

Committee on Resources

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Testimony of John Grisham

Mr. Chairman, Members of the Committee, Ladies and Gentlemen, my name is John Grisham. I am the President of Buckeye Industrial Mining Co, a small northern Appalachian coal company with a large, multi-county, employment impact. I am honored to be included in the distinguished group from whom you will hear testimony today, and I thank you for coming to Ohio to hear from Ohioans, among others, on the critically important issue of the economic impact of climate change policy.

As I look at the testimonial subject before the committee, I know that today you will hear about large numbers of miners whose livelihood is threatened by the policy initiatives being considered under the umbrella of the Kyoto Global Warming Treaty. You will hear about the employment multiplier of mining jobs which ranges from 7:1 to 10:1 in Appalachia, depending upon the source. You will hear about the scarcity of employment alternatives in the regions where coal is mined, and the lack of opportunity which even approaches the compensation levels found in the mining industry. You will hear that as the mining industry goes, so goes the regional economy. Of course, we have all heard it said that these are colloquial concerns and as such do not deserve consideration in the context of a global issue like climate change with its myriad catastrophic implications. I believe this is the logical flaw in the debate, as the social and economic consequences of the Kyoto Treaty in our coal fields are a microcosm of the consequences to the American economy and society in general. I'm sure that the members of this committee have heard this same argument before, probably many times. It is the fact that there are those among our national leaders who continue to flirt with global regulation of CO2, carbon taxes, etc., while the science is so widely debated and disputed by professionals in the science of climate change, that gives so many of us pause. Do they understand the consequences, and if so, why are they willing to act so precipitously with the future of our nation's economy at stake? I would be remiss not to digress to the point that I consider my association with coal miners to be one of the most gratifying parts of my professional experience, experience which began with a few years as a line officer among the proud professionals of the US Army. Coal miners are very much like soldiers as they, too, are justifiably proud professionals. They are among the most productive workers anywhere. Every time the bar is raised to do more, they meet the challenge with determination and grit and a "bring it on" attitude which has consistently met the energy challenge of America. They do their work with the intense pride and professionalism that come only from the confident knowledge that they are doing a very difficult and very important job very well.

Having said all of that, we must broaden our vision to include all of Ohio. We can look up the Ohio River at the remnants of the beleaguered Ohio Valley steel industry which, as we all know, is scrambling for any slight advantage in its global marketplace. We can look across the state to see more of the steel, automotive, chemical and petrochemical, light and heavy manufacturing, etc., companies, which combine to make Ohio one of the most significant industrial states in our country. Low-cost electricity has been at the foundation of keeping and/or attracting industry to Ohio.

It is appropriate to expand this vision once more to include all of the industrial base of this country, and to evaluate its dependence upon readily available, reliable, low-cost electricity. Let's face it, coal-fired electricity is alone in its ability to satisfy all of these requirements simultaneously. We cannot dismiss the value of competing fuels in the total energy mix or even in the generation of electricity, nor can we dismiss the environmental considerations associated with the different sources of electric power. But we certainly cannot put them on equal footing with coal when it comes to meeting the requirements of the electricity-consuming industries of America. And, of course, these industries are the employers of many millions of Americans across our nation. Meeting these energy requirements- reliable, readily available and low cost- is not a "choice" in this marketplace of employment, and Americans must not be misled when it comes to the competitive importance of electricity in the global economy. They cannot be lured into believing that the cost of environmental policy can always be defined as a "few cents on your household electric bill".

We must carefully contemplate our national interests as separate from the stated goals of the world community as enumerated by the United Nations. In the Iraqi War Americans have been jolted by the

positions of the UN and of presumed allies like the French and Germans. We have discovered that their perspectives are dramatically and primarily influenced by self-interest as it relates to the war. So it is with the Kyoto Treaty. Simply stated, many see the overwhelming strength of the US as an impediment to development in other countries, and as an obstacle to a future world government as envisioned by some at the UN and elsewhere. David Wojick of Electricity Daily commented in Insight (March 12, 2001) that the UN's Intergovernmental Panel on Climate Change (IPCC) message "is painfully simple. What the IPCC is doing is not science. It is politics-specifically, the politics of global governance." Part of the American advantage is the availability, reliability and cost of energy in general, and electricity in particular. Many observers believe that The Kyoto Treaty has coal in its crosshairs for the very reason of its significance to the US economy. We must ask that our political leaders not allow the disguise of a political and economic objective as a legitimate environmental one. We must guard against what Dr. Thomas D. Hopkins of the Rochester Institute of Technology described as "good intentions gone awry". He went further to describe air policy in this country as the "coupling of noble intentions with tunnel vision". That Americans embrace protection of the environment is a good thing, that they run the risk of being cynically abused for their good intentions is a bad thing. Indeed, Wilfred Beckerman of Oxford University has produced a new book which says it all. It is aptly titled *A Poverty Of Reason, Sustainable Development and Economic Growth*, and strongly suggest that we risk doing great harm to the biosphere by taking precipitous action to protect it.

Implementation of the Kyoto Treaty will involve a cap and trade scheme which has rightly been described as nothing less than a monumental wealth transfer, primarily from the US, and primarily to those countries which have generated credits since the base year, and to the developing countries which are exempt from the caps anyway. One can envision large amounts of money going to, for example, Germany with a large number of credits (created by the absorption of former East Germany with its major air pollution problems). The distinguished economist, Dr. Murray Weidenbaum, now at Washington University in St. Louis and formerly Chair of the White House Council of Economic Advisors, made a typically to the point presentation to the Committee on New American Realities of the National Policy Association in the fall of 1997. Called "An Agnostic Examination of the Case for Action on Global Warming", it is an eloquent presentation of the case against taking action against global warming, specifically because of the real and potential economic consequences. One of the issues which Dr. Weidenbaum takes up is the comparison of the global cap and trade scheme with the domestic SO₂ trading program under the Clean Air Act Amendments of 1990. He says, "Here is one time, however, that consideration should be given to the "distributional" aspects of the proposal, that is, who benefits and who bears the costs. Such analysis shows the unexpected result that emissions trading among nations is, in effect, a massive shift of income and wealth.....I do not see any support among Americans for that type of stealthy cross-border philanthropy."

I was not invited to comment on the science of "Global Climate Change", and noting that Dr. Christy will testify, I certainly do not feel so compelled, much less qualified. I believe that prominent climatologists, astrophysicists, and other atmospheric scientists are the only persons qualified to guide us in the debate over the science of global climate. In conclusion, we should hope that we have the patience and determination to allow adequately funded scientific research to progress without interference from those who seek to manipulate the subject for political or economic gain.