



Investing in Climate Action and Protection Act

**Edward J. Markey (D-Mass.) Prepared Remarks
Announcement of the Investing in Climate Action and Protection Act
May 28, 2008**

Thank you to John Podesta and CAP for hosting me. The Center for American Progress is more than a think tank. It's an action tank. Your leadership in shaping ideas and crafting comprehensive solutions has earned you a following, and more importantly, respect from across the political spectrum. I am pleased to be at CAP to make what I see as an important contribution to the discussion on global warming legislation.

The ideas that I'm going to share with you today reflect and build upon my entire Congressional career. The day I came to Congress, the Washington Star, a newspaper long since closed down, had a picture of me on their front page with a "Mr. Smith Goes To Washington" headline. That same day, on the front page, just to the right of me, was an article on climate change. That was 1976.

Since then, I've learned a lot. Working both on the Energy & Commerce Committee and the Natural Resources Committee for the past 30 years, I've listened to thousands of hours of testimony about environmental dangers and how they can be solved, and also from industry about why it's too expensive to try.

Here are three lessons I've learned that guide my current work on global warming:

- 1) Have faith in the ingenuity of American technology;
- 2) Have faith in the spirit of the American people to demand change; and
- 3) Be skeptical of industry spokesmen who fail to see opportunities, only doom for themselves – they're almost always invariably wrong.

It's not because they're bad people. It's that they have every incentive to see all the expenses and no benefits. As Oscar Wilde put it, the cynics know the cost of everything and the value of nothing. Today, the global warming cynics follow this same narrow view of the world. But that's not the job of Congress: our job is to focus on the benefits to society and for our environment and figure out how to achieve those benefits in an environmentally and economically sensible way. The proposal I will outline today on climate legislation does just that.

The challenge of climate legislation is great, but no greater than other technology and societal challenges that the American people and its leaders have solved over the past generation.

In the beginning of my career, it was the nuclear freeze movement, where the entire world rallied to avert planetary destruction.

In the 1990's, it was the Telecommunications Act I passed, which showed optimism in technology and triggered a broadband explosion in the marketplace. I learned a valuable lesson in the "role of government": bad policies kept us shackled to black rotary phones for 50 years; good policies that invested in technology, choice and consumers launched a digital revolution in the United States and made America a global industry leader.

And over the last decade, it was fuel economy, demonstrating what happens when there is delay on a serious issue, even when the case for swift action to avert environmental and economic disaster has been made. In 1985, I first proposed increasing fuel economy standards. In 2001, I first introduced the legislation for new standards that is now law. After 9/11, we had a chance to make energy independence a national priority. Had Republicans not delayed the passage of the standards and the bill had passed in 2001, or even in 1985, more than 20 years ago, we'd all be driving more efficient vehicles right now. Instead, we're paying \$4 for a gallon of gasoline and, for many American families, there is no recourse.

Delaying action on fuel economy and having no current recourse for \$4 gasoline is painful; delaying action on global warming, and having no future recourse for 4 more degrees of warming, is immoral.

And then November, 2006 came. What a difference an election makes!

To signal the importance of tackling the issues of energy independence and global warming, Speaker Nancy Pelosi created Select Committee and appointed me as chair. Our goal: to telescope the timeframe to address energy and climate issues after years of inaction and to learn all we can about the best ways to tackle these important challenges and drive innovation in America

In the last year, the Select Committee has held over 40 hearings bringing together the world's leaders on science, technology, policy.

From the Select Committee's very first hearing, it was clear that Congress' new discussion on climate would reveal important stories that would give us undeniable reasons to act. At that hearing, four star generals and admirals told us how global warming can be a "threat multiplier".

We went to the top of a glacier in Greenland, a mountaintop in New Hampshire, and the Amazon Rain Forest.

We met with leaders from the EU to discuss the successes and lessons learned from their system to reduce green house gases and legislators from around the world in Brazil. . .and met with the Dalai Lama in Tibet, who stressed that global warming is an issue of war and peace.

