STATEMENT OF SENATOR MICHAEL B. **ENZI**

House Subcommittee on National Economic Growth,

Natural Resources and **Regulatory Affairs**

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Thank you, Mr. Chairman, for giving me the opportunity to testify this morning. I have been following your work on the issue of climate change and I appreciate your efforts and the efforts of this Subcommittee.

I am here this morning to tell you about the things I have been doing on the issue. I became involved with the climate change initiative last year when the Senate was debating the foreign operations appropriations bill. At the time, I wanted to know how much money the U.S. Government was spending to negotiate climate change issues. Clearly, we have been spending a lot of money to send bureaucrats around the world — to Berlin and Bonn, Montreal, Kyoto and New York — to work out a global warming treaty. The taxpayers are footing the bill for all this travel and I thought we should be able to find out where the tax dollars were going. I was also concerned that the State Department and other agencies involved, were pursuing this issue without any real legislative direction and without any accountability.

As I talked to people about the amendment, I ended up with more questions than answers. I decided we really needed to find out where all of the money on climate change was going — not just the administrative money. I also became more interested in the Treaty itself. I attended the Senate hearings on climate change and **was** an original cosponsor of the Byrd-Hagel resolution, which passed the Senate 95-O. Later, I went to

Kyoto **as** part of the Senate delegation where I had a chance to watch the negotiations firsthand. We met with various foreign delegations to explain the Senate "advice and consent" process and to express our concerns about the direction the Treaty was going.

The final agreement, as you know, does not meet the conditions of the Byrd-Hagel resolution. That leaves a lot of questions about the Administration's intentions on the issue, which is good reason for this Committee — and every other Committee responsible for spending other people's money — to monitor the Administration's proposals very closely. I believe there remain three big problems with the current approach to climate change:

1)Flawed treaty — whether or not you agree with the goal of the Kyoto Protocol, the negotiated treaty cannot achieve the goat. Furthermore, critically important parts of the Protocol — such as enforcement — are missing from the Agreement;

2)Lack of accountability — the Administration has been unable to reconcile its budget requests for climate change with the agencies' strategic plans. The **goals** of the climate change requests are unclear and the performance measurements — where they exist — are often not measurable; and

3)Cost — there is no accurate accounting of the costs for Americans who wilt have to meet the mandates necessitated by complying with the

Kyoto Protocol. In addition, until very recently, the Council of Economic Advisors has been unable to share its analysis with Congress.

The big picture is that the Administration is aggressively pursuing a policy where the values and risks are unclear. Furthermore, the proposed policies — where stated — will make negligible progress towards measurable goals. And finally, the American people are going to be stuck with a bill for an amount that is "to be determined."

Mr. Chairman, it seems clear to me that on climate change, the Administration has put the cart well before the horse. They are steadfastly committed to a policy of reducing carbon dioxide emissions before they have any definitive science or cost estimates. Now they want Congress to fund the research that will supposedly justify their policies_ They want the Council of Economic Advisors to support, through analysis, the cost estimates they are already using.

This is a backwards way to go about formulating policy. Shouldn't we evaluate the needs and costs before we push the policy?

THE KYOTO PROTOCOL IS FLAWED

I won't take much time to explain why the Treaty cannot work. As I said, even if you agree with the goal, it is obvious that this Treaty won't achieve that goal. With only 31 Annex I countries committed to reductions, we have left out the other 75 percent of the world. We have left out almost 90 percent of the world's population. The growth of carbon dioxide emissions in those countries will surpass emissions in the developed world within 10

years. Even the U.N. Intergovernmental Panel on Climate Change agrees that the Kyoto Protocol, as signed, will have a negligible effect on world carbon emissions.

A second important flaw to point out is that Kyoto's enforcement measures have yet to be defined. This is an issue I hear very little about, but one which I believe is critically important. Those provisions are still open to negotiation and once finished, will be amended into the Protocol by a 3/4 majority vote. Among the Protocol signatories, there are 132 developing countries, 15 European countries and 12 countries in transition — all of which would gain by imposing strong fines against the United States — and I am deeply concerned that the United States will be consistently outvoted by Protocol signatories.

