Cooling the Global-Warming Debate

Terry L. Anderson

Terry L. Anderson is the Martin and Illie Anderson Senior Fellow at the Hoover Institution and the editor of the forthcoming book *You Have to Admit It's Getting Better: From Economic Prosperity to Environmental Quality* (Hoover Institution Press, 2004).

In the March 2004 issue of *Scientific American*, National Aeronautics and Space Administration global-warming expert James Hansen notes that **greenhouse gas emissions and global-warming projections are "consistently pessimistic."** Hansen suggests that projections do not take into account the lower carbon dioxide and methane emissions that have resulted from technological advancements. He explains that the lower carbon dioxide emissions result from increased energy efficiency following the energy crisis in the 1970s and the lower methane emissions, from technological changes in agriculture.

Hansen's concludes on an optimistic note, saying "the main elements [new technologies] required to halt climate change have come into being with remarkable rapidity." This statement would not have surprised economist Julian Simon. He saw the "ultimate resource" to be the human mind and believed it to be best motivated by market forces.

Because of a combination of market forces and technological innovations, we are not running out of natural resources. As a resource becomes more scarce, prices increase, thus encouraging development of cheaper alternatives and technological innovations. Just

as fossil fuel replaced scarce whale oil, its use will be reduced by new technology and alternative fuel sources.

Market forces also cause economic growth, which in turn leads to environmental improvements. Put simply, poor people are willing to sacrifice clean water and air, healthy forests, and wildlife habitat for economic growth. But as their incomes rise above subsistence, "economic growth helps to undo the damage done in earlier years," says economist Bruce Yandle. "If economic growth is good for the environment, policies that stimulate growth ought to be good for the environment."

The link between greenhouse gas emissions and economic prosperity is no different. Using data from the United States, Professor Robert McCormick finds that "higher GDP reduces total net [greenhouse gas] emissions."

He goes a step further by performing the complex task of estimating *net* U.S. carbon emissions. This requires subtracting carbon sequestration (long-term storage of carbon in soil and water) from carbon emissions. Think of it this way: when you build a house, the wood in it stores carbon. In a poor country that wood would have been burned to cook supper or to provide heat, thus releasing carbon into the atmosphere. McCormick shows that **economic growth in the United States has increased carbon sequestration in many ways**, including improved methods of storing waste, increased forest coverage, and greater agricultural productivity that reduces the acreage of cultivated land.

Because rich economies sequester more carbon than poor ones, stored carbon must be subtracted from emissions to determine an economy's net addition to greenhouse gas emissions. McCormick's data show that "rich countries take more carbon out of the air than poorer ones" and that "the growth rate of net carbon emission per person will soon be negative in the United States." Put differently—richer may well be cooler.

Global-warming policy analysts agree that greenhouse gas regulations such as those proposed at Kyoto would have negative impacts on the economy. Therefore, as McCormick warns, we should take great care that regulations in the name of global warming "not kill the goose that lays the golden eggs."