We talked to Nobel-prize winning head of IPCC, Dr. Rajendra Pauchari. . .and actor Rob Lowe, who drives a plug-in hybrid, and Ed Norton, who advocates for more green buildings

I've listened to those big ideas from across the country and the globe and have applied my own 30-year experience and years of protecting consumers and promoting technology. The result is a legislative proposal that reflects my vision of effective and workable legislation.

I am here today because the chorus for change is deafening. I've heard from many witnesses, and they all have one message. The time for action is now. Ladies and gentlemen, we must cap pollution, we must invest in consumers, jobs and the technology of tomorrow, and America must lead the world in solving our greatest challenges, and we must start now.

To meet that call, today I announce the Investing in Climate Action and Protection Act -- I call it iCAP -- which I will introduce next week when Congress returns.

The iCAP bill combines the same moral imperative to act that drove the nuclear freeze movement, the potential to unleash a technological revolution as the Telecom Act did, and the growing political will to take real, measurable steps today, before it's too late.

It is founded on 3 principles:

Investing solves problems. We must invest in the American economy and in American workers, and launch an energy technology renaissance that will rival the information technology revolution of the past decade. We all benefited from the Industrial Age, and we have watched the dawn of the Information Age. Today, let's start the Clean Energy Age. I want us to trigger an explosion of energy technological development that will give us the same "Wow" feeling that we get from our information technology. Those ideas are out there – in fact, many of their creators have testified before my Select Committee. They just need the incentive to get their wondrous ideas to market. Adopting a market-based system will provide that incentive. The bill I propose will supply that market-based push.

Science solves problems. We must use science-based policies to keep our climate safe for generations to come. That means listening to the scientific consensus and acting upon it.

American leadership solves problems. We must ensure America is the world leader in confronting our climate crisis, giving us the credibility and the technology to bring China, India, and the rest of the developing world under one large, climate-saving tent. We can also gain good will by protecting vulnerable international communities from the dangers of global warming including drought, famine and flood.

So how will the iCAP bill work?

First of all, let's start with the Cap-and-Invest system.

This bill works by capping pollution, putting a price on carbon, making polluters pay, and investing 100 percent of the revenue generated from the auctioning of pollution permits back into the economy and to consumers.

My bill reflects the scientific consensus that the impact of CO2 on global warming is "unequivocal."

As a result, it covers 87% of U.S. global warming emissions and will reduce emissions to 85% below 2005 levels by 2050. It also has important interim goals, to keep us on track to achieving our long-term reductions.

The CAP covers all the major sources of greenhouse gases:

Power plants and large industrial facilities. The vast majority of global warming pollution comes from roughly 10,000 facilities that are already regulated for other kinds of pollution. Other sources covered are companies that produce or import petroleum or coal based liquids or gas (like gasoline), companies that produce fluorinated gases (found in everything from air conditioners and refrigerators to the electronics industry), and natural gas distributed to consumers.

In addition to subjecting these major sources to a cap, the bill also adopts mandatory performance standards for coal mines, landfills, wastewater treatments, and large animal feeding operations. Taken together, that means that 94% -- as much of the economy as is practicable to reach -- will be covered by iCAP.

In addition, the bill also provides direct incentives to farmers and forest managers to encourage them to be as good to our climate as they are to our land.

And how do we create the market-based incentives to meet the targets? Through 100% auctions.

For many years, our environmental laws were based on performance standards. Every polluter was told how much or how little they could pollute. Everyone was given a standard and they all had to meet it. That approach can work for some pollutants, but it also can be very expensive and ineffective.

In 1990, Congress came up with a novel approach to address the acid rain problem caused by sulfur dioxide and nitrogen oxide emissions. This idea, sometimes called "cap and trade" embraces the notion that all reductions are helpful but that some parties can achieve those reductions for much less. So if one party can reduce pollution relatively cheaply, then another party that finds it more expensive can trade money for the extra pollution reduction achieved by the more efficient party.

