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Ersatz Climate Policy

By PAUL KRUGMAN

Alert shoppers know that an extra word in a product's description can make a big difference, and rarely for the better. Apologies to connoisseurs of Velveeta, but most of us don't regard "cheese food" as a good substitute for plain ordinary cheese.

To the unwary, yesterday's pledge by the Bush administration to reduce "greenhouse gas intensity" by 18 percent may have sounded like a pledge to reduce greenhouse gases, the emissions (mainly carbon dioxide, released by burning fossil fuels) that cause global warming. In fact, that's the way it was reported in some news articles. But the extra word makes all the difference. In fact, the administration proposed to achieve almost nothing; consistent with that goal, it also announced specific policies that are trivial in scope and will have virtually no effect.

What is this thing called greenhouse gas intensity? It is the volume of greenhouse gas emissions divided by gross domestic product. The administration says that it will reduce this ratio by 18 percent over the next decade. But since most forecasts call for G.D.P. to expand 30 percent or more over the same period, this is actually a proposal to allow a substantial increase in emissions.

Still, doesn't holding the growth of emissions to less than the growth of the economy show at least some effort to face up to climate change? No, because that would happen anyway. In fact, the administration's target for reduction in greenhouse gas intensity might well be achieved without any policy actions — which is good news, because the administration hasn't really proposed any.

The reasons greenhouse gas intensity tends to fall over time are complex, but the basic logic is simple: We are gradually becoming a post-industrial society, in which knowledge and service industries grow faster than the old smokestack sector. Because pushing bits around doesn't take as much energy as pushing around large pieces of sheet metal, a dollar of new-economy G.D.P. generally doesn't require burning as much carbon as a dollar of old-economy G.D.P.

But the old economy is still there, and the new economy still uses significant amounts of energy — especially if office workers drive S.U.V.'s long distances on their way from house to mouse and back. So as the economy grows, greenhouse gas intensity may fall, but greenhouse gas emissions — which are what damages the planet — continue to rise.

So what does the Bush administration propose to do? Nothing much.

The main actual policy described yesterday was an array of tax credits for planet-friendly activities, such as installing solar power or capturing methane from landfill. It's not worth trying to analyze the specifics of this proposal, such as why tax credits should be the tool of choice. (Oh, I forgot — tax cuts are the answer to all problems.) The key point is that it's just too small to do the job. It offers \$4.6 billion over the next five years. That's less than a penny a day per

American. Do you really think that's enough to produce a major change in the way we use energy, or that it is an appropriate level of response to a major threat to the planet?

And that's the substantive part of the proposal. The other part is creation of a "registry": companies can, if they choose, report their emissions of greenhouse gases. If they show reductions in emissions, they will receive — well, nothing. But future administrations might be pleased.

The real question is why an administration that clearly doesn't want to do anything about climate change feels obliged to put on this show.

The answer, of course, is that on environmental issues the administration is clearly out of step with the public. Its indifference to the fate of the planet would be quite unpopular if it were generally appreciated.

To deal with this potential political threat, the Bush administration exaggerates the economic costs of environmental regulations. Last spring Dick Cheney implied, disingenuously, that environmental rules had caused a shortage of refining capacity; now George W. Bush tells us, implausibly, that the Kyoto Protocol will destroy millions of jobs.

Meanwhile the administration offers the illusion of environmentalism, by announcing policies that sound impressive but are nearly content-free.

So buyers beware. What the administration offered yesterday was processed climate-change policy food, bearing very little resemblance to the real thing.

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