

**KYOTO GLOBAL WARMING
TREATY'S IMPACT ON OHIO'S
COAL-DEPENDENT COMMU-
NITIES**

OVERSIGHT FIELD HEARING

BEFORE THE

COMMITTEE ON RESOURCES
U.S. HOUSE OF REPRESENTATIVES

ONE HUNDRED EIGHTH CONGRESS

FIRST SESSION

Tuesday, May 13, 2003 in St. Clairsville, Ohio

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OVERSIGHT FIELD HEARING ON THE “KYOTO GLOBAL WARMING TREATY’S IMPACT ON OHIO’S COAL-DEPENDENT COMMUNITIES”

Tuesday, May 13, 2003
U.S. House of Representatives
Committee on Resources
St. Clairsville, Ohio

The Committee met, pursuant to call, at 9:39 a.m., in Horizon Hall, Belmont Technical College, St. Clairsville, Ohio; Hon. Richard Pombo (Chairman of the Committee) presiding.

Present: Representatives Pombo and Ney.

The CHAIRMAN. I will call this hearing to order.

I, at this point, would like to recognize Congressman Bob Ney.

Mr. NEY. Thank you, Chairman Pombo, for coming to the 18th District, to Belmont County. This will be a hearing of the House Resources Committee.

The process today will be we will begin with the invocation by Reverend Incas of the Friends Church of St. Clairsville; then from the VFW, we have Shorty Wier of the Veterans of Foreign Wars, St. Clairsville Post 5356; John Monroe, Veterans of Foreign Wars, Bethesda Post 9712. We also have the Scout Troop, Boy Scouts of America, Troop Number 23. The troop leader is David McCloud. The scouts are Zack Pupery and Robert Clayson.

I also want to thank Union Local High School juniors, for coming here today to be part of witnessing the hearing on a very important issue to our area and to the United States. I also want to thank our staff, J.P. Dutton and also Chairman Pombo will be introducing his staff with the House Resources Committee; Belmont Technical College for putting this together; Belmont Technical Security and also the Belmont County Sheriff's Office for the security they provided.

And with that, we will begin with the invocation by Reverend Incas.

[Invocation.]

Mr. NEY. And with that, if you could stand for the colors and the pledge of allegiance.

[Colors presentation and pledge of allegiance.]

**STATEMENT OF RICHARD W. POMBO, A REPRESENTATIVE IN
CONGRESS FROM THE STATE OF CALIFORNIA**

The CHAIRMAN. Thank you very much. Ladies and gentlemen, I am Richard Pombo and my family is involved in ranching, farming and trucking in California's Central Valley. I am here today at the request of my good friend Bob Ney, who wanted me to see first-hand how working men and women in the Ohio Valley are affected by the proposed Kyoto Treaty. It is refreshing to travel outside the Washington Beltway to hear from straight-talking folks about this important issue.

The Committee on Resources' jurisdiction includes all aspects of coal mining regulation and reclamation of mined lands. The United States' known coal reserves will last us centuries at current rates of consumption. Coal and steel produced in the Ohio Valley played a vital role in America's victories in two World Wars and Korea. Your smokestacks helped produce our Arsenal of Democracy that provides our servicemen and women with the tools they need to defend our nation and our way of life.

Working men and women in this audience produce a commodity that generates over 50 percent of America's electricity. Regrettably, this staple of America's energy supply faces formidable foreign and domestic challenges.

In 1997, the Clinton Administration signed the Kyoto Treaty that forces nations with the most advanced pollution control technologies like the United States, to drastically reduce their carbon dioxide emissions while countries with primitive pollution control technologies like China and India are exempted. China already burns more coal than the United States.

At a time when people in this room have personally experienced the pain and trauma of massive plant closings in recent years, the Kyoto Treaty would add further insult to injury. In short, Kyoto means pink slips in French.

Happily, Congress listened to the people in this room and took steps to stop the treaty. Several years ago, the U.S. Senate passed the Byrd-Hagel resolution 95-0, that expresses opposition to the Kyoto Treaty. Moreover, President Bush said he will not implement this treaty that would cost the Nation an estimated \$350 billion a year. Moreover, he pointed out the scientific community is divided on the effect of carbon dioxide in the global warming equation—a view shared by several of today's witnesses.

However, this week, the U.S. Senate will vote on measures to regulate and tax carbon dioxide.

Although Washington is often characterized by partisan politics and wrangling, today's witnesses are above that. It is refreshing that owners of coal companies, the United Mine Workers of America and the Steelworkers are united today in protecting America from the far-reaching treaty. Moreover, a local social service agency will explain how higher energy prices will affect the neediest people in our community. Finally, a scientist and a local elected official will explain how good science and sound economics are vital to sensible regulations.

