
TENNESSEAN OP-ED: "CAP AND TRADE" IS THE LEAST WE CAN DO TO STOP GLOBAL WARMING

Cap and Trade is Good, But is it Enough?

by Rep. Jim Cooper

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The old way of reducing pollution was "command and control" from Washington, an omniscient and omnipotent bureaucracy policing every boiler and smokestack.

In 1990, Congress set a new standard for environmental policy called "cap and trade." The new approach allowed industry to reduce pollution by harnessing market forces. Industry was given strict targets for reduction but was allowed to meet them by trading with other firms, not just obeying orders from Washington.

I am proud that my amendment to the Clean Air Act was the legislative beginning of "cap and trade" approaches to reducing air pollution. Congress passed the Cooper-Synar Amendment, which I co-wrote with the late Mike Synar, a wonderful congressman from Oklahoma. Our amendment covered coal-burning electric utilities.

"Cap and trade" is one of the most effective steps that government has ever taken to control pollution. Many business schools teach it today as an example of government using an innovative, market-based approach to accomplish an important public goal.

Since industry knew their boilers and smokestacks better than Washington, the results were better than anyone dreamed. Experts had predicted that it would cost \$1,000 per ton of SO₂ removed, but the price was closer to \$100. This kept electric rates down, employment up, and the air cleaner.

Should "cap and trade" be applied to global warming? You probably expect me to say yes. But "cap and trade" is not perfect, and may not be the best way to control carbon dioxide. CO₂ is not SO₂. And almost everyone adds CO₂ to the atmosphere, not just electric power companies.

Can we develop an honest market in reduction credits, both here and overseas? China alone could warm the planet beyond recognition; will anyone be able to police Chinese cars, factories and power plants?

Another concern is gaming. Every company is demanding to be given credits from the start, credits that could easily be worth billions or trillions of dollars. Will Congress be able to resist the lobbying by powerful groups for special favors?

I'm glad that "cap and trade" has gained widespread acceptance, but it may not fit our needs. The nascent European market has been riddled with problems. Even the U.S. House of Representatives has already been ripped off by an unscrupulous "cap and trade" vendor. How fast can we fix these problems? Can we learn from others' mistakes?

What's the alternative to "cap and trade"? Almost every economist will tell you that taxing pollution is the most efficient answer. After all, a CO2 tax would reduce emissions without giving bad actors the right to pollute or profit, as could be the case under "cap and trade." Of course, taxes aren't any fun, but are they effective?

It is widely thought that mentioning the "t-word" in Congress will kill global warming legislation. Congressman John Dingell, the Detroit representative who is considered an automotive industry apologist, has been promoting the idea. So it must be bad, right? Not necessarily.

Our own Al Gore has been helping us understand the urgency of this vital issue for decades. We should have the courage to recognize the truth, and do the best we can to be good stewards of our planet. "Cap and trade" is probably the minimum we should do, if we can design it carefully. But there may be even better ways.

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