF/EOP
Dirk Forrister/WHCCTF/EOP
Wesley P. Warren/CEQ/EOP
Beth A. Viola/CEQ/EOP
Michael V. Terrell/CEQ/EOP

(Untitled)

This is a waste of paper, but I am forced to print a test page.

Harmful Heat Is More Frequent, Especially at Night, Study Finds

By WILLIAM K. STEVENS

Extreme summer heat and humidity of the kind most threatening to health have become more frequent in the United States over the last half century, two Federal researchers say.

According to their study, in today's issue of the journal Nature, the frequency of extremely hot, humid days and of heat waves lasting several days increased substantially from 1949 to 1995. In terms of the threat to health, however, another finding was especially significant: The increase in heat stress was greater at night than in the daytime.

Many experts say that extremely high temperature and humidity over successive nights is a crucial factor in heat-related deaths. When nearly 600 people died in a heat wave in Chicago in 1995, for example, many of the deaths were attributed to an unremitting combination of record high nighttime heat and humidity that allowed no respite from daytime heat stress.

Some studies have shown that extreme summer heat has more impact on people's health than any other kind of severe weather and that the elderly are most vulnerable.

"If these climate trends continue, they may pose a public health problem, particularly as there are increasing numbers of elderly people," wrote the authors of the study, Dr. Dian J. Gaffen and Rebecca J. Ross, research meteorologists at the National Oceanic and Atmospheric Administration's Air Resources Laboratory in Silver Spring, Md.

The apparent trend toward more extreme heat generally coincides with a warming of the earth's surface in recent decades, globally and in the United States. The dominant view among scientists is that at least some of this warming has been caused by emissions of heat-trapping gases like carbon dioxide, which is emitted by the burning of coal, oil, natural gas and wood. The earth's average surface temperature, which has risen one degree in the last century, is projected to rise two to six degrees over the next century, further increasing humidity and making heat waves more frequent and intense. By comparison, surface temperature has risen five to nine degrees since the depth of the ice age 18,000 to 20,000 years ago.

While the increasing frequency of extreme heat and humidity cannot be directly linked to the warming trend, Dr. Gaffen said it was "consistent with what is predicted in the global warming scenario."

Thomas R. Karl, director of the National Climatic Data Center, agreed. "I think these are the types of conditions that will become more frequent and more intense when they do occur" if the climate warms as projected, Mr. Karl said. "We've already seen examples of that this past year," he added, referring to last summer's heat wave in Texas.

By and large, Mr. Karl said, the Gaffen-Ross findings "seem to be consistent with what we know from other analyses." He said that if data through 1998 were included in the study, "I'm sure they would find even stronger trends."

Worldwide, the last two years have been the two warmest on record.

Dr. Gaffen and Ms. Ross had for some time been studying global distributions of temperature and water vapor, and they found an increasing trend of rising humidity accompanying rising temperatures. So, Dr. Gaffen said, they decided to see whether this meant that extremes of heat and humidity were also increasing.

They defined "extreme" as the highest 15 percent of temperature and humidity measurements, as recorded every three hours around the clock in July and August from 1961 through 1990. This threshold, they report, is "closely correlated" with levels above which, other researchers say, mortality increases sharply.

Dr. Gaffen and Ms. Ross analyzed records at 113 Government weather stations around the country, mainly at airports, in search of information on two variables: the combination of temperature and humidity that meteorologists call "apparent temperature," and temperature alone.

Apparent temperature is a measure of the combined impact of heat and humidity on people and the sensation that results. It is increasing faster than temperature alone, the researchers said, because humidity is increasing faster. This would be expected in a warmer climate, because more water evaporates and the atmosphere can hold more.

The researchers computed their thresholds of extremity for the average daily temperature, the daily maximum temperature and the daily minimum temperature for July and August at each weather station. They found that from 1949 to 1995, the annual frequency of days on which the thresholds were surpassed increased at all but 16 of the 113 stations. The increases were largest for the minimum "apparent temperature," which basically translates to a measure of combined nighttime heat and humidity.

At some stations, Dr. Gaffen and Ms. Ross found that over the half century, the number of nights with extremely high apparent temperatures doubled, to about 18 days a year from about 9 days a year in some places. The largest and statistically most significant trends were in some of the nation's most populated areas, especially from the Middle Atlantic States south to Florida, as well as along the West Coast and in big cities in the Southwest. Eight of the 15 cities in which the trend was most pronounced were in the Southeast — including Miami, which headed the list nationally. The New York metropolitan area did not figure in the study.

Daytime increases were found to be not nearly as dramatic. In fact, the upward trend was statistically significant only west of the Rocky Mountains.

East of the Rockies, the apparent temperature increased more than temperature alone. West of the Rockies, where summer humidity increases are less marked, the trends of the two variables were similar.

The investigators defined heat waves as periods of three or four days in which the average daily apparent temperature exceeded the top 15 percent threshold. On average, they found, each weather station experiences 1.7 three-day heat waves and one four-day heat wave a year. In the contiguous United States, the number of heat waves increased by 88 percent from 1949 to 1995.

Two caveats have been attached to the study. To some extent, said Dr. Gaffen and Ms. Ross, the rising heat probably reflects increased urbanization; the concrete and asphalt in urban areas absorb and retain more heat than rural areas. But Ms. Gaffen said that most of the trend cannot be explained this way. For one thing, she said, not all the weather stations in the study were in urban areas. For another, the researchers looked for but did not find a correlation between population growth — a measure of urbanization — and trends in extreme weather.

The other caveat was offered by Dr. Laurence S. Kalkstein of the University of Delaware, who has long studied heat and health. The threshold of extreme heat adopted by the researchers was not selected on the basis of the relationship between health and extreme heat, he said. Earlier studies by Dr. Kalkstein found that the threshold at which heat begins to kill people varies from one city to another. "That's my only disagreement" with the study, he said.

The New York Times
THURSDAY, DECEMBER 10, 1998

"This now constitutes 40 percent of food intake," Mr. Swedlund said. "It's becoming a regular part of the food basket." Doctors in North Korea say many people suffer from stomachaches after eating this partly indigestible material, he said, but added, "If you're very hungry, it fills your stomach."

Although the North Koreans date their food problems to a series of floods and droughts in the mid-1990's, the foreign researchers who have worked in North Korea say medical records and childhood growth patterns indicate that the hunger began several years before that, and is linked to the collapse of the Soviet Union, which had long been North Korea's main supplier of food, fuel and fertilizer.

North Korea is a mountainous country, with less than 20 percent arable land. It has been a food importer for decades, mostly from the former Soviet Union, but also from China.

"The country has to come to grips with the fact that this is part of a structural problem and can't just be blamed on the weather anymore," Ms. Cheng-Hopkins said.

Still, she and others praised the normally rigid and secretive Government for slowly loosening its ways. Mr. Swedlund said that after three years in the country, the International Red Cross, which cooperates with the North Korean Red Cross, had found officials increasingly responsive and doctors more willing to share medical records and bring up problems.

Travel is still restricted: There are more than 70 counties, home to 30 percent of the population, to which aid groups have no access and where they have therefore refused to provide food or medical supplies. Still, the number of counties open to the workers has increased steadily, and freedom to move about has improved.

Ms. Cheng-Hopkins said about half of follow-up inspections were now unannounced, and she noted that the researchers in the nutritional survey were allowed to select villages to visit and enter homes at random.

The New York Times

THURSDAY, DECEMBER 10, 1998

Although reports based on refugee interviews have been filled with sensational tales of cannibalism and people dying on the roadside, workers from the Red Cross and the World Food Program said that they had not observed such scenes, and believed that they would have if they were occurring frequently.

"I have not seen acute starvation like I have seen in Bangladesh," Dr. Katona-Apte said. "But that doesn't mean it can't exist. We're still really limited in what we can see."

