

US EPA ARCHIVE DOCUMENT

Appendix A. Summary Comments Received Pertaining to Economic Issues

Numerous commenters provided detailed, in-depth discussion and information on various economic issues related to U.S. climate change policy. Such discussion included the positive and negative economic implications of various CAA regulations, predictions of how regulation or legislation would impact specific industries, and the economic impact of proposed Congressional cap and trade legislation. A summary sampling of these comments is provided below to illustrate the breadth and scope of comments received, but since they are not germane to this action, we are not responding to specific issues raised by commenters. See Section 11.6 in this volume of the Response to Comments document for our response to comments on general economic considerations related to the Final Findings. As described in that section, comments and information regarding the economic implications of future regulation or legislation are not directly germane to the specific statutory issues before EPA. The issues before EPA concern the impacts of the GHG air pollution on the public health or welfare and the contribution of GHG emissions from new motor vehicles.

Summary:

Many commenters (e.g., 0400, 0564, 0615, 0650, 2895, 3283.1, 3324.1, 3340, 3548.1, 3682, 4288, 7031, 10893, 11062, 11264) express doubt that the benefits of taking action to combat climate change will outweigh the costs. They argue that the Final Findings and resultant regulation of GHGs will: 1) put the United States at a competitive disadvantage and threaten our ability to maintain world economic dominance (commenter points to the fact that China will build 500 coal-fired power plants in the next decade); 2) cause stagnation of economic growth, negatively affect American industry, and cause job loss; 3) force the United States to replace high CO₂ emissions sources such as coal power plants with low-emissions sources at a net cost to society; 4) divert attention away from other adverse effects on the environment including deforestation and loss of the world's rainforests; 5) deny opportunity and a decent standard of living to our children and grandchildren; 6) increase costs for necessities and make them prohibitively expensive for some; and 7) increase costs for recreation, entertainment, vacations, movies, sporting events, etc. and make them into unaffordable luxuries.

Many commenters objected to the endangerment finding and future regulation of GHGs because they believe these actions would hinder the United States economy and add unnecessary challenges during the current economic recession. Commenters (4200, 4293.1, 11014, 11021) state that GHG regulation under the CAA would pose a substantial challenge to various sectors of the economy, including fossil-fuel fired electric generating facilities, existing and future oil and natural gas exploration and production operations, the mining industry, the printing industry, agricultural and ranching industries, chemical industry, steel and iron industry, home building industry, and various domestic manufacturing industries.

Several commenters (e.g., 2891.1, 3285.1, 3352.1, 3406.1) express concern that GHG regulation will hinder U.S. businesses' ability to compete domestically and internationally. One commenter (2895) concludes that the patchwork of state and regional regulations that would exist under the CAA would negatively affect the economy due to significant regulatory uncertainty, where manufacturers in different regions of the country would be regulated in different ways based on the political climate of the state where they are located. Other commenters (2898.1, 3012, 3218.1, 3297.1) state that setting GHG emission standards for new motor vehicles would likely restrict consumer freedom to choose the types of vehicles they want to drive and would interfere with their way of life.

One commenter (0509) argues that the vast majority of physical human suffering on this planet and in this country can be addressed by improved education, improved infrastructure, increased trade, and economic growth, and that CO₂ emission restrictions will increase the costs and severely hinder these truly needed developments. Another commenter (0442) states that EPA's actions will cause greater problems for society given that 1) alternative vehicles (hybrid and electric cars) are more costly than and not as reliable

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as conventional cars; and 2) renewable energy is more costly and not as reliable as fossil fuels or nuclear power. Some commenters conclude that EPA's regulatory actions will harm public health and welfare. One commenter (10850) cites Lutter et al. (1999), who state that every additional \$15 million in regulatory costs (\$19.25 million in 2009 dollars) leads to an additional statistical death because regulatory costs impose costs on society that reduce income and, in turn, reduce expenditures on health and safety.

Several commenters (e.g., 0657, 2895, 4032, 8624) argue that congressional cap and trade legislation would be disastrous for the U.S. economy, particularly for poor and middle-income Americans. A commenter states that the bill's mandate to cut CO₂ emissions by five-sixths by 2050 threatens shutdown of five-sixths of today's U.S. economy, which would in effect allow electricity and automobile use for just one day per week. One commenter asks how much the legislation currently being contemplated by the U.S. Congress will cost, while another expresses concern about high-risk trading in climate change control instruments. Another commenter (8624) requests information on what negative impacts, if any, implementing the Kyoto Protocol has had on the participating countries. The commenter expresses doubt about the capability of countries to meet emission targets that are much more stringent than those in the Kyoto Protocol.

Many commenters (e.g., 0168, 0295, 0405, 3341, 4680, 6154, 6596, 7392, 7600, 10662) supported the use of the CAA to regulate GHG emissions. Several of these commenters (6154, 6596, 7600) contended that the CAA provides critically important tools for reducing GHG emissions successfully and cost-effectively. These commenters (6154, 6596, 7600) pointed out that this law has a four-decade track record of success in protecting the air we breathe and provides the foundation for a shift to a low-carbon, clean-energy future and urged EPA to finalize the endangerment finding and issue regulations to reduce GHG emissions immediately.

Some commenters (3901, 4695, 9822) suggested that EPA should not worry about the industries impacted by this regulation because they will manage and even be able to create new jobs related to clean energy technologies, with an opportunity to unleash the full force of American ingenuity. On the other hand, one commenter (0244.1) warned EPA not to continue with a focus on enforcement because this approach would not stimulate and encourage the invention of new technologies. Several commenters (e.g., 0353, 1318.1, 11431) expressed concern with the economic impacts of the rule but felt that it was better to proceed, rather than face more dire economic consequences from the effects of climate change. Two commenters (9674, 9545) stated that the protection and improvement of air quality is more important than the profit margins of industries. Several commenters (0675, 0199, 9398) felt that while some might complain about the short-term economic impacts of limiting carbon emissions, current mitigation would be cheaper than future adaptation measures. One commenter stated that although companies currently find it more profitable to use obsolete plants rather than replace them with more efficient facilities, new regulation utilizing carbon credits would help compensate them for the stricter regulations required of new power-generating plants.

One commenter (3445) noted that citizens may wonder if the cost of regulation would lead to higher taxes, while another (3444) noted that the government has found money for things less important than this issue. Another (3621) noted that if the market were structured to prevent exploitation of resources, then the market and economy would flourish in a sustainable manner. Some commenters (e.g., 6673) noted that the country can implement solutions for this pollution problem without a major economic sacrifice, including one commenter (9313) who gave an example of the regulation of sulfur dioxide emissions in the 1990s as something that people feared would damage the economy but that turned out to be a successful regulatory policy.

Many commenters (e.g., 4912, 7609, 9492) believe that policies implemented to fix climate change can "help us rebuild our economy," including more than one commenter (e.g., 9492, 9558, 7609) who