

*Remarks of Tom Tietenberg
Business and Climate Change Press Conference
State House Welcome Center, February 4th, 2009*

Good morning. My name is Tom Tietenberg and I have been an economics professor at Colby College for 30 years before retiring last May.

As an economist, I have recently studied the future impacts of global warming on the Northeast region and recognize the very real threat it poses to the Maine economy.

I have also spent an entire career studying the policies that have the potential to reduce global warming emissions in a cost-effective manner. I am here this morning to strongly support the need for federal action on global warming.

Inaction is the most expensive and risky path forward for our society. Studies for this region point to the increased likelihood of intense storms, coastal damage from sea level rise, adverse health and ecological effects and dramatic effects on both agriculture and tourism.

Sir Nicholas Stern, the former chief economist for the World Bank, estimates the global costs would normally be as high as 5% of GDP and could run as high as 20%.

The damages caused by global warming would persist for a very long time.

Current federal action is needed now because:

- **Delay simply raises the cost of controlling global warming by requiring larger emission reductions in a shorter space of time.**
- **We do need to tailor the approach to current economic conditions, but tailoring is definitely not the same as inaction.** Controlling global warming is essential, but the uncertainty created by federal inaction is a major barrier to making the necessary business investments. **Resolving that uncertainty by adopting specific policies removes that barrier by making the future ground rules clear, something inaction cannot do.**
- Finally we have found that the transition to greener jobs and investing in energy efficiency, for example, can reduce the threat of global warming, while bolstering the economy.

The key is smart action, not inaction.

Fortunately the Northeastern region in general, and Maine specifically, has led the way by establishing an effective cap-and-trade program to forge the transition to a low-carbon economy. This first-in-the-nation program, the Regional Greenhouse Gas Initiative (RGGI), is affectionately known as Reggie.

As the result of the initiative of a coalition of Maine business and environmental leaders, all Maine revenues from RGGI are placed in a Trust and used to promote energy efficiency. Those investments not only reduce our dependence on foreign oil, they also reduce energy costs and strengthen competitiveness. Maine has shown the way, but we can't do it alone. We need federal legislation to make sure our quality of life is sustainable.