

“... force jobs to move offshore, or factories will simply shut down ...”

“... tens of thousands of American workers who could find themselves on the unemployment lines ...”

“... we will continue to spiral downward from our once lofty position as the world’s greatest economy ...”

“This regulation will create a sucking sound (of businesses leaving certain counties) that nobody will forget.”

“... a chilling effect on economic growth in this country ...”

DON'T FALL FOR IT

Environmental protections prompt industry cries of “The sky is falling!” Again.

For four decades, some of the largest and most polluting industries and special interests have routinely predicted catastrophic consequences for American enterprise and living standards if environmental and public health regulations are implemented. They claim cleaning up the environment will cost too much, have little benefit, and drive businesses overseas and workers to the breadlines.

The sky never falls—but industry keeps making the same wild assertions.

History shows that such regulations usually cost far less than claimed and, in addition to yielding the intended public benefits like cleaner air and water, often spur technological innovation and create jobs. Clean Air Act (CAA) regulations draw particularly dramatic reactions, like the quotes above¹ about the acid rain program and ozone pollution limits of the 1990s.

The Environmental Protection Agency, adhering to its mission to safeguard human health and the country’s natural resources, is currently pursuing greenhouse gas regulations, improved ozone standards, and other pollution-reduction rules. It’s important for the public and elected officials to keep in mind the historic gulf between what industry claims will happen, and what actually does.

Clean Air Act Amendments of 1990²

When the House Energy and Commerce Committee was considering the CAA Amendments of 1990, industry repeatedly asserted that passage of the law would result in economic disaster, with the Clean Air Working Group, one of the main industry lobbying organizations, heralding a “quiet death for businesses across the country.”

- In May 1989, Ford Motor Co. testified that “we just do not have the technology to comply” with the first tier of new tailpipe standards in the amendments, not even with technology “on the horizon.” In fact, the automotive industry began making vehicles that met the new standards in 1993. Six years later, EPA issued regulations supported by the automakers to further reduce emissions by 77% to 95%.
- Industry groups estimated the 1990 bill would cost \$51 billion to \$91 billion a year (equivalent to \$83 billion to \$143 billion in 2009 dollars). In fact, EPA estimates that the legislation will cost just \$31 billion in 2010. These costs pale in comparison to the benefits that cleaner air has provided. EPA estimates that for every \$1 spent reducing air pollution under the 1990 amendments, the public has received benefits worth over \$4.

“... a quiet death for business across the country ...”

– Clean Air Working Group on the 1990 Clean Air Act Amendments

Acid Rain Program³

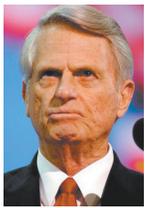
When Congress was considering the 1990 CAA amendments, the utility industry claimed that the Acid Rain Program giving EPA responsibility for regulating sulfur dioxide would, among other things, increase costs for ratepayers and jeopardize electricity reliability. In testimony before the House subcommittee on energy and power, Southern Co. President Edward Addison cited a study from the Edison Electric Institute claiming the proposed program would initially cost ratepayers \$5.5 billion annually and increase to \$7.1 billion annually in 2000.

- The Office of Management and Budget reevaluated the program in 2003 (including the cost of acid rain permits, administering the allowance system, monitoring emissions and fees for excess emissions appeals) from the program's inception and found costs were between \$1.1 billion and \$1.8 billion a year.
- The OMB's report also examined the overall benefits and costs of all clean air regulations (including the Acid Rain Program) over the previous ten years. It measured benefits by fewer hospital and emergency room visits, a lower rate of premature deaths and a reduction in workdays lost to illness. OMB valued these benefits to be between \$118 billion and \$177 billion annually, while it cost \$18 billion to \$21 billion to retrofit power plants to comply with the new clean air regulations.

“A law that sets unrealistic compliance dates will increase the cost, risk the reliability of electric service, disrupt the long-range planning of utilities, frustrate the regulatory process, and foreclose the use of clean coal technologies.”

– Edward Addison, president of Southern Company, on the Acid Rain Program

Ozone Standards – 1997



Based on growing evidence that ground-level ozone—formed by nitrogen oxides and other pollutants from power plants and motor vehicles—causes human respiratory damage, EPA in 1997 lowered the amount of ozone allowed in the air. Atlanta had already been in “non-attainment” of ozone limits for almost 20 years, with residents breathing dirty air on many summer days. Still, Georgia Gov. Zell Miller was among those opposed to the stricter standards, protesting in a letter to EPA that it would trigger “enormous economic and jobs consequences...”⁴ The state's economy hardly skipped a beat.