Mr. Ney.

[The prepared statement of Mr. Pombo follows:]

**Statement of The Honorable Richard Pombo, Chairman,
Committee on Resources**

The House Committee on Resources will come to order Ladies and Gentlemen, I am Richard Pombo and my family is involved in ranching, farming and trucking in California's Central Valley. I am here today at the request of my good friend, Bob Ney, who wanted me to see first-hand how working men and women in the Ohio Valley are affected by the proposed Kyoto treaty. It is refreshing to travel outside the Washington Beltway to hear from straight-talking folks about this important issue.

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**STATEMENT OF THE HON. ROBERT NEY, A REPRESENTATIVE
IN CONGRESS FROM THE STATE OF OHIO**

Mr. NEY. Thank you, Chairman Pombo, and I want to thank you for taking your time out of your busy schedule to come all the way from California to hear in particular eastern Ohio and more particular Belmont County.

Also I want to thank the witnesses that are going to be assembled here today, a great group of witnesses that are important to the process of this hearing.

As many of you know, I grew up in Blair and I live in St. Clairsville, so for a long time, I have known the importance of coal mining to our economy and also for the jobs for people to be able to feed their families and help their community.

The mining industry provides excellent paying jobs to many individuals in our part of the state. Because of the hard work of those individuals, our state and our nation enjoys a reliable energy source at low cost. Nationwide, more than half of the electricity

consumed in our nation comes from coal, which is the cheapest source of energy. In our state, the State of Ohio, coal accounts for nearly 90 percent of our energy needs. So not only does the mining industry create jobs, but it sustains good quality jobs.

In addition, the industry has a direct impact on many other sectors of our economy. There are a number of small businesses in our area that heavily rely on mining companies as major customers of their products and services. So there are thousands of spin-off jobs to the jobs that coal miners provide directly. Rail line operators, heavy equipment manufacturers, repair shop owners, barge owners are just a few of the occupations that in one way or another are dependent on the coal industry and its jobs.

That being said, Mr. Chairman, I greatly appreciate this opportunity to express my strong opposition to the Kyoto Protocol in a time of change, which I have done for many years, both in the state legislature and in Congress as a member of the House.

As I stated in the past, the Kyoto Protocol is a severely flawed agreement. Simply put, the Kyoto Protocol poses significant risk to the future of our national economy, while at the same time excluding some of the world's largest polluters. This agreement is particularly unfair to American workers. While our workforce strives for increased efficiency, Brazil, India, Mexico and China are given a free pass. To date, the Kyoto Protocol has been ratified by 108 countries, but thanks to President Bush, the United States is not included on this list.

Mr. Chairman, I have been to Kyoto, I went over to argue our point of view, I flew over to Kyoto to express our strong opposition. When the Japanese have arrived in the Congress, I again went to those meetings to also express our strong opposition. I have spoken to officials that were directly involved with this treaty, I have conveyed to them many of these same concerns that I raise here before you today.

The Kyoto Protocol would devastate our country's economy, particularly the coal industry, by requiring a reduction in energy usage of more than 40 percent. Coal consumption would decline sharply as electric utilities switched to fossil fuels with lower emissions such as natural gas. Immediately after the Protocol was concluded, analysis showed that coal production would drop to a low of 150 million tons by 2020 if this agreement was enacted. In order to meet the Kyoto target, coal prices would decline along with demand. Consequently, revenues for coal producers would be reduced. To the extent possible, coal companies would lower their production costs by reducing labor or investment in productivity. Either way, it would spell a disaster, not only for our area, but for our country, Mr. Chairman.

The Kyoto Protocol, beyond any question, will eliminate thousands of jobs across the country. Jobs will be lost throughout the industry in all coal producing states and many other regions in our country. In Ohio, almost all of the 3500 coal mining jobs will be threatened. This is in addition to approximately 20,000 direct coal mining jobs already lost under the Clean Air Act, and for those workers that remain employed, wages and benefits will be reduced, plus the spinoff workers I mentioned earlier.

The effects of the decline in coal use will extend far beyond the industry itself because, as I stated previously, coal accounts for over half of the electricity generated in this country today. This low-cost electricity is the basis for our strong economy and position in the world market. Removing this resource from our industrial base will have effects that will be felt throughout the Nation in terms of lower economic potential, higher prices, diminished ability to compete in world markets and overall employment losses. The price of energy will be sharply higher, consumer costs will escalate.

But these losses are only the beginning. Millions of jobs will be lost in America with the elimination of low-cost energy due to the Kyoto Protocol. Now some in Washington do not agree with this and they do not understand the importance of the mining industry. We are going to make them understand that importance through hearings like this and through the force of the citizens that will lobby this issue to save our jobs.

