

# WebMemo



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## Both Bad and Good in Bush's Climate Change Speech

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President George W. Bush, in a speech delivered at the White House on Wednesday, April 16, suggested that he will support federal limits on greenhouse gas emissions. This appears to be a reversal after seven years of opposition to mandatory controls on energy in the name of fighting climate change. Indeed, some worried that the speech would announce a final-year capitulation on the issue.

However, the President was careful to endorse several important principles that may make this much less of a policy shift than it seems. For example, he will not support any measures that hurt the American economy or that fail also to include other major nations like China. The President should firmly stick to these principles.

**The Background.** A few events may have prompted the President's speech. A Major Economies Meeting is underway in Paris. This series of meetings was launched by the President in September 2007 to bring together the leaders of the nations that have the world's largest economies, with the ultimate goal of achieving global participation in any greenhouse gas emissions plan. Unlike the Kyoto Protocol, the climate change treaty that exempts developing nations, this process seeks, according to the President, "meaningful participation of every major economy and gives no one a free ride."

Another prompt may have been Senate Bill 2191, the America's Climate Security Act, sponsored by Senators Joseph Lieberman (I-CT) and John Warner (R-VA). This is a carbon cap-and-trade bill with stringent targets, and it will probably be

debated in June. Several studies, including a forthcoming Heritage Foundation analysis, predict very serious economic consequences from this bill, including potential job losses well into the millions, higher energy prices, and possible annual costs per household in the thousands of dollars.

Finally, the President is facing several tough regulatory decisions related to climate change. This includes a 2007 Supreme Court decision that requires the Environmental Protection Agency to reconsider its refusal to regulate carbon dioxide emissions from motor vehicles<sup>1</sup> and litigation to force the Department of the Interior to list the polar bear under the Endangered Species Act on the grounds that climate change is altering its habitat.<sup>2</sup> The states and organizations pushing these regulatory challenges are doing so largely to force Washington's hand on the issue.

**The President's Speech.** In his remarks, the President endorsed mandatory emissions limits, though the targets are far less stringent than those in S. 2191. He wants to "slow, stop, and eventually reverse the growth of our greenhouse gas emissions," with the "stop" goal to be achieved by 2025. The President did not detail the additional measures he would

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support to meet this goal. Though a step in the wrong direction, this is far less drastic than some had feared. He neither pushed tougher targets nor explicitly endorsed the cap-and-trade approach.

The largest portion of the President's speech spelled out in general terms the right and wrong ways to go about climate policy. He prominently mentioned the Kyoto Protocol as an example of the latter and cited the 1997 Byrd–Hagel Senate resolution, which was passed 95 to 0, and opposed any such treaty that either hurt the U.S. economy or failed to engage major developing nations—the reasons why Presidents Bill Clinton and George W. Bush never sought U.S. ratification of the treaty.

The President voiced similar economic and global-participation concerns in his speech. On the economic impacts of climate measures, he said:

The wrong way is to raise taxes, duplicate mandates, or demand sudden and drastic emissions cuts that have no chance of being realized and every chance of hurting our economy. The right way is to set realistic goals for reducing emissions consistent with advances in technology, while increasing our energy security and ensuring our economy can continue to prosper and grow.

On the need for truly global participation in any climate-change regime, he added:

The wrong way is to unilaterally impose regulatory costs that put American businesses at a disadvantage with their competitors abroad[,] which would simply drive American jobs overseas and increase emissions there. The right way is to ensure that all major economies are bound to take action and to work cooper-

atively with our partners for a fair and effective international climate agreement.

Although he did not explicitly mention S. 2191, the President specified with respect to it what the Byrd–Hagel resolution specified with respect to Kyoto: He laid out the conditions without which any such measure will be opposed.

The President's speech does present several problems, however. For example, the President touted his massive ethanol mandate as a success, despite overwhelming evidence to the contrary—failure to reduce pump prices and higher food costs with both U.S. and worldwide implications.<sup>3</sup> If the President thinks this is an experience worth repeating, then there is need for constant vigilance in the months ahead. His talk of market-based solutions and the need to develop new technologies was welcome, but it was contradicted by his endorsement of government subsidies. Finally, his discussion of the regulatory morass, while very much on the mark, failed to spell out any solutions.

**Conclusion.** Embracing specific emissions targets was an unnecessary step that shifts the climate change debate in the wrong direction. Nonetheless, the President set out correct principles for addressing the issue, especially with respect to the American economy and the need for global participation. Overall, the speech was more important for what the President said he would not support than for what he said he would support.

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1. Ben Lieberman, "The EPA's Prudent Response to Massachusetts v. EPA," Heritage Foundation *WebMemo* No. 1870, March 28, 2008.
2. Ben Lieberman, "Don't List the Polar Bear Under the Endangered Species Act," Heritage Foundation *WebMemo* No. 1781, January 25, 2008.
3. Ben Lieberman, "Time for Second Thoughts on the Ethanol Mandate," Heritage Foundation *WebMemo* No. 1879, April 2, 2008.