- Georgia's GDP rose from approximately \$254.4 billion in 1998 to approximately \$401.4 billion in 2008—an increase of 57.8%—during which time EPA's ozone regulations went into effect.⁵ Also, the state's total non-farm jobs rose from about 3.74 million to about 4.10 million in the same time period.⁶

Nitrogen Oxide Budget Trading Program



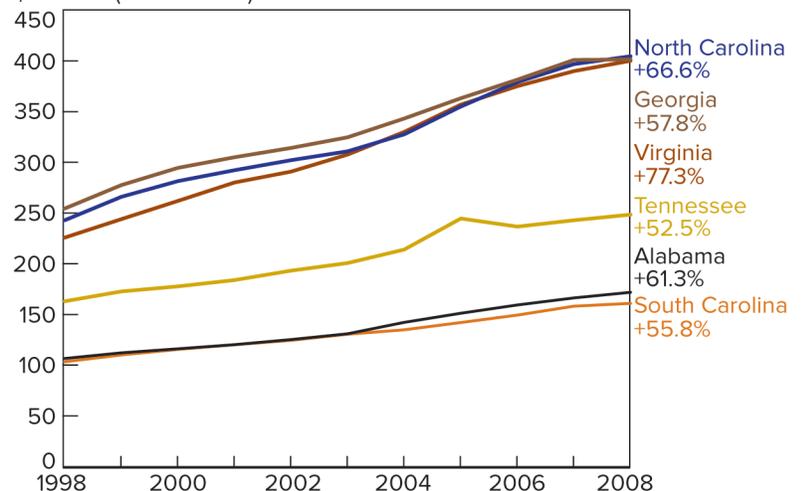
In the late 1990s, EPA began developing the “NOx Budget Trading Program,” a market based cap-and-trade program to reduce emissions of nitrogen oxides from power plants and other large industrial sources in the eastern U.S. In 1998, Virginia Gov. Jim Gilmore joined

three other governors (MI, WV, and OH) to appeal the regulations, saying EPA's proposal was not based on sound science and would cause economic hardship. Gilmore's office estimated that the 85% reduction in emissions would cost Virginia more than \$1 billion and numerous job losses, especially in the coal mining counties of Southwest Virginia.⁸

- Virginia's GDP rose from approximately \$225.7 billion in 1998 to approximately \$400.1 billion in 2008—a 77.3% increase—during which time the ozone regulations went into effect.⁹ Also, the state's non-farm jobs rose from about 3.32 million to about 3.76 million in the same period.¹⁰

Annual GDP in SELC's 6-State Region – 1998-2008⁷

\$ Billions (2010 dollars)



There They Go Again

Despite this historic evidence to the contrary, industry representatives and their allies are at it again, dispensing the same alarmist rhetoric to vilify EPA for fulfilling its legal duties to protect our health and the environment.

- EPA is currently considering lowering the ozone limit again to reflect recent studies which show that the pollutant's ill effects are worse than previously thought.
 - In a 2008 report commissioned by the National Association of Manufacturers, the Georgia Industry Association claims that compliance with lower ozone limits would cost the metro Atlanta economy up to \$143.8 billion and eliminate 165,000 metro jobs.
 - *"The benefits are questionable, the costs clear, and they are enormous. Atlanta's economic strength is needlessly being put to the test."* Sherian Wilburn, GIA executive director.¹¹
- Compelled by a 2007 U.S. Supreme Court ruling, EPA has concluded that carbon dioxide and other greenhouse gases pose a clear danger to public health in America and began regulating greenhouse gas emissions from power plants and other major facilities on January 2, 2011.
 - *"The proposed reinterpretation of the Clean Air Act would strangle virtually every sector of the U.S. economy with red tape, including owners of commercial buildings, small farms, hotels and hospitals."* Texas Gov. Rick Perry.¹²
- Some opponents of EPA's new emissions regulations are launching an attack on the entire Clean Air Act, going so far as to portray environmental regulation as a choice between our health and our jobs.
 - *"This is a much broader issue than the health of the American people and lungs and emphysema; it's how can we balance that in the global marketplace for jobs."* Rep. Ed Whitfield (R-KY).¹³

