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We're no model

AB 32 fiasco shows state doesn't know best

One of the shabbiest, least satisfying public policy debates in modern California political history is expected to wrap up today in Sacramento with the California Air Resources Board adopting its "Scoping Plan" for the implementation of AB 32. That's the landmark 2006 state law requiring a sharp increase in the use of cleaner but more costly sources of energy to reduce the greenhouse gas emissions contributing to global warming.

It is inevitable that the law will have negative economic consequences, given that California businesses will have higher costs than rival firms in other states and nations without such an edict, and given that California consumers will have less disposable income.

Nevertheless, Gov. Arnold Schwarzenegger has built his entire climate change policy around the ludicrous claim that AB 32 will provide a broad boost to the economy, not drag it down. This claim is dutifully echoed both in the Air Resources Board's Scoping Plan and in the comments of board boss Mary Nichols and Democratic legislative leaders.

Thankfully, in recent weeks Schwarzenegger's argument finally has faced independent scrutiny – and has promptly been demolished. The nonpartisan Legislative Analyst's Office and six economists hired to do a peer review of the CARB's plan have chronicled its cherry-picking of data, its weak methodology and the absurdity of many of its premises.

For one example, the CARB says that any action by a business that reduces greenhouse gas emissions is automatically "cost-effective" – meaning going out of business is therefore cost-effective.

No wonder one independent economist worried about AB 32's threat to 1.5 million California manufacturing jobs. No wonder two others said the air board's report looked more like an attempt to justify AB 32 than to evaluate its economic effects. No wonder another said the air board's work was so weak it could undermine efforts to combat global warming in a responsible way – and called it "useless for identifying a cost-effective portfolio of policies to achieve the ambitious objectives of AB 32."

In other words, instead of California being a model for other states to emulate on climate change, it is a model to shun.

Given this backdrop, reports that Nichols was on President-elect Barack Obama's short list to run the Environmental Protection Agency were deeply troubling. The next EPA chief will help formulate what Obama says will be an aggressive climate-change policy. It is absolutely essential that the people who formulate this policy are rigorously honest about the real-world effects of forcing America to turn away from fossil fuels.

In California, the people formulating climate-change policy have been rigorously dishonest, consistently insisting that this wrenching transition will be painless. If Obama chooses to emulate this approach, that will be a sad commentary on his judgment.

America's climate policy should not be disguised with cheerful propaganda. California does not know best.