LACK OF ACCOUNTABILITY

Mr. Chairman, I know that you have been working very hard to get budget numbers from the Administration on their climate change proposals. I too have been looking for those numbers. As I said before, my amendment to the Foreign Operations spending bill last year directed the Administration to describe all of its planned expenditures for domestic and international climate change activities for 1997, 1998 and thereafter.

What we hoped to get from the White House was a list of programs, by agency, with their expected costs and objectives. I thought the Office of Management and Budget would easily be able to locate the pots of money. I thought they could do it because it is the law. But it has been a much

more difficult process than I imagined it would be.

The President's response to the requirement in the Foreign Operations bill was a two-page letter describing the Climate Change Technology Initiative and the Global Change Research Program. No numbers were included in the Global Change Research Program section No numbers were included showing how much money the Department of State has spent negotiating climate change or supporting the UN's scientific bodies. There were numerous cross-references that led to dead ends or conflicting information.

No numbers were included telling us how much "indirect programs" would cost — things like increased energy efficiency at the Department of Defense or improvements in General Services Administration buildings.

The Administration's letter is really an unacceptable response to our request. My colleague, Senator Hagel, has written to the Department of State with a great number of questions and concerns. The Department has not yet responded to that. I also know that Senator Domenici has been trying to obtain economic estimates for use in the Senate Budget Committee. I strongly support both of their efforts and the efforts of this Subcommittee, to get some real numbers from the Office of Management and Budget.

As the only accountant in the United States Senate, I like to see numbers that actually add up. If the Administration wants to spend $6.3 billion of my constituents' money next year, then they should be able to show me what

they are spending it on. They should be able to show what they are trying to achieve. If they cannot do that — a task that is already required by the Government Performance and Results Act (GPRA) -then Congress should not agree to fund these initiatives.

As you know, there are really two cost estimates at issue. The first is our request to find out how much tax money the Administration wants to spend on climate change. The second issue is how much the Kyoto treaty will cost American workers and their families. Sadly, we have been unable to get either number from the White House.

HOW MUCH WILL KYOTO COST?

The Administration's accounting for expenditures grows even less reliable when asked to put a price tag on Kyoto. For over a year, the White House has downplayed the economic costs to Americans of any climate change treaty. They have assured us the impact will be small — that there are "cheap" ways to cut carbon emissions by 40 percent. Janet Yellen, Chairman of the Council of Economic Advisors, testified that the cost of Kyoto to American families would be modest — only $90-110 per year. Meanwhile, other economists have suggested Kyoto will cost Americans as much as $350 billion per year, based on Department of Energy estimates. That works out to almost $1400 per person, per year.

That means 7500 lost jobs in the State of Wyoming. With only 200,000 people working in my state, that is a very big impact. The magnitude of difference in these estimates alone should be reason enough to delay any initiative, pending better analysis.

CONCLUSION

It is doubtful that the Administration will present the Kyoto Treaty to the Senate — not in its present form. But we in Congress must maintain a strict vigilance over future budget requests. I believe we must make sure that budget requests for all programs, fit into an agency's strategic plan. There must always be clear goals and measurable performance standards, in accordance with the GPRA.

I would strongly encourage members of this Committee to press agencies for explanations of budget requests that do not fit into their strategic plans, We should enact a government-wide legislative prohibition on implementation of the Kyoto Protocol. I am very concerned that agencies will experience "mission creep" into areas they have no interest or purpose being in, It is our jobs, as elected representatives and watchdogs of the U.S. Treasury, to make sure our constituents are getting something worthwhile in exchange for their tax dollars.

Until the Administration gives us a better picture of what they plan to do with all this money, I don't think our constituents are getting something worthwhile.

Thank you, Mr. Chairman. I will yield for questions.