Discounting Charge Of Military Theft of Food

Mr. Swedlund said it was unlikely that the counties still closed to foreigners were markedly different from the open ones. And while some have surmised that the closed counties might harbor pockets of death and devastation, he said he accepted North Korea's explanation that they had been excluded for national security reasons.

"One thing I've learned is how important national security issues are to the North Koreans," said Mr. Swedlund, a retired admiral in the Swedish Navy. "And I really think these areas are important from that standpoint," he added, going through a map of closed-off areas and describing what is broadly known about military installations there.

He also rejected the notion that the North Korean military is stealing donated food, a charge leveled by the organization Doctors Without Borders when it angrily pulled out of North Korea last summer to protest the many restrictions on groups working there.

Now that aid groups say they are starting to get somewhat better cooperation from the North Koreans, they hope to repeat their nutrition survey every 6 to 12 months. And they are still analyzing some tantalizing findings: Boys were twice as likely to suffer from stunted growth as girls, and every child whose mother was dead was malnourished.

"A generation of North Korean children is already scarred for life," Astrid Heiberg, president of the International Red Cross, said at a news conference in Beijing after a trip to North Korea. "We need to continue to mobilize resources to prevent an even greater catastrophe."

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Boston Globe, Sunday, Dec 6, 1998
Section D --Op-Ed

JOHN F. KERRY

In denial on global warming

I recently returned from Buenos Aires, where delegates from more than 160 nations participated in a vigorous 10-day conference to discuss ways the leading and developing nations of the world can unite to address the crisis of global climate change.

As a delegate, I joined scientists, business leaders, environmentalists, and other government representatives in the debate over how best to craft the structures, timetables, and approaches to meet this threat. Delegates were successful in forging a plan to move the global process forward. This success emerged in part from a consensus that the issues before us are real and the challenges we face are grave.

But what is even more grave is the issue in this country of how we continue to shunt aside the pressing dangers of global climate change. Too often we cling instead to the discredited contentions of faulty science. We allow wild aspersions to masquerade as substance, clouding the reality that the vast consensus among scientists leaves no doubt of the threats of global climate change.

Take, for example, Globe columnist Jeff Jacoby's assertion that there exists a global warming petition, signed by 17,000 US scientists who dispute the validity of scientific explanations of climate change. This line fails to acknowledge that this petition has been widely condemned because the signatories are listed without titles or affiliations that would permit an assessment of their credentials. Among the signatories on this petition are John Grisham, several actors from the TV series "M*A*S*H," and at least one Spice Girl.

I mean no offense to Cool Britannia, but I can assure you that Baby, Posh, Scary, Ginger, or Sporty Spice were not at the global climate change conference in Buenos Aires. These celebrities were not on hand to make their case against the overwhelming opinion of the scientific community. I did, however, have the chance to meet with Britain's Deputy Prime Minister John Prescott, who expressed his country's commitment to working through the global climate crisis in a serious and thoughtful way.

I remain distressed that the United States remains the only industrialized nation where legislators and opinion leaders continue to question the validity of the scientific proof of global climate change and its dangers to our future. It is the persistence of naysayers – and their willingness to misrepresent even the flimsiest of pseudoscientific reporting as hard evidence – that is preventing the American people from delving into a serious discussion of worldwide efforts toward sustainable development and mitigation efforts to reduce the greenhouse gas emissions that cause global warming.

We must be clear: The scientific community is overwhelmingly confident of the reality and seriousness of greenhouse gas-induced global warming. Legitimate scientists rely upon peer-reviewed international scientific reports such as the interparliamentary Panel on Climate Change, which cites 150 years of direct measurements of land and ocean temperatures; evidence from tree rings and ice cores extending back for millennia; and on analyses demonstrating that observed changes are the result of human activities and that these activities pose a serious threat to our future.

Self-professed experts financed by fossil-fuel producers, conservative think tanks, and partisan interest groups, unable to dispute these findings, have decided instead to rewrite science. Their findings don't add up – but then again, they were never meant to. Their goal is to confuse the issues, to trade sound bites for substance, and to convince the American people that global climate change is a left-leaning fantasy. They're wrong.

The results of the 1998 elections were strikingly clear: The American people want a thoughtful resolution of the real issues before us. It will never happen in the absence of a serious and honest dialogue. It's time that we strip away the ideology, reject the partisanship, and accept the best scientific findings of the world's experts. We have a responsibility to move forward. If we fail to embrace this responsibility, our nation will reap a backlash not just at the ballot box but in the continued degradation of the global environment itself. That is a risk none of us should be willing to hazard.

John F. Kerry is a US senator from Massachusetts.

By Jeff Jacoby, Globe Columnist, 11/05/98

Underway in Buenos Aires is a giant international conference on global warming, a follow-up to last December's United Nations-sponsored confab in Kyoto, Japan. Delegates to the summit aim to put teeth into the treaty that came out of Kyoto, which calls for the world's leading countries to reduce sharply their use of energy over the next decade and a half. If implemented, the treaty would force the most productive societies on earth - the ones that have led the way in making human life comfortable, safe, and prosperous - to slow their economic growth and degrade their standard of living.

The organizers of the Buenos Aires conference take it for granted, of course, that global warming is real. The "consensus" among scientists, it is said, is that the planet's temperature is rising, the cause of the rise is the use of fossil fuels, and disastrous climate changes are looming unless drastic changes are made. The media likewise tend to take it as a given that the experts are in accord on global warming. So do many politicians. "The evidence of global warming keeps piling up," says Vice President Al Gore, who has made the issue a personal crusade, "month after month, week after week."

So if the scientists are all in agreement, who said this?

"We urge the United States government to reject the global warming agreement that was written in Kyoto. ... The proposed limits on greenhouse gases would harm the environment, hinder the advance of science and technology, and damage the health and welfare of mankind.

"There is no convincing scientific evidence that human release of carbon dioxide, methane, or other greenhouse gases is causing (or will in the foreseeable future cause) catastrophic heating of the earth's atmosphere and disruption of the earth's climate. Moreover, there is substantial scientific evidence that increases in atmospheric carbon dioxide produce many beneficial effects upon the natural plant and animal environments of the earth."

The carping of an oil-industry flack? The ignorant mutterings of fringe antienvironmentalists?

No. It is a petition signed by nearly 17,000 US scientists, half of whom are trained in the fields of physics, geophysics, climate science, meteorology, oceanography, chemistry, biology, or biochemistry. The statement was circulated by the Oregon Institute of Science and Medicine along with an eight-page abstract of the latest research on climate change. The abstract - written for scientists but comprehensible by laymen - concludes that there is no basis for believing (1) that atmospheric CO2 is causing a dangerous climb in global temperatures, (2) that greater concentrations of CO2 would be harmful, or (3) that human activity leads to global warming in the first place.

The cover letter accompanying the petition and abstract was penned by Frederick Seitz, a past president of the National Academy of Sciences. (All these documents are available online at www.oism.org/pproject.) The scientific "consensus" on global warming, it turns out, does not exist.

The Oregon Institute petition is no anomaly.

More than 100 climate scientists have endorsed the Leipzig Declaration, which describes the Kyoto treaty as "dangerously simplistic, quite ineffective, and economically destructive." The endorsers include prominent scholars, among them David Aubrey of the Woods Hole Oceanographic Institute; Larry Brace of NASA's Goddard Space Flight Center; meteorologist Austin Hogan, who co-edits the journal Atmospheric Research; Richard Lindzen, the Sloane Professor of Meteorology at MIT; and Patrick Michaels, a University of Virginia professor and past president of the American Association of State Climatologists.

"The dire predictions of a future warming have not been validated by the historic climate record," the Leipzig Declaration says bluntly. "In fact, most climate specialists now agree that actual observations from both weather satellites and balloon-borne radiosondes show no current warming whatsoever - in direct contradiction to computer model results." The declaration, plus a wealth of information on every aspect of the global warming controversy, is posted at the Web site of the Science & Environmental Policy Project, www.sepp.org.

