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THE REAL WORLD WEIGHS IN / AB 32'S LIKELY EFFECTS HAVE CITIES WORRIED ABOUT REVENUE, JOBS

Reports that the League of California Cities is considering asking the state government to delay implementation of AB 32 are only the latest real-world reminder that the state's landmark 2006 anti-global warming law is downright scary to those who take a hard look at its likely effects on the economy.

The law forces California to shift to cleaner but much costlier forms of energy by 2020 to reduce the greenhouse-gas emissions believed to heat up the atmosphere. It will do so through phased-in implementation of a complex "cap-and-trade" system in which companies pay for emission quotas.

Gov. Arnold Schwarzenegger said California would inspire the rest of the world to adopt similar laws. It didn't. He also touted the glories of green jobs and pooh-poohed the idea of AB 32 having any economic downside.

But a study by a UC Berkeley think tank devoted to green causes said even if California becomes the world leader in cleaner-energy technologies, relatively few jobs would be created. This finding was affirmed in a new report from the respected McKinsey consulting firm which concludes the clean-energy industry is far more akin to the employee-light semiconductor industry than to labor-heavy manufacturing. McKinsey is skeptical green jobs will ever make up much more than their present 0.6 percent of the U.S. work force.

Meanwhile, the state's own research shows AB 32 will raise energy costs by 40 percent to 60 percent.

No wonder city officials fear AB 32. Their budgets largely depend on sales tax revenue, which will never rebound unless the state's record unemployment recedes and more Californians have money to spend. But unemployment is likely to increase, not decrease, if California businesses suddenly have another competitive disadvantage with rival states and nations because of higher energy costs. Because of its heavy taxes and regulations, California already has one of the most hostile business climates of any state.

It doesn't take a rocket scientist to figure out the threat AB 32 poses to California's economy. Any politician who worries about a green backlash for opposing its implementation should look at recent events in Los Angeles, long seen as a green bastion. Residents there forced Mayor Antonio Villaraigosa to drop his push for sharply higher municipal electricity rates to pay for an accelerated city version of AB 32.

They probably did so for pocketbook reasons. But even if the economy were booming, the AB 32 approach doesn't make sense. What does is a national or international strategy to address climate change – not a law that saddles Californians and the state economy with a unique burden.