The European Union adopted this approach in enacting their CO2 emission reduction program, though they made some mistakes along the way that the world has learned from. One of those is to give the pollution allowances away for free.

At a hearing on auctioning pollution credits, the Select Committee learned a great deal from John Podesta, and the EU's lead minister on these issues, that only by full 100% auctions can we ensure that windfall profits are not created for polluters.

My bill sets up an auction administered by the EPA to auction 100% of the pollution allowances by 2020.

Recognizing that some American industries--iron and steel, aluminum, cement, glass and paper--face intense international trade competition, these select industries are given extra assistance under the bill. These industries account for just 6% of auction credits before they, too, have to bid at auction for pollution allowances in 2020. But note that in order to stay competitive, these industries will still need to begin innovating on day one.

Another industry that will need to invest in new technology to adapt to the new low-carbon, no-carbon future is the coal industry and the electric power generation stations that burn coal. For coal, the International Energy Agency recently warned that "a huge amount of investment and unprecedented technological breakthroughs such as in carbon capture and storage" will be needed to meet the greenhouse gas reduction targets that scientists believe we must achieve by 2050.

This bill will help us meet this challenge by requiring that any new plant use carbon sequestration technology, and we give coal companies assistance to use the technology until 2020. To the extent that the coal industry, with plenty of support from the federal government, can make carbon capture and sequestration work, then it will be part of the energy portfolio in the future.

This auction system will generate substantial amount of money. How should it be spent?

The first investment is back into the pockets of working and middle class Americans. The bill provides job training, rebates, incentives and other means to help the backbone of our country be involved in the global transition to a clean energy economy.

Under my bill, half of the proceeds from polluter auctions flow directly back to consumers, protecting 80% of America's families from increased energy costs while our economy transitions. In fact, 66% of U.S. households--those earning under \$70,000--will be fully compensated, while benefits will be extended up to those making \$110,000.

Every income level benefits from this bill, as even those in the highest income brackets will receive help making their homes more efficient or powered by renewable energy.

Substantial funds will go to job training for the hundreds of thousands of green collar jobs that our country will need filled, and worker adjustment assistance to anyone who needs to switch to the low-carbon industries that will drive our economy.

When I look at the telecommunication sector, and what has happened in just the last 12 years since government unshackled entrepreneurs and unleashed innovation, I am amazed. Youtube, iPhones, Google— it turns out that the hype of the 1996 Act was not hype after all. The information superhighway really is here, and not only on your desktop, it's on the BlackBerry in your pocket.

Bill Gates has said that in the short term, say 5 years, we overestimate the impact of technology. But in the long-term, say 10 years and beyond, we underestimate the impact of technology. That was certainly true in the information technology revolution. I firmly believe that the situation is no different with clean energy.

The best and brightest source of clean energy is efficiency. That is why my bill devotes billions of dollars each year to encouraging residential consumers and businesses to become more efficient, including by greening buildings and expanding recycling programs. The cheapest power plant is the one never built, and that is also the best way to hold down the cost of compliance.

In addition to efficiency innovation, there are thousands of clean energy entrepreneurs and inventors out there who are coming up with new technologies that help solve this problem. But they need help in opening up the energy marketplace – a marketplace which for too long has been dominated by monopolies or oligopolies who have seen little need to innovate.

The bill ends the roadblocks that have hampered the widespread use of solar, wind and advanced fuel technologies we haven't even yet discovered. And it does so by taking the thumb off the scale that has enabled big oil and coal companies to continue to profit from pollution.

Instead it restores fairness across our economy, spurring competition between America's companies, big and small, to make the greenest, cleanest technology.

Because iCAP covers 94% of our economy, it will ensure that the reductions will come from all sectors, and that all sectors must compete to reduce the most. Those who are the most efficient will gain rewards by selling their pollution reductions to those who find it more expensive. And because the ability to pollute a ton of CO2 costs money, a chemical company, for example, that pollutes less will have a distinct cost advantage against a competitor that has not invested in new technology.