What is going on in Buenos Aires is a costly exercise in futility. The United States has not signed the Kyoto treaty; even if President Clinton does sign it, there is no chance the Senate will ratify it. And without US participation, any plan to curtail CO2 emissions is doomed - as it ought to be.

Nevertheless, it is important to explode the myth that most scientists are worried about global warming. Politicians shouldn't be permitted to hijack science in their pursuit of power. Environmentalists and journalists with an antibusiness itch to scratch should be cross-examined whenever they claim there is only one side to an issue of public policy.

We've been down this "consensus" road before. Remember when the Chicken Littles were warning that the earth was getting colder? "The evidence in support of predictions [of global cooling] has now begun to accumulate so massively," Newsweek claimed in 1975, "that meteorologists are hard-pressed to keep up with it." Except that there was no global cooling. The alarmists were wrong then. They're wrong now.

Jeff Jacoby is a Globe columnist.

This story ran on page A27 of the Boston Globe on 11/05/98.

Stuart E. Eizenstat

Frank E. Loy

Hot Air On Climate Change

H. L. Mencken once said that "a cynic is a man who, when he smells flowers, looks around for a coffin." In his Nov. 20 op-ed article, "Kyoto Shell Game," David Victor demonstrates the relevance of Mencken's dictum, stringing together a variety of criticisms as to why last year's Kyoto Protocol will not work to control emissions of the greenhouse gases that most scientists believe are causing global warming.

Victor argues that the protocol will result in a

Taking Exception

financial windfall for Russia and Ukraine; that the two-year plan agreed to at last month's climate change conference in Buenos Aires for shaping the protocol's operational framework is too short and finally, that the Clinton administration is wrong to insist that developing countries participate in meeting the challenge of climate change. None of these criticisms survives close scrutiny.

The Kyoto Protocol is a market-based agreement that commits the industrialized world to national targets that will result in an aggregate 5.2 percent reduction in greenhouse gas emissions below 1990 levels by 2008 to 2012. Targets for the developed countries are differentiated: Some must reduce their emissions below 1990 levels; some, such as Russia and Ukraine, must freeze emission levels; others are allowed emissions exceeding 1990 levels. Under the protocol's emissions trading system, countries where it is relatively inexpensive to meet the targets can sell emission allowances to countries where reducing emissions is expensive. Similarly, the protocol's Clean Development Mechanism allows industrialized countries to earn credits by investing in clean-technology projects in developing countries.

Victor apparently concurs with most analysts that Kyoto's market-based mechanisms are essential to meeting the challenge of climate change at the lowest possible cost. These mechanisms also create incentives for all countries to make deeper, faster cuts in greenhouse gas emissions and to adopt better policies and clean technology.

What troubles Victor is that dramatic economic downturns in Russia and Ukraine will give those nations a lot of emissions allowances to trade. His point can be made more broadly: The European Union and Germany also will find it easier to meet their targets because of lower emissions resulting from the collapse of the former East German economy.

But the suggestion that these countries will receive a "windfall for doing nothing" misses the point. First, Victor ignores the critical fact that trading will give financially strapped economies strong incentives to use cleaner technology and improve energy efficiency. One of the crucial features of trading is that it provides a continuing incentive for countries or companies to reduce emissions even if they have met their targets, because they can sell their excess allowances.

Moreover, Victor's argument fails to appreciate that Kyoto's combination of differentiated targets and market-based mechanisms for meeting them was part of an ambitious, intensely negotiated framework. Going back to square one and "renegotiating the whole Kyoto deal"—as Victor suggests—makes no sense.

Victor also disdains the notion that effective systems for monitoring and enforcement can be established within the two-year timetable agreed to in Buenos Aires. But creating the structure for emissions trading, while complex and arduous, is also both doable and necessary. Nations need to know what they are agreeing to when they ratify the protocol. Drawing on the experience of our own highly successful domestic acid rain emissions trading program, the United States is committed to building a trading system with integrity—not one that is "half-baked" or a mere "shell game." Victor also ignores the fact that "full-blown emissions trading" will not start until almost a decade from now—plenty of time to fine-tune the system.

Victor's more fundamental disagreement with the administration is that our policy places too much emphasis on securing the participation of the developing countries in the fight against global warming. He even argues, "It is only proper that developing countries get a free ride for now."

But the developing countries' participation in this fight is not a political nicety—it is an environmental necessity. Early in the next century, emissions from the developing world will surpass those from developed nations. Moreover, Victor's free ride would be a costly disaster for developing nations themselves. Environmental problems put off today would strangle growth and devastate the environment tomorrow.

Argentina's pledge last month to take on a binding emissions target was no "vague and irrelevant promise" but a commitment—followed by one from Kazakhstan and two of the small, vulnerable island nations—that represents a critical step on the path to greater participation of developing countries.

Where Victor and the administration agree is on the need for the United States to lead the way on climate change. The administration has initiated or expanded more than 50 programs since 1993 that are improving U.S. energy efficiency and accelerating research and development into renewable energy sources. This fall President Clinton secured more than $1 billion in funding for climate-related programs. Next month he will request more from Congress—aiming, as Victor suggests, to "spawn new technologies" that will put us on a path toward lower greenhouse gas emissions.

The writers are, respectively, undersecretary of state for economic, business and agricultural affairs; and undersecretary of state for global affairs.

The Washington Post
Monday, December 7, 1998

Robert D. Novak

81 Bad Answers

What was the nature of the debate inside the White House over whether President Clinton should respond forthrightly to the 81 questions from the House Judiciary Committee or instead persist in lawyer-like evasions?

The answer, according to a source in a position to know, is that there was no debate. Nobody suggested that, even at this late hour, it was possible for the president to give an impression of candor. No aide told him an admission that he had not told the truth was the key to ending the impeachment process and opening a real possibility for a censure alternative. None told him that risking a post-presidential indictment by telling the truth might be preferable to the stain of impeachment.

So, the 81 answers were Clinton's word-parsing worst. That course by the president breathed life into what had seemed a comatose impeachment process. While any articles of impeachment passed by the Judiciary Committee had appeared destined for defeat on the House floor by a comfortable margin, chances now seem 50-50 that the House will adopt a single article accusing the president of perjury before the grand jury.

This change of attitude was not caused by a Republican search for compelling evidence implicating the president in an offense not involving Monica Lewinsky. They found nothing. But rank-and-file Republican lawmakers were outraged and a few thoughtful Democrats distressed by Clinton's arrogant, dismissive tone in his responses.

The president still is following the advice of David Kendall and his other private lawyers to be as uncommunicative as possible. Their original purpose was to give Paula Jones no help in her sexual harassment suit should it be reinstituted on appeal, but that case now has been settled. The lawyers' current argument is to give independent counsel Kenneth Starr nothing he might use for criminal prosecution of a post-presidential Clinton.

According to people who know him well, the president is not a reluctant client. The advice to clam up fits his lifelong pattern of behavior. "The president has drawn a bright line, and nobody dares cross it," says a friend.

Nobody at the White House today would dare. The senior staff there for the president's last two years is too junior in experience and ability to disagree with their chief. I checked with Democratic wise men around Washington, and many were put off by the president's responses. But they have no contact with the Arkansan who after six years remains a stranger in the nation's capital.

Supporters say Clinton needs somebody whose hair is white and experience vast. He might be best served by advice from two such former White House counsels—Abner Mikva and Lloyd Cutler. Or from a savvy old head who has advised a generation of Democrats and many Republicans as well: Robert S. Strauss.

Departed Press Secretary Mike McCurry is missed. On Sept. 15 while the Monica firestorm still raged, McCurry publicly set forth a simple but carefully wrought formulation that avoided an ugly admission by Clinton that he had been lying: "He was less than truthful." Such an answer might have sufficed for the president's response to many of the Judiciary Committee's questions.