“ This is a much broader issue than the health of the American people and lungs and emphysema; it's how can we balance that in the global marketplace for jobs. ”

– Rep. Ed Whitfield (R-KY) and Chair, House Energy and Power subcommittee

So how much credence should we give this new wave of doom-and-gloom pronouncements? Given the track record, such dire predictions ring as hollow as Chicken Little's cries that the sky is falling. Since its passage in 1970, the Clean Air Act, a cornerstone of modern environmental law, has demonstrated substantial success in safeguarding the environment and human health, all while the U.S. economy has experienced monumental growth. It's imperative that the public and elected officials see through the overblown claims of industry extremists and work together to move purposefully and steadily to protect the environment, public health, and the nation's economic vitality.

A final quote from EPA Administrator Lisa Jackson:

“ We have seen GDP grow by 207% since 1970, and America remains the proud home of storied companies that continue to create opportunities. Instead of cutting productivity, we've cut pollution while the number of American cars, buildings and power plants has increased. Alleged 'job-killing' regulations have, according to the Commerce Department, sparked a home-grown environmental protection industry that employs more than 1.5 million Americans.¹⁴ ”

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Endnotes

¹ Wayne Cropp, former Chairman of the Environmental Committee for the Chattanooga Manufacturers Association, “New EPA Rules Will Do More Harm Than Good,” (Oct. 12, 1997), Chattanooga Free Press. /// Jerry Jasinowski, former president of the National Association of Manufacturers, quoted in “Pollution Battle Heats Up,” by Molly Ivins, (June 18, 1997), The Chattanooga Times. /// Donald Brown, former president of Cyprus Coal Co., quoted in “Clean Air Legislation Termed Unreasonable,” by United Press International, (Aug. 29, 1990), Richmond Times-Dispatch. /// Owen Drey of the National Association of Manufacturers, quoted in “EPA Proposes Tough Standards to Reduce Smog, Soot,” by Heather Dewar Shankar Vedantam, (Nov. 28, 1996), Charleston Gazette. /// Former Rep. David McIntosh (R-IN), quoted in “County Can Meet Air Rules, Gore Says,” by Hebert H. Joseph, (July 17, 1997), Associated Press.

² This section is adapted from the House Committee on Energy and Commerce, “Industry Claims About the Costs of the Clean Air Act,” June 16, 2009.

³ This section is adapted from the Pew Environment Group, “Industry Opposition to Government Regulation,” October 2010.

⁴ Gov. Zell Miller, quoted in “More Georgia Cities May Join ‘Dirty Air’ List; EPA Proposals Would Tighten Standards for Pollution,” by Charles Seabrook, (Nov. 23, 1996), The Atlanta Journal and Constitution.

⁵ Data based on interactive tables, maps, charts and graphs of NAICS-based real GDP by state statistics and related quantity indexes. Bureau of Economic Analysis (2011), Regional Economic Accounts: Gross Domestic Product by State. Retrieved from <http://www.bea.gov/regional/gsp/>.

⁶ Data based on interactive data sets and graphs of current employment statistics. Bureau of Labor Statistics (2011), State and Metro Area Employment, Hours, & Earnings: SAE Databases. Retrieved from <http://www.bls.gov/sae/data.htm>.

⁷ See footnote 5.

⁸ “Gilmore To Join Appeal Against Emissions Law: EPA Wants To Cut Nitrogen Oxide Levels,” by Ron Nixon, (Dec. 23, 1998), The Roanoke Times.

⁹ See footnote 5.

¹⁰ See footnote 6.

¹¹ Sherian Wilburn, GIA Executive Director, quoted in “GIA Study: New EPA Rule Would Hurt Metro Economy,” (Jan. 1, 2008), Atlanta Business Chronicle.

¹² Perry, Rick, former Governor of Texas, “EPA Regulations Threaten to Strangle Texas Business,” (Dec. 2, 2008), The Houston Chronicle.

¹³ Rep. Ed Whitfield (R-KY), quoted in “Whitfield Wants a Long, Hard Look at Clean Air Act,” by Coral Davenport, (Jan. 18, 2011), National Journal Daily.

¹⁴ Jackson, Lisa P., Administrator of the Environmental Protection Agency, “The EPA Turns 40,” (Dec. 2, 2010), The Wall Street Journal.



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