SUBCOMMITTEE ON ENERGY AND AIR QUALITY HEARING ENTITLED, "CLIMATE CHANGE: COSTS OF INACTION"

Mr. Chairman, I want to thank you for holding this hearing today. It addresses a very important topic – the risks we face if the world fails to address climate change.

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COSTS OF INACTION"
June 26, 2008

Washington, D.C.
– Rep. John D. Dingell (D-MI), Chairman of the Committee on Energy and Commerce, today delivered the following statement at a Subcommittee on Energy and Air Quality Hearing entitled, “Climate Change: Costs of Inaction.”

Mr. Chairman, I want to
thank you for holding this hearing today. It addresses a very important topic – the risks we face if the world fails to address climate change.

At last week’s hearing and in the Senate, we heard a lot about how much reducing greenhouse gas emissions will cost us – including projected changes in gas prices, electricity rates, and GDP in 2050.

The basic point my colleagues are making is correct, and one we must not lose sight of -- reducing greenhouse gas emissions will cost us money.

But, projections of the cost of a climate
change program tell only half the story. We also must understand the costs of inaction – how much will we have to spend if we fail to reduce greenhouse gas emissions? That is the focus of today’s hearing.

Understanding the costs of both action and inaction is necessary for us to design fair and reasonable climate legislation. One economist suggests that all we have to do is set up a program where the marginal costs of action equal the marginal costs of inaction: following that

simple mathematical formula will solve our problems.

I do not believe it will be that easy. First, we cannot easily put a dollar value on many of the costs of inaction, such as the loss of wildlife habitat or species extinction.

Second, although there is strong scientific consensus that human-caused greenhouse gas emissions are warming the planet, scientists cannot tell us precisely what will happen at different greenhouse gas levels, such as how many more people will lose homes and farms to flooding. Instead, we need to understand that the best they can do is tell us what the risks are – the probabilities that certain physical changes will occur and the costs we will incur to address those changes.

Third, the global nature of climate change means we need to act in concert with other countries.

The fact that we lack certainty and precision about future costs of climate change does not mean we should not act. When faced with even low risks of catastrophic events, we regularly buy insurance policies to avoid those risks. Reducing greenhouse gas emissions can be thought of as protecting against risk in a similar way.

I would prefer to legislate with more certainty from the scientists about the dangers we face in the future, but we do not have that luxury. Scientists are already observing effects now from climate change. Our witnesses today will tell us that our failure to act could put the planet and our country at risk of even bigger and graver consequences. Today’s hearing will help us understand the potential severity of those consequences.

Prepared by the Committee on Energy and Commerce

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