Instead, the president's answers were filled with evasions and claimed memory losses. Even some Democrats were affronted by his inability to give a simple reply to the opening question asking him to affirm or deny that he is the nation's "chief law enforcement officer."

A more substantive evasion was the answer to Question No. 20, asking whether he gave "false and misleading" testimony under oath when he stated in the Paula Jones deposition that he did not know if Monica Lewinsky had been subpoenaed. In response, Clinton said his answer of "no" to a question of whether he talked to aide Bruce Lindsey about what to do about the Lewinsky subpoena "reflected my understanding that Ms. Lewinsky had been subpoenaed." So, therefore, Clinton said, his answer was not "false and misleading."

Lawyerly circumlocution is not obnoxious enough to drive Bill Clinton out of the White House. But it may be sufficient to force a Senate trial that the president ought to avoid even if he is confident of its outcome.

The Washington Post

Monday, December 7, 1998

Taking Exception to 'Kyoto Shell Game'
by Stuart E. Eizenstat & Frank E. Loy

H.L. Mencken once said, "a cynic is a man who, when he smells flowers, looks around for a coffin." In his editorial, "Kyoto Shell Game," David Victor demonstrates the relevance of Mencken's dictum, stringing together a variety of criticisms as to why last year's Kyoto Protocol will not work to control emissions of the greenhouse gases that most scientists believe are causing global warming.

Victor argues that the Protocol will result in a financial windfall for Russia and Ukraine; that the two-year plan agreed to at last month's climate change conference in Buenos Aires for shaping the Protocol's operational framework is too short; and, finally, that the Clinton Administration is wrong to insist that developing countries participate in meeting the challenge of climate change. None of these criticisms survive close scrutiny and all of them ignore both current realities and the momentum achieved last month in Buenos Aires.

The Kyoto Protocol is a market-based agreement that commits the industrialized world to national targets that will result in an aggregate 5.2% reduction in greenhouse gas emissions below 1990 levels by 2008-2012. Developed country targets are differentiated -- some must reduce their emissions below 1990 levels; some, such as Russia and Ukraine, must freeze emission levels; others are allowed emissions exceeding 1990 levels. Under the Protocol's emissions trading system, countries where it is relatively inexpensive to meet their targets can sell emission allowances to those countries where reducing emissions is relatively expensive. Similarly, the Protocol's Clean Development Mechanism allows industrialized countries to earn credits by investing in clean-technology projects in developing countries.

Victor apparently concurs with the majority of analysts that Kyoto's market-based mechanisms are essential to meeting the challenge of climate change at the lowest possible cost. These mechanisms also create incentives for all countries to make deeper, faster cuts in greenhouse gas emissions and to adopt better policies and clean technology. In short, they will buy the world the most emissions reductions for each available dollar, euro or yen. Once in place, ~~these cost-effective mechanisms will permit the sustained global commitment to reducing emissions that is needed to pass on a healthy, hospitable world.~~

What troubles Victor is that dramatic economic downturns in Russia and Ukraine will give those nations a lot of emissions allowances to trade. His point can actually be made more broadly: the European Union and Germany will also find it easier to meet their targets due to the lower emissions resulting from the collapse of the former East German economy. But the suggestion that these countries will receive a "windfall for doing nothing" misses the point.

First, Victor ignores the critical fact that trading will give financially-strapped economies strong incentives to use cleaner technology and improve energy efficiency. One of the crucial features of trading is that it provides a continuing incentive for countries or companies to reduce emissions even if they have met their target, because they can always sell their excess allowances. Without trading, it is doubtful that Russia and Ukraine could have made their significant Kyoto commitments.

Moreover, Victor's argument fails to appreciate that Kyoto's combination of differentiated targets and market-based mechanisms for meeting them were part of an ambitious, intensely negotiated framework. Going back to square one and "renegotiating the whole Kyoto deal" -- as Victor suggests -- makes no sense. [It is difficult to picture gaining international consensus on another system that actually brakes the growth of greenhouse gas emissions as rapidly or effectively as the Kyoto Protocol. Kyoto represents an historic beginning and our challenge now is to build on it.]

VICTOR

~~He~~ also disdains the notion that effective systems for monitoring and enforcement can be established within the two-year timetable agreed to in Buenos Aires. But creating the structure for emissions trading, while complex and arduous, is also both do-able and necessary. Nations need to know up-front what they are agreeing to when they ratify the Protocol. Drawing on the experience of our own highly-successful domestic acid rain emissions trading program, the United States is committed to building a trading system with integrity -- not one that is "half-baked" or a mere "shell game." Victor also ignores the fact that "full-blown emissions trading" will not start until almost a decade from now -- plenty of time to fine-tune the system.

Victor's more fundamental disagreement with the Administration is that our policy places too much emphasis on securing developing country participation in the fight against global warming. He even argues that "It is only proper that developing countries get a free ride for now."

BUT THE

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[With all due respect,] developing country participation in this fight is not a political nicety -- it is an environmental necessity. Early in the next century emissions from the developing world will surpass those from developed nations. [Thus, without developing country participation there will be no solution to the problem.] Moreover, Victor's free ride would be a costly disaster for developing nations. Environmental problems put off today will strangle growth and devastate the environment tomorrow. — THEMSELVES

acting in its own self interest

Argentina's [historic] pledge last month to take on a binding emissions target, [showed that developing countries can and will choose, based on their own self-interest, to participate in the Kyoto framework. This] was no "vague and irrelevant promise" but a commitment ~~by a sovereign nation, which was~~ that followed by Kazakhstan [and two of the small vulnerable island nations. ~~These pledges represent small, but critical, first steps in crafting a truly global solution to this global problem.~~ -- that represent a critical step on the path to greater developing country participation.

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Buenos Aires was also notable for the increased participation by private sector representatives, who concentrated on exploring how to make the Kyoto mechanisms work rather than how to derail the process. It was this "roll up our sleeves" attitude that led to the Buenos Aires action plan that sets a deadline of 2000 for resolving key issues left unfinished in Kyoto.]

Where Victor and the Administration agree is on the need for the United States to lead the way on climate change. [That is why] the Administration has initiated or expanded over 50 programs since 1993 that are improving U.S. energy efficiency and accelerating research and development into renewable energy sources. This fall President Clinton secured over $1 billion in funding for climate-related programs [-- a 25% increase over last year.] In ~~January~~, he will request

NEXT MONTH

more from Congress -- aiming, as Victor suggests, to "spawn new technologies" that will put us on a path towards lower greenhouse gas emissions.

Far from being "dead on arrival," the Kyoto Protocol has gained new vigor in the wake of Buenos Aires. Completing the action plan agreed to there over the next two years will ensure the blossoming of an effective framework for meeting the most profound environmental challenge of the 21st century. It is time to stop looking for a coffin -- there is none.

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The Washington Post
Friday, November 20, 1998

David G. Victor

Kyoto Shell Game

The two weeks of marathon negotiations just concluded in Buenos Aires did little to slow global warming. Delegates who met there adopted a road map for implementing last year's Kyoto Protocol, but the road leads nowhere, because the protocol will never work.

The Kyoto Protocol sets targets and timetables for all 38 industrialized countries to regulate emissions of six gases that cause global warming. If the United States ratifies the pact, for example, it must cut emissions 7 percent below 1990 levels by the years 2008 to 2012. Similar cuts are required in Western Europe and Japan. Russia and Ukraine must freeze emissions at 1990 levels.

In practice, it doesn't matter where on earth the reductions actually occur. Once the gases are emitted, air currents carry them worldwide. Thus the Kyoto Protocol also envisions a new currency—greenhouse gas emission permits—that might be traded like pork bellies or greenbacks.