Some people feel that coal should not continue to be a stable source of energy for our nation's economy. Thankfully, President Bush is not among this group. Since taking office, the President has shown a strong dedication to the future use of coal. In fact, during his first few months in office, the President invited U.S. coal industry leaders and government officials to the White House. I was at that meeting with both union and company, in order to stress the importance of coal for his proposed national energy policy. Since that meeting, President Bush has committed \$2 billion over the next 10 years for the development of clean coal technology.

In addition, the President set up a project to build a zero-emission coal-fired power plant. With an administration committed to the future of clean coal and an industry focused on increased efficiency, coal will continue as a reliable resource of energy, while reducing this environmental impacts.

I just want to say in closing, Mr. Chairman, as I mentioned, we are thankful that you are here. But also, I serve with the Chairman in the U.S. House of Representatives. He is somebody that will listen. And what he has done today is brought Washington, D.C. to our area. As the Chairman of the Committee, he is going to be involved in critical decisions that are going to affect many people's future in this country. But I am glad that we have a common sense Chairman. Since I have arrived in Congress, I have watched my colleague as he rose to the ranks of Chair this year, so he is a brand new Chair of the Resources Committee. But I have watched him operate with the workers in mind. He has not ever forgotten his roots, the common roots that our Chair comes from. He is sensitive and listening to our concerns about what is good and fair and balanced for the average working person in this country.

You know, we have gone through a great trauma in the last 2 years in the United States, a trauma of the likes we have not seen in a long time in this country. And we have to stop for a second today—we can serve today in the U.S. House of Representatives and we will go cast votes later on today in the U.S. House and we have people elected at all levels in this country. And the reason we are able to do that is because of the veterans, the veterans that came in here and presented these colors, the veterans that this

very day are fighting for us in all parts of the world, to make sure that we have a democracy because a lot of people are envious of that democracy.

But I have got to tell you, the talk all the time is about our independence. And so we appreciate the support of the veterans but also I think we should pay respect to the veterans that started this country in the revolution against England by standing up for ourselves and by having independence. If you want to talk about independence from foreign oil, Mideast oil and OPEC oil, we have got to have our reserves and we have got to develop our coal and be able to have that stand as our source of independence.

So a lot of people in this valley have struggled for a long, long time and have fought the U.S. EPA and unfair environmental regulations and have fought for our steel and a lot of our jobs. People down here dream the dream and they have paid the sacrifice to make that dream come true. Many of you in this audience have done it. Being here today is part of the process of again fighting for our future and fighting for our jobs.

So I thank the veterans that we are able to serve in the U.S. House, I thank all of you that we are able to keep our jobs and our economy going.

With that, once again, we here in the 18th District, Mr. Chairman, so appreciate your time that you are spending with us. Thank you.

[Applause.]

[The prepared statement of Mr. Ney follows:]

Statement of The Honorable Bob Ney, a Representative in Congress from the State of Ohio

Thank you Mr. Chairman. I appreciate your taking the time out of your busy schedule to visit Eastern Ohio, in particular Belmont County. I would also like to thank our witnesses for their participation in this important hearing today.

As many of you know, I grew up in Bellaire and live in St Clairsville. I have long known the importance of coal mining to our local economies here in Eastern Ohio. The mining industry provides excellent paying jobs to many individuals in our part of the state. Because of the hard work of these individuals, our State and our Nation enjoys a reliable energy source at a low cost. Nationwide more than half of the electricity consumed in our nation, comes from coal, which is the cheapest source of energy. In our State of Ohio, coal accounts for nearly 90 percent of our energy needs.

Not only does the mining industry create, but it sustains quality jobs. In addition, the industry has a direct impact on many other sectors of our economy. There are a number of small businesses in our area that heavily rely on mining companies as major customers of their products and services. Rail line operators, heavy equipment manufacturers, repair shop owners, and barge operators are just a few of the occupations that are in some way dependent on the coal industry.

That being said, Mr. Chairman, I greatly appreciate this opportunity to express my strong opposition to the Kyoto Protocol on Climate Change. As I have stated in the past, the Kyoto Protocol is a severely flawed agreement. Simply put, the Kyoto Protocol poses a significant risk to the future of our National economy while at the same time excluding some of the world's largest polluters. This agreement is particularly unfair to the American worker. While our workforce strives for increased efficiency, Brazil, India, Mexico and China are given a free pass. To date, the Kyoto Protocol has been ratified by 108 countries, but thanks to President Bush, the United States is not included on this list.

