



For Immediate Release
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Contact: Dan Virkstis
202-224-4515

**Hearing Statement of Senator Max Baucus (D-Mont.)
Regarding Potential Climate Change Legislation and Job Creation**

In 1971, the noted economist and Harvard dean Edward Mason said:

“There seems to be no reason to believe . . . that the employment-creating effects of restoring the environment will be any less than those involved in polluting the environment.”

It seems that the debate over jobs and the environment has been around about as long as we have had either jobs — or an environment.

Today, we will consider whether climate legislation will create jobs in the energy sector. We’ll examine further this Committee’s role in climate legislation. And we’ll discuss what we can do both to create jobs and to ease the transition to an economy that accounts for the cost of carbon dioxide.

I am committed to passing meaningful, balanced climate-change legislation. I am committed to legislation that will protect our land and those whose livelihood depends on it.

I want our children and grandchildren to be able to enjoy the outdoors the way that we can today. So I’m going to work to pass climate-change legislation that is both meaningful and that can muster enough votes to become law.

Today we’ll hear predictions — some optimistic, some otherwise — about the effects that climate legislation will have on American jobs and the American economy. We need to consider these predictions. But we also need to consider the consequences of failing to act.

We can already see some of these consequences in my home state of Montana. We can see the consequences in forests near my hometown of Helena, destroyed by pine beetles that thrive in warmer temperatures. We can see the consequences in sustained drought and more-frequent wildfires. And we can see the consequences in decreased snowpack and lower stream flows, reducing water for irrigated agriculture and starving our blue-ribbon trout streams of cold water.

These are serious consequences. And I believe that we can mitigate their effects in a way that does not harm the economy.

History is instructive on this point.

As a senior Senator on the Environment and Public Works Committee, I wrote much of the bill that became known as the Clean Air Act Amendments of 1990. That legislation established a cap-and-trade system to curb sulfur dioxide emissions. It helped to combat acid rain.

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During the debate on that bill, several industry studies made dire predictions about the effects of the legislation on the economy. Even studies from the Environmental Protection Agency estimated annual costs of between \$2.7 and \$4 billion a year.

And during that debate, there were also dire predictions about job losses. In 1990, the EPA predicted that between 13,000 and 16,000 coal mining jobs would be lost as a result of the acid rain program.

But a decade later, an EPA analysis determined that the cost of cutting emissions was far lower than they had expected. Reaching the sulfur dioxide goals set by the 1990 Amendments cost an estimated \$1-to-2 billion a year. That was less than half their original estimates.

And the EPA found that job loss was about one-fourth of what was predicted. About 95 percent of the job loss that did occur was due to productivity gains in the industry. Very few jobs were lost due to the acid rain program itself.

Let me be clear. We should work to minimize any job losses.

But we should recognize that in the case of acid rain, the negative consequences were far less than projected. We should keep this in mind when similar claims are made about the effects of legislation to address climate change.

And we should recognize that the Bush Administration noted how cost-effective the acid rain program was. The Bush Administration found that its benefits exceeded its costs by more than 40 to 1.

To be fair, the scope of climate-change legislation is far broader. And while we must always be mindful of the cost of legislation, that's particularly true in today's economy. Our unemployment rate remains far too high. And we must be diligent to create jobs, including in the energy sector.

Again, we can point to some success.

In recent years, Congress has extended and modified the tax credit for production of power from renewable sources, such as wind and biomass. With that credit, wind turbine and turbine component manufacturers announced, added, or expanded more than 70 facilities in the U.S. in 2007 and 2008. These facilities, when fully online, will represent 13,000 new direct jobs.

I am also very interested in a new incentive that we wrote earlier this year — a 30 percent credit for “advanced energy” manufacturing. We passed this credit to spur domestic production of clean energy equipment. I will be keeping a close eye on implementation of this credit, both in terms of energy independence, and for creating jobs.

I look forward to hearing our witnesses' views. I look forward to further consideration of these issues in the Finance Committee. And I look forward to our efforts to protect both jobs and our environment.

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