The logic for emission trading is compelling. Regulating emissions in relatively efficient Western economies could be difficult and costly. But elsewhere, the fruits hang low, easy to pick. Projects to refurbish inefficient power plants in Poland, for example, have cut greenhouse gas emissions at one-tenth the cost in the West. Trading would let investors earn valuable emission permits while the Polish hosts get new technology.

Without trading, the United States alone could spend more than $100 billion to meet its Kyoto target, an amount comparable to the annual American spending on all federal clean-air and clean-water programs. With trading, the cost is lower by half or more.

Politically, however, the Kyoto trading system will fail, because it is a shell game. Most permits are likely to be sold by Russia and Ukraine. In these countries, combustion of fossil fuels, the main source of greenhouse gas emissions, has fallen steadily as the economies collapsed. Their emissions in 2008 to 2012 will be far below the Kyoto targets.

But declining living standards are not a sustainable way to slow global warming. When the economies rebound, so will emissions. Yet, by selling their excess permits in the interim, Russia and Ukraine might reap a $100 billion windfall while doing nothing to limit future emissions.

It's doubtful the Senate would ratify a $100 billion transfer that buys nothing. And absent America, no other major country will implement Kyoto's costly commitments.

Most disturbing is that Kyoto's enemies have attacked the protocol's strongest element. Automobile manufacturers, mining conglomerates and other carbon-spewing industrialists are bankrolling a venomous campaign to kill the Kyoto deal because it exempts developing countries. Last year the Senate resolved 95 to 0 to reject any pact that doesn't include meaningful participating by developing countries.

In response, the Clinton administration is wasting scarce political capital pressuring developing countries to make vague and irrelevant promises to regulate greenhouse emissions. Argentina was the first to cave; last week it announced it would pledge to slow growth in greenhouse gas emissions.

A more effective way to bring in developing countries is the protocol's "Clean Development Mechanism." Like emission trading, the mechanism allows industrialized countries to earn credits by investing in projects that lower the effluent from the developing world. Over time, developing countries can be urged to shoulder a rising share of the cost.

Swayed by special interests that want to block any global warming action, America's government has missed the point. It is only proper that developing countries get a free ride for now. The rich industrialized nations put this issue on the agenda, and they must lead. Per capita, the United States still vents greenhouse gases at 10 times the rate of China.

Thus, when the Kyoto pact is rejected in the Senate, the wrong lessons will be learned. Opponents of emission trading—who fear it is a loophole for buying compliance rather than cutting emissions—will claim that trading was unworkable. They will be wrong. A sensible trading system with fair permit allocations was never attempted.

Others will attribute Kyoto's failure to the industrialists' campaign. But that will wrongly result in even more pressure on developing countries to regulate emissions, which will deepen conflict between North and South and deadlock progress.

The first step out of this cul-de-sac is to recognize that the Kyoto Protocol, as it stands, is politically dead on arrival—and should be. Russia and other reluctant countries must be compensated if we want them to participate in slowing global warming, but Kyoto's $100 billion is extreme. The only way to halt bogus permit trading is to reallocate the permits, and that requires renegotiating the whole Kyoto deal.

Second, full-blown emission trading should be attempted only when the necessary institutions are tested and in place. Particularly lacking are systems for monitoring and enforcement.

Creating a viable emission trading system is no less difficult than designing monetary union. Under the best conditions, a decade will be needed. The Buenos Aires road map allows only two years. That rapid timetable will yield a half-baked system that destroys the credibility of the trading concept for the future, when tighter and costlier regulations might be adopted and the benefits of trading would be greater.

Finally, future negotiations must focus on this key fact: Only new technology can solve the global warming problem. Technological change—especially radical change, such as toward an economy that runs on hydrogen fuels and emits no greenhouse gases—can't be planned according to Kyoto-like short-term binding emission targets. More effective agreements must reward long-term investment and be focused on policies that spawn new technologies, not just short-term emission trends.

America can lead the way by expanding the Clinton administration's plans for technological research and development. America also can organize credit guarantees or subsidies for the Clean Development Mechanism, which will preserve the incentive for firms to apply new technologies in the developing countries when the rest of the Kyoto pact dies.

The writer is Robert W. Johnson Jr. fellow for science and technology at the Council on Foreign Relations.

The Washington Post
Friday, November 20, 1998

E. J. Dionne Jr.

Declaration for Freedom

Some of the strongest criticism of the vice president's Malaysian speech came from U.S. business interests.

When an American official goes abroad and upbraids a foreign leader for his human rights record, does it do more than make us feel good? Yes, it does. But the United States needs a more consistent record on human rights, so each protest and declaration carries real force.

Vice President Gore caused a ruckus this week when, speaking for the Clinton administration, he rebuked the Malaysian government for putting down dissenters and praised the bravery of those protesting the policies of Malaysian Prime Minister Mahathir Mohamad.

Nor did Gore back down when Mahathir's enraged government attacked him for "gross interference in the internal affairs of the country" and for threatening "harmony and stability." It just ruins a political leader's day to have someone say he shouldn't jail his political opponents or beat them up.

Gore's comments came during a meeting of the Asia Pacific Economic Cooperation forum, known as APEC, in Kuala Lumpur. His words need to be seen as part of a long argument between advocates of democracy and leaders of some Asian nations who—when it serves their interests—claim that basic freedoms are a Western cultural import. These leaders use the slogan "Asian values" to allow them to run their countries as they wish, and do to their people what they want.

That's why one of the important statements in support of Gore came from Philippine President Joseph Estrada. Estrada flatly rejected cultural relativism when it comes to liberty. "I don't interfere in Malaysia's domestic problems," Estrada stated, "but I've said human rights and due process of law transcend all boundaries."

The joker in the "Asian values" deck is that these values are always invoked by people who hold political power against those contesting them for it. Condemnations of the West serve as a cover for their own self-interest. Rulers of communist and fascist states did much the same when they dismissed civil liberties as the creations of "bourgeois democracy."

But whenever the United States government does stand up for "human rights and the due process of law," it risks being criticized for inconsistency and selective moralism. Unfortunately, it's true that our government is not consistent on these matters—witness the administration's policy toward China.

Advocates of a stronger U.S. commitment to human rights need to acknowledge an unpleasant fact: There will be times when the United States allies itself with dictators in defense of our own interests, or with an eye toward the long term.

At the extreme, history has vindicated Franklin Roosevelt's decision to ally with Stalin's murderous regime to take down Hitler's murderous regime. Hitler posed the greater immediate threat to freedom and, although it took 45 long years, Communist tyranny in Europe was eventually overthrown.

But those who criticize human rights advocates as simplistic moralists invoke such examples too easily to justify doing business with anybody at any time. It was striking that Rafidah Aziz, Malaysia's trade minister, cited American business people as coming to her and criticizing Gore's speech during the APEC dinner.

"I had American and other friends from APEC, the business sector, the official sector, who came to us and practically apologized and they were disgusted as well," she told the Star, a Malaysian English-language daily. "I can imagine the embarrassment of the U.S. community here, they are totally flabbergasted."

What's flabbergasting is that those who enjoy freedom would be moved to condemn a vice president who declares that other people deserve the liberties we claim as inviolable. You have to hope that some don't prefer doing business in countries with authoritarian regimes, where messy strikes and other human rights demands don't get in the way of production.

Human rights advocates in the United States tend to be divided into niches—those who worry most about religious liberties, those who care about labor rights, those who belong to the traditional human rights organizations. They span the political world from Christian conservatives to pro-union liberals, and include many people in between.

Those who think human rights deserve a higher priority in American policy-making need to sort out their differences and seek a set of consistent principles that might be applied practically. The bipartisan congressional coalition that supports human rights—one thinks of the powerful California duo of Rep. Chris Cox, a Republican, and Rep. Nancy Pelosi, a Democrat—should take the initiative so that leaders such as Prime Minister Mahathir can no longer claim that America's insistence on freedom is sporadic, inconsistent and easily dismissed.