Mr Chairman, I have been to Kyoto, Japan. I have spoken to officials that were directly involved with this treaty and I conveyed many of the same concerns that I raise today. The Kyoto Protocol would devastate our country's economy, particularly the coal industry, by requiring a reduction in energy usage of more than 40 percent. Coal consumption would decline sharply as electric utilities switch to fossil fuels with lower emissions, such as natural gas. Immediately after the protocol was concluded, analysis showed that coal production could drop to as low as 150 million

tons by 2020 if this agreement is enacted. In order to meet the Kyoto target, coal prices would decline along with demand. Consequently, revenues for coal producers will be reduced. To the extent possible, coal companies would lower their production costs by reducing labor or investment in productivity. The Kyoto Protocol, beyond any question, will eliminate thousands of jobs across the country. Jobs would be lost throughout the industry in all coal producing states and many other regions of the country. In Ohio, almost all of the 3,500 coal mining jobs would be threatened. This is in addition to the approximately 20,000 direct coal mining jobs already lost under the Clean Air Act. And for those workers that remain employed, wages and benefits would be reduced.

The effects of this forced decline in coal use will extend far beyond the industry itself, because as I stated previously, coal accounts for over half of all electricity generated in our country today. This low cost electricity is the basis for our strong economy and position in the world market. Removing this resource from our industrial base will have effects that will be felt throughout the Nation, in terms of lower economic potential, higher prices, diminished ability to compete in world markets and overall employment losses. The price of energy would be sharply higher and consumer costs would escalate. But, these losses are only the beginning. Millions of jobs will be lost in America with the elimination of low cost energy, due to the Kyoto Protocol.

Now some in Washington do not understand the importance of the mining industry. They feel that coal should not continue to be a stable source of energy for our Nation's economy. Thankfully, President Bush is not among this group. Since taking office, the President has shown a strong dedication to the future use of coal. In fact, during his first few months in office, the President invited U.S. coal industry leaders and government officials to the White House in order to stress the importance of coal for his proposed national energy policy. Since that meeting, President Bush has committed two billion dollars over the next ten years for the development of clean coal technology. In addition, the President has set up a project to build a zero-emissions coal fired power plant. With an Administration committed to the future of clean coal and an industry focused on increased efficiency, coal will continue as a reliable source of energy while reducing its environmental impacts.

Again, Mr. Chairman, thank you for holding this hearing. I look forward to the upcoming testimony.

The CHAIRMAN. Thank you. Thank you very much.

I am going to invite our first panel of witnesses, and ahead of time, I will apologize if I mess up any of your names. Mr Robert Murray, Mr. John Grisham, Mr. Charles Ungurean, Mr. Babe Erdos and Mr. James Kosowski, if you could join us at the witness table, please.

Thank you all for joining us today. Just a little housekeeping note. Your entire written testimonies will be included in the record. We request the oral testimony be limited to 5 minutes or as close to that as you can do. We have the lights up here. The green light comes on at 5 minutes, the yellow light comes on when there is a minute left and then the red light comes on to wrap things up. So if you could try to stay within the 5 minutes, that will help us stay within our time limit for the hearing.

And before you get too comfortable, it is customary on the Resources Committee that all witnesses are sworn in, so I would ask you to stand and raise your right hand.

[Witnesses sworn.]

The CHAIRMAN. Thank you. Let the record show that they all answered in the affirmative.

Thank you very much for agreeing to be part of our hearing today. I am going to begin with Mr. Murray and let him begin his testimony.

**STATEMENT OF ROBERT E. MURRAY, DIRECTOR, OHIO
VALLEY COAL COMPANY AND THE AMERICAN ENERGY CORP.**

Mr. MURRAY. Chairman Pombo, Congressman Ney, thank you for coming to eastern Ohio for this hearing. Congressman Ney for inviting him.

My name is Robert E. Murray and I am President and Chief Executive Officer of Murray Energy Corporation, which employs about 2500 persons in the most economically depressed areas of the United States. Our subsidiaries, American Energy Corporation, which is the Century Mine; Maple Creek Mining, Inc. and the Ohio Valley Coal Company, employ about 1400 persons in the tri-state Ohio River Valley area and nearly 1000 people here in Belmont County.

Studies by the Pennsylvania State University have shown that up to 11 secondary jobs are created for each of the coal industry positions that we provide, thus making our companies responsible for almost 17,000 jobs in the tri-state area and nearly 12,000 positions here in eastern Ohio.

But this is not where our tremendous beneficial impact on the area stops. Our mining employees typically earn twice the average household wage in Ohio and two and a half times the median wage for this area. American Energy's Century Mine here in Belmont County is the largest single economic development in Ohio in recent years, representing over a \$300 million investment in this area.

The subject of the Kyoto Global Warming Treaty is a human issue to me, not an environmental matter, Chairman