I am confident that after this bill reaches its goal in 2050—long after many of us have shuffled off our mortal coils—historians will look back on the beginning of this new millennium and say that it was an era of technological development that in the course of a generation changed the course of the planet.

iCAP will also re-establish America as the leader in confronting the climate crisis.

For too long, the United States, China, India and other countries have used each other in a global game of hide-and-don't-see. Under the current regime of climate inaction, America and these countries don't seek a common solution, but instead look to each other as excuses not to act.

By setting America on an aggressive, pollution-cutting path, we will bring credibility back to the negotiating table with China and India, and will cease to be the laughing stock of the developed world when it comes to global warming.

This bill looks beyond our borders to see the potential of sharing technology. By helping create a clean technology explosion now, iCAP bill will encourage American companies to provide clean, safe energy to the developing world, lifting up the entire planet and the American economy at the same time.

But even as we recognize our distinct responsibility to significantly cut emissions—after all, when the Chinese and Indians look into the sky, most of what they see is Red, White and Blue CO₂—we will hold ourselves and the developing world to high standards, and will increase these standards over time.

In order to save our planet, we need both companies and countries competing to be our atmospheric saviors.

I am excited at the introduction of this legislation, because it reflects a new environmental philosophy. The EPA is relatively young, born in 1970. Since it started, guided by Congress, the EPA has turned its attention to critical environmental problems.

Since the EPA was created:

When polluters dumped chemicals into the water, the government said NO.

When polluters seeped chemicals into our land, the government said NO.

When polluters released sulfur into our air, the government said NO.

But when it came to heat-trapping pollution dumped into the air, well, it's been a free ride for polluters. This is a fundamental failure of the marketplace—some have called it the worst market failure in history. For those of us who want a safe climate, the iCAP bill I'm introducing is the market correction we've been waiting for.

By putting a price on carbon, this bill uses American ingenuity and American technology to propel a fundamental change in our energy future.

The science is clear: the planet is sick. But it is not a mystery illness – the cause is global warming. And the cure is not a mystery either: clean energy, political action, global leadership.

The only mystery is whether this generation will be remembered as our climate’s doctors who put the planet on a path to a cure.

Some would like you to believe that solving the challenge of global warming is impossible, but we know we have succeeded before: we have brought the bald eagle, our national symbol, back from the brink of extinction; we have walked superpowers back from the brink of nuclear annihilation; we have broken up monopolies and unleashed the innovation of new companies; we have shown that markets can help clean up the environment through the acid rain program. The American economy and the American dream have succeeded because we refuse to be shackled to old technologies and business as usual, but instead always look for the newest idea or opportunity.

To every American generation, an opportunity has been given. Every generation has heard a call, and has been defined by their response.

More than 200 years ago, in my home state of Massachusetts, it was a signal of light — one if by land, two if by sea— and the call of Paul Revere that beckoned revolutionaries to their posts. . .

It was the call for equal votes by the Suffragettes, and for equality everywhere by the Freedom Riders. . .

It was the call to reach for the stars by a young President Kennedy and the ambition of a nation that refused to be limited by gravity, that took us to the moon. . .

The call of this generation is the call to stop global warming. And today I put forth iCAP as a signal of light for those who wish to stand together in the fight to save our planet.

Through science, technology, the will to act, and a cooperative global movement the likes of which has never been seen, we can heal this sick planet.

iCAP will put America at the forefront of that movement. But it is up to the people to decide. During the nuclear freeze, I saw the American people answer the call for action to save the planet. During our Information Revolution, I saw American engineers and entrepreneurs answer the call to invent the future: and they did, improving our society and making America a leader in our global technology revolution.

Now, America must answer the call to lead the next great technology revolution.

That's what my iCAP legislation is all about: taking the innovative actions needed to ensure a greener, healthier and more prosperous future and protect our precious planet for generations to come. Thank you.