Cultivating Farms to Soak Up a Greenhouse Gas

By JOBY WARRICK
Washington Post Staff Writer

KUTZTOWN, Pa.

Not all dirt is created equal, even here in Pennsylvania's famously fertile Dutch Country. Some soils are merely good, while others are flat-out miraculous, such as the remarkably talented black loam at the Rodale Institute experimental farm.

This research center boasts a eight acre plot of super-soil that not only grows the finest corn and soybeans but sucks pollution out of the air like a giant siphon. In a reverse of the "greenhouse effect," it drinks in carbon dioxide from cars and factories and stores it below the surface as carbon, the building material for future plants.

The secret lies not in soil but in farming techniques, and the possibilities it raises are huge. Rodale scientists say a few simple practices, applied across the U.S. Corn Belt, could transform farms into carbon-dioxide sponges that sop up millions of metric tons a year of the chief greenhouse gas blamed for global warming.

"That's equivalent to the total carbon-dioxide emissions for countries like Iraq, Egypt, Greece, Denmark and Sweden," said Laurie Drinkwater, Rodale's U.S. program director.

A battery of studies in recent months have prompted policymakers to focus on the potential of farms and new farming techniques to help fight global warming by offsetting emissions from burning fossil fuels. Although much remains unknown, the research has climate experts buzzing about possible benefits for governments, industries and farmers, not to mention the environment.

Under a United Nations climate agreement approved last year, the United States and other industrialized countries would face mandatory cuts in their greenhouse gas emissions over the next decade. But if governments can take credit for the extra carbon captured by farms, the task becomes much easier and cheaper. Meanwhile, farmers could find themselves with a new cash crop: pollution-reduction credits that can be sold to electric utilities and other polluters.

"The good news is, farmers can actually help find a solution and might even profit from it," said Sen. Bob Kerrey (D-Neb.), a leading proponent of the idea in Congress. "And that's just through traditional soil conservation practices."

The notion of a "green" solution to global warming also has won important backing within the Clinton administration. At a 160-nation climate conference earlier this month in the Argentine capital of Buenos Aires, U.S. officials fought hard to put the issue on a fast track for international debate and research. Diplomats agreed to convene a special summit on agriculture and climate to take place this spring in Atlanta.

No small consideration for the White House is the prospect of winning Farm Belt support for the global climate treaty in the U.S. Senate, where the pact now faces broad opposition. But so far, farming groups remain skeptical, and many environmentalists also are leery about trading away real, measurable emissions cuts for something that seems theoretical and much harder to quantify.

The split over agriculture is part of a larger debate over the role of carbon "sinks" in fighting global warming. Sinks are natural systems—forests are the best-known example—that soak up carbon dioxide from the atmosphere, locking it away for decades or centuries inside tree trunks, roots and other tissues. Trees and crops naturally take in millions of tons of carbon from the air each year, but since the Industrial Revolution concentrations of man-made pollutants have risen faster than plants can absorb them.

Last year's global warming treaty holds out the possibility that countries can create new sinks to meet part of their obligations for reducing emissions. Many governments like the idea, for obvious reasons; it's much cheaper and more politically palatable to plant a forest than to impose new regulations on energy use.

The problem is, scientists don't fully understand how sinks work, or at least not well enough to establish common guidelines for measuring their effectiveness. A special U.N. science panel has been asked to settle the critical questions about forest sinks by 2000.

But in the meantime, new research suggests that agriculture also could become an equally powerful "sink." In a 15-year experiment at the Rodale Institute, Drinkwater and two colleagues discovered they could dramatically increase the carbon content of soils simply by changing crop rotations and cutting back on chemical fertilizers.

Using techniques already familiar to thousands of organic farmers, the researchers alternated their corn crops with soybeans and other legumes that are natural sources of nitrogen. They enriched the soil by applying manure to some fields and plowing under immature plants on others. Over the 15 years, the experimental plots performed at least as well as adjacent, conventionally grown crops, while the soil's carbon level soared. Meanwhile, the nitrogen losses were cut in half compared with crops that used commercial fertilizer, reducing the risk of contamination of nearby streams.

"All these techniques can be integrated into any kind of farming system," Drinkwater said last week. Using a car key, she pried up a clod of rich, sweet-smelling loam from one of the experimental fields and compared it with the lighter, more powdery soil from a conventional plot. "You can literally see the difference," she said.

In her latest study, published in last week's issue of the scientific journal Nature, Drinkwater contends that a switch in farming practices in the major corn-producing states could reduce the country's net carbon-dioxide emissions by up to 2 percent. And that doesn't include lower emissions from farms themselves, which would burn less fuel and purchase fewer chemicals.

Other experts project the potential net savings could be as high as 8.5 percent. Ohio State University soil scientist Rattan Lal, co-author of a new book on agriculture and global warming, said farms can roll back emissions substantially just by adopting well-known soil conservation practices, such as reducing plowing, using cover crops in winter and preserving buffer strips of trees along river banks.

"We can decrease the carbon content in the atmosphere and at the same time improve the quality of the soil—and at the same time improve the environmental quality," Lal said. "We have a win-win situation here."

Technology challenges remain, however. Scientists and policymakers likely face several years of work in deciding how to measure and verify reductions in carbon from agriculture, he said.

Lal also acknowledges that agriculture cannot solve the climate problem alone. Although farm "sinks" may buy more time for research on alternative fuels, global levels of greenhouse gases will continue to rise unless nations get serious about reducing pollution, he said.

"We should never forget that this is an interim solution," Lal said. "The long-term solution is still doing something about getting rid of fossil fuel."

VP Speech

The Washington Post

MONDAY, NOVEMBER 23, 1998

For Blacks, an Issue of Pressure vs. Prudence

African Americans Differ on What to Expect as Reward for Backing Democrats

By TERRY M. NEAL
Washington Post Staff Writer

When African Americans went to the polls in Alabama this month, about 95 percent voted for Democratic gubernatorial candidate Donald Siegelman. So state Rep. Alvin Holmes, a black Democrat from Montgomery, thought it only fair that his constituents receive their reward after Siegelman ousted Republican incumbent Fob James Jr.

The ballots had barely been counted when Holmes fired off a telegram to the incoming governor: Siegelman, he wrote, should appoint two blacks to his transition team, appoint blacks to one-third of cabinet and department head positions, and appoint blacks to one-third of the staff positions in the governor's office.

Holmes's blunt letter stirred controversy among other African American officials, and the governor-elect insisted he would make his appointments based on merit, not race. But the episode highlighted a common refrain being heard from black officials around the country after the midterm elections: The Democratic Party must reward its most loyal constituency with appointments and by addressing their policy concerns.

"This wasn't about just fighting for [President] Clinton, this was about fighting for our agenda," said Rep. Charles B. Rangel (D-N.Y.), who led a massive black get-out-the-vote effort this year.

Race was a theme and underlying factor in many elections across the country this year, particularly in the South, but also in states such as Maryland and Illinois. A combination of high black turnout and an even greater-than-usual percentage of the black vote going to Democrats helped push party candidates over the top in many crucial state and federal elections.

So it has not gone unnoticed among African Americans in Congress that the GOP has more blacks in leadership positions—such as Rep. J.C. Watts (R-Okla.), elected Republican Conference chairman this week—than Democrats, who have none. On Friday Jesse L. Jackson met with House Democratic leader Richard A. Gephardt (Mo.) to press for greater representation of minorities in the congressional leadership.

When Democrats met last week for their organizational meeting, Rep. Albert R. Wynn (D-Md.) was the only black member to seek a leadership position; he finished third in a three-way race for vice chairman of the Democratic Caucus.

The White House has quietly acknowledged it has a debt to pay for the support African Americans gave Clinton and other Democrats this year. Administration officials said they have not committed to any major items but are meeting with black congressional members and asking for lists of legislative priorities. Vice President Gore has also scheduled several meetings with black lawmakers in coming weeks.

