



ECONOMIC IMPACTS OF AMERICA'S CLIMATE SECURITY ACT

Economic Impacts of Climate Change on the United States:¹

- Since the 1980s, there have been more than 70 weather-related natural disasters in the United States, each causing damages greater than \$1 billion. Their cumulative impact totaled more than \$560 billion. Without swift action to curtail climate-changing emissions, the severity and frequency of such disasters will increase, adding additional stress to the U.S. budget.
- Climate change is expected to alter precipitation patterns, thereby increasing the risk of forest fires. Over the past four years, it has cost an annual average of \$1.3 billion to suppress forest fires in the United States.
- The IPCC reports sea level has already risen by 6 inches in the last century and is likely to increase an additional 12 inches by 2100. The University of Maryland indicates that sea-level rise of roughly this magnitude would cause \$23-170 billion in U.S. coastal property damage.
- The 2007 drought in the Southeast cost over \$1.3 billion in production losses, \$782 million in agricultural industry losses, and the loss of more than 14,000 jobs in Georgia alone. Climate change will increase the frequency of such water shortages.

International Consequences of Unmitigated Climate Change

- The Carnegie Institution reports warming temperatures in the last two decades (1980-2002) have already caused annual losses of roughly \$5 billion for major food crops. The IPCC estimates climate change will increase water scarcity in Africa for 75 to 250-million people, "severely compromising" agricultural production throughout the continent.
- Currently, one-third of the world's population faces water scarcity. The World Resources Institute projects that this number will double by 2040. The IPCC projects that climate change could reduce freshwater availability throughout Asia, adversely affecting more than one-billion people by mid-century.
- Sea-level rise has the potential to displace millions of people and threaten the vital infrastructure, settlements, and facilities that support their livelihood. The Center for Naval Analysis reports that approximately two-thirds of the world's population lives near coastlines. In Asia alone, nearly 2-billion people live within forty-five miles of its 130,000-mile coastline.

¹ Domestic economic impacts are from the October 2007 Report on "the US Economic Impacts of Climate Change and the Costs of Inaction" written by the Center for Integrative Environmental Research (CIER) at the University of Maryland.

S. 2191 Addresses Economic Concerns

- Regulating carbon emissions with the Lieberman-Warner bill will be expensive; however, the upfront costs of the program pale in comparison to the projected costs of inaction. In October 2007, the Nicholas Institute for Environmental Policy Solutions at Duke University testified that S. 2191 will reduce GDP by only 1% over the next two decades. By contrast, Nicolas Stern, former chief economist at the World Bank, reports that inaction can cost 5-20% (as much as \$9 trillion per year) in global GDP. A March 2008 analysis of the bill by the Environmental Protection Agency reaffirms these numbers, reporting that climate change legislation will only reduce projected growth of U.S. GDP by 1%.
- The Center on Budget and Policy Priorities estimates that a 15% reduction in carbon emissions using a cap-and trade system will cause a household annual increase of \$750-950 in energy-related bills paid by the poorest fifth of the nation. A mere 14% of the auction revenue will fully offset this economic burden.
- If allowances sell for \$13 per ton of CO₂, the auction will generate more than \$17 billion in its first year alone. These funds can be reinvested to help defray the impacts of climate change on our communities. Within two decades, the bill can generate \$1 trillion in cumulative funds for clean technology, worker training, adaptation and low-income consumer protection.
- The bill sets aside 11% of the total emission-allowance account to provide rebates to low and middle-income energy consumers and to provide energy efficiency. It further allocates 18% of auction revenue to low-income energy consumers to fund projects such as the Low Income Home Energy Assistance Program ("LIHEAP"), weatherization assistance programs for the poor and elderly, and a new initiative which will deal with energy concerns unique to low-income rural citizens.
- The bill allocates 5% of auction revenue to a Workforce Training Fund to ease the transition to a low-carbon society. These funds can be directed to education, training and placement.
- The bill also allocates 5% of the auction revenue to international adaptation and mitigation. These funds are specifically designated for Least Developed Countries to help them stave off crises such as extreme droughts and flooding, starvation, irreparable destruction to agricultural lands, and the outbreak of infectious diseases such as malaria and West Nile virus.

S. 2191 is expected to reduce GDP (as compared to a business-as-usual scenario) by only 1% over the next two decades.

---Duke University, Nicholas Institute for Environmental Policy Solutions (Oct. 2007)

The development of fair, just, and effective climate and energy policies is essential to the economic and social well-being of our country, to our national security, to the maintenance of an independent United States foreign policy, and to world stability. Please support the America's Climate Security Act.

Questions? Contact Jennifer Kefer, Climate and Energy Program Coordinator for the Coalition on the Environment and Jewish Life (COEJL) -- jennifer@coejl.org or 202-212-6034