Wynn and Rangel emphasized that while they will continue pursuing black appointments to judgeships and other important positions, most of the legislation they want has cross-racial appeal, including more money to rebuild decaying schools and expand empowerment zones.

Wynn, who has met with deputy White House political director Minyon Moore, said that high on his wish list would be more funding for a replacement of the Wilson Bridge. The federal government has committed $900 million for the $1.8 billion project, but Maryland and Virginia want even more money.

"As they say, to the victor goes the spoils," Wynn said. "We were a part of the team and will expect some of the things that are our priorities to be included nationally and in the Maryland agenda."

Still, many blacks and whites in the party agree that Democrats must tread gingerly in pressing to reward its black constituency, lest the party alienate those whites who believe it is already too beholden to African Americans. Sensitivity to that perception means much of the effort will be quiet—as opposed to open, public demands made by those such as Holmes in Alabama.

Holmes, a longtime civil rights leader in the state who often is controversial for his outspokenness, believes the public approach is best. He accused Siegelman of forgetting already who helped put him in office.

"In my opinion, Don Siegelman is going to do no more for black people in Alabama than Fob James unless he is made to," Holmes said. James, an outspoken social conservative, often was accused of using divisive racial appeals in his campaigns.

Siegelman's office did not return telephone calls this week, but one white Democrat, who asked to not be named, noted that Siegelman did almost as well with whites as James did (48 percent to 51 percent, respectively), by avoiding divisive racial appeals. Some blacks in Alabama were also critical of Holmes's approach.

"I thought the highly publicized nature of [Holmes's] letter and the timing—sending it before Mr. Siegelman had even assumed office—was ill advised," said D'Linell Finley, a black political science professor at the University of Alabama. "Sometimes, if whites develop a perception that a white elected official is caving in to black demands, that does not bode well for that official."

Similar divisive situations have occurred in other states. In North Carolina this week, some black leaders clashed with the party over the selection of a new state House speaker. While the black turnout was only slightly higher than normal this year, blacks voted overwhelmingly for Democrats, helping trial lawyer John Edwards unseat Sen. Lauch Faircloth (R) and the party to regain its majority in the state House.

Some African Americans argued that Democrats should pick as speaker state Rep. Daniel Terry Blue Jr., an African American who held the job when the party lost its majority in 1994. But most white lawmakers and a handful of blacks pushed for Rep. James B. Black, who is white, and elected him Wednesday. Blue never officially announced his candidacy.

State Rep. Milton F. "Toby" Fitch Jr. (D), who is black, said he was angry that Democrats did not rush to reinstate Blue as speaker.

But state Sen. Howard N. Lee (D), who also is African American, said that Black was a good choice and that Fitch was wrong to link black turnout with the speakership. "My history has been one not to demand based on race but lead with a demand where other people can see some benefit too," he said.

Ferrel Guillory, director of the program in southern politics, media and public life at the University of North Carolina, agreed that Democrats owe a major debt to blacks. But the political reality is complicated. In many states with sizable black populations, white suburbanites are the swing voters.

In North Carolina and other states, political races turn on white suburban voters who have split their votes among the parties; Democrats can lose even when blacks give them as many as 90 percent of their ballots.

With a few exceptions, Southern Democrats typically need at least 40 percent of the white vote in addition to a strong black vote. In North Carolina, Edwards received 41 percent of the white vote and 90 percent of the black vote.

But blacks caution that they are becoming increasingly independent and willing to vote for GOP candidates when Democrats ignore their interests. That happened in two states this year: In Florida, gubernatorial candidate Jeb Bush more than doubled his black vote this year, helping doom the campaign of Democrat Buddy MacKay. And in Missouri, Republican Sen. Christopher S. Bond received 33 percent of the black vote, sealing his victory against Democrat Jay Nixon.

The Washington Post

MONDAY, NOVEMBER 23, 1998

DRAFT

OES PRESS GUIDANCE: Climate Change
November 20, 1998

WPA29 ("Kyoto Shell Game, by David Victor, Council on Foreign Relations)

Context: The Kyoto Protocol to the United Nations Framework Convention Climate Change was agreed to at the third meeting of the Conference of the Parties (COP-3) last December. This agreement stipulates legally binding greenhouse gas emissions targets for developed countries, and creates "flexibility mechanisms" which allow countries to work together to achieve these targets through emissions trading, joint implementation and the Clean Development Mechanism. The 4th COP met from November 2-13 in Buenos Aires, Argentina; this session adoptd a workplan and timetable for making progress on the implementation of the flexibility mechanism provisions. David Victor argues in an op-ed piece that (1) the senate will never agree to a transfer of up to $100 billion to Russia under the Protocol's provisions for "emissions trading", and that (2) developing countries will not – nor should they – accept targets to reduce emissions in the near term. On this basis, he also suggests that the effort just concluded in Buenos Aires, at the most recent negotiating session of Parties to the Climate Convention, yielded nothing more than a road to nowhere.

Q: David Victor, in his op-ed piece, states that the Kyoto Protocol will never work – and in fact is "dead on arrival". What is your response?

A:

ON DR. VICTOR'S BASIC PREMISE, WE DISAGREE. NOT ONLY IS THE PROTOCOL NOT "DEAD ON ARRIVAL', BUT THE RECENTLY CONCLUDED MEETING IN ARGENTINA PROVIDES AN AGGRESSIVE WORKPLAN AND TIMETABLE TO MAKE IT OPERATIONAL. BOTH THE BUENOS AIRES SESSION, AND THE

DRAFT

EFFORT TO COMBAT CLIMATE CHANGE THROUGH THE INTERNATIONAL PROCESS ARE ON THE RIGHT TRACK.

THE KYOTO PROTOCOL SETS UP A NEW REGIME – ONE BASED ON MARKET MECHANISMS AND GLOBAL PARTICIPATION. EVEN DR. VICTOR NOTES THIS STRUCTURE IS IN THE LONG-TERM INTEREST OF A SUCCESSFUL GLOBAL EFFORT TO REDUCE THE GLOBAL THREAT OF CLIMATE CHANGE – AND ITS MARKET ORIENTATION IS BROADLY SUPPORTED BY CONGRESS, AND BY GOVERNMENTS AROUND THE WORLD.

DR. VICTOR WRONGLY SUGGESTS THAT PURCHASES OF EMISSIONS CREDITS UNDER THE REGIME WILL BE FROM THE FEDERAL GOVERNMENT. THEY WILL NOT. RATHER THEY WILL BE INVESTMENT DECISIONS MADE WITHIN THE PRIVATE SECTOR.

HE ARGUES THAT RUSSIA AND OTHER COUNTRIES WITH ECONOMIES IN TRANSITION ARE GOING TO SELL "HOT AIR" AND THAT NO CLIMATE BENEFITS WILL ACCRUE. HERE AGAIN, WE BELIEVE HE IS WRONG: CLEARLY THESE COUNTRIES CANNOT MAKE THE INFRASTRUCTURE INVESTMENTS TO CLEAN UP THEIR SYSTEMS WITHOUT CAPITAL INFUSIONS, INFUSIONS THAT REQUIRE NATIONAL LEVEL COMMITMENTS (SUCH AS FOR NATIONAL EMISSIONS MONITORING), AND NOT JUST PROJECT SPECIFIC

ACTIVITIES. WITHOUT SUCH INVESTMENTS – AND THE INCENTIVES TO GOVERNMENTS, THROUGH THE TRADING SYSTEM ESTABLISHED BY THE PROTOCOL – NOT ONLY WILL THE KYOTO PROTOCOL NOT WORK, BUT WE WILL NOT BE ABLE TO ADDRESS THE SERIOUS PROBLEM OF GLOBAL WARMING.

FINALLY, DR VICTOR SUGGESTS THAT DEVELOPING COUNTRIES NEED NOT BE INVOLVED AT THIS STAGE IN THE PROCESS – AND THAT COUNTRIES SUCH AS ARGENTINA "CAVED" TO US PRESSURE IN ANNOUNCING ITS WILLINGNESS TO TAKE ON AN EMISSIONS TARGET. ON BOTH COUNTS, DR. VICTOR COULD NOT BE MORE WRONG: CUMULATIVELY, DEVELOPING COUNTRIES NOW ACCOUNT FOR NEARLY HALF OF THE TOTAL GLOBAL EMISSIONS – AND MOST OF THESE COUNTRIES RECOGNIZE THEY MUST HAVE A ROLE IN SOLVING THE LONG-TERM PROBLEM. ARGENTINA IS A LEADER IN THIS – IT WANTS TO PARTICIPATE IN THE TRADING REGIME, IT WANTS TO MOVE INTO THE RANKS OF NATIONS WILLING TO TAKE ON RESPONSIBLE ENVIRONMENTAL LEADERSHIP – AND ITS STATEMENT IN BUENOS AIRES WAS A STRONG AND PRINCIPLED ONE MAKING ITS OWN NATIONAL VIEWS CLEAR. THE ADMINISTRATION WILL CONTINUE TO WORK TO ENGAGE MORE COUNTRIES, AND TO SUPPORT WITH TECHNICAL ASSISTANCE THOSE THAT ARE PREPARED TO MOVE IN THIS DIRECTION.

The Energy Daily

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among Hanford's 149 single-walled tanks leaked a total of 1 million gallons of highly radioactive waste.

Perhaps more important, the study

dy's data, the site-wide cesium contamination estimates may be significantly increased," DOE said in announcing the study's results Aug. 27.

The study represents the first major effort by DOE to reexamine tank leak estimates calculated in the 1970s. Those estimates were based solely on measuring waste surface levels in the tanks and comparing them to historical records of waste volumes.

DOE said those estimates understated leaks because they failed to account for turnover in tank wastes from evaporation losses and the subsequent addition of replacement water.

The Los Alamos study was commissioned by DOE in 1996 when it discovered that radioactive leakage from the tanks had traveled much deeper into the soil than previously believed, exacerbating concerns about groundwater contamination at the eastern Washington nuclear weapons site. DOE sought the additional information about tank leaks to better plan cleanup efforts for the tanks and the underground plume of radioactive waste now moving toward

(Continued on page 4)

Controlling Climate Change: It Is Not A Sprint, It Is A Marathon

COMMENTARY
BY KENNETH LAY AND ROGER SANT

Man-made emissions of certain gases—primarily carbon dioxide from burning fossil fuels—could alter the world's climate in the next century. The threat is long term and global, but the current debate is too narrowly focused on a 10 to 15 year target.

Although there is some disagreement among scientists on the rate at which climate change will occur or whether it is already occurring, there is little doubt that world population growth, economic growth, inefficient energy use and heavy reliance on fossil fuels are a potentially disastrous mix.

As energy company executives, we are aware of the difficulty of meeting the climate change challenge. The good news is that we have time. The race, however, is not a sprint. It is a marathon. If we start sprinting—focusing primarily on emissions reductions in the next decade—we risk squandering our resources. But this is not a call for inaction. If we fail to start now, we will not finish in time.

One hundred energy and environmental leaders with very diverse views recently gathered at the Aspen Institute in Colorado to discuss climate change. We were encouraged to speak for ourselves and not be

(Continued on page 2)

Midwest ISO Order May Be FERC's Fix For June Price Spikes

BY HOWARD BUSKIRK

A September order mandating the creation of a Midwest independent transmission system operator has emerged as the most likely FERC response to the late June price disruptions in the region that pushed prices into the $7,000 per megawatt-hour range.

Meanwhile, it appears unlikely the Federal Energy Regulatory Commission will complete its promised report on the price disruptions by the Labor Day deadline suggested by Chairman James Hoecker at an August meeting in Chicago on the price peaks.

FERC did not send out its informational requests to the region's power marketers and utilities until last week, and sources say it will likely take some

(Continued on page 4)

Controlling Climate Change... (Continued from page one)

bound by our companies' or organizations' positions, and we were surprised at the level of consensus we reached.

We believe a broad bipartisan majority of Americans could agree with these eight conclusions of the Aspen group.

1. Take a long-term focus.

Climate change is a long-term problem, and the focus should be on achieving sustainable levels of greenhouse gas concentrations at the least cost, not merely on near-term emissions reductions. Nevertheless, certain early actions, based on industry and other public suggestions, are desirable to develop institutions, mechanisms, technologies and domestic and international support for long-term programs.

2. Do not reject the Kyoto Protocol nor seek its ratification now.

The protocol agreed to last December and signed so far by 49 countries, would require the U.S. to reduce greenhouse gas emissions by 7 percent by 2008 to 2012. It is an imperfect agreement that cannot be accepted unless it is improved.

Submission to the Senate now for the promised quick rejection would remove the U.S. from a constructive political leadership role and put America at a competitive disadvantage in the development of a sustainable energy system. A delay offers an opportunity that should be attractive for both proponents and opponents to broaden the international base of support and participation, to begin to reduce the cost of compliance, and to take the issue out of the partisan political arena in 1998 and 2000.

3. De-politicize the issue and educate the public.

U.S. political and intellectual leadership should undertake a high-priority effort to increase public understanding of the issues, moderate the political aspects of the debate and develop a broad public consensus that can be sustained through many electoral cycles.

One option for the administration to consider is the establishment, in consultation with Congress, of a bipartisan blue ribbon commission to lead in the development of a national consensus. Former presidents, Nobel Prize winners and leaders of similar stature could help put the debate on a constructive plane.

4. Establish bilateral programs with developing countries.

A major concern with the Kyoto Protocol is the failure of key developing countries to participate. As the expected largest emitters of greenhouse gases in the next century, they must be a part of any solution, yet their immediate economic needs make it difficult for them to commit resources to solving a future problem that they argue was caused by the industrialized nations.

The administration should work aggressively and quickly to establish bilateral carbon reduction programs with countries such as China, India and Brazil. A focus on an early start toward cost-effective energy efficiency and a long-term reduction in the dependence on fossil fuels would allow them to participate in an international climate change approach while also contributing to their economic development.

5. Increase R&D.

To reduce the cost of eventual stabilization of greenhouse gas concentrations in the atmosphere, we should significantly increase public and private spending for research and development of lower carbon and carbon-free fuels, technologies and systems, including end-use efficiency and the capture and non-atmospheric disposal of carbon dioxide.

Such spending should build on the successes and avoid the failures of past programs. Coordination between public and private research efforts should be increased, and the commercial deployment of successful technologies should be left to the private sector.

6. Set the rules for crediting early voluntary reductions.

Many industries are ready and willing to make voluntary emission reductions now. They fear, however, that any future program will take their lower emissions as a new baseline. The government, with broad industry and other public involvement, should quickly establish rules for crediting these voluntary emissions reductions against any future requirements.

7. Review barriers to innovation.

Many lower carbon technologies and more efficient systems are available now, but long-standing laws and regulations often discourage their adoption. These barriers should be reviewed and, where more valuable objectives are not being served, should be removed promptly.

8. Ensure policies are flexible.

We know enough to begin action now, but we also know from experience that we should expect surprises. Any governance mechanisms and policies we adopt should be sufficiently flexible to adapt to changing scientific knowledge and to the lessons we learn during implementation.

Adoption of these Aspen recommendations will help prepare us to win the climate change marathon. It is a race we cannot afford to lose.

—Lay is chairman and CEO of Enron Corporation; Sant is chairman of AES Corporation and of the World Wildlife Fund. The views expressed are their own.

But our policy decisions - i.e. Kyoto - ~~are~~ have already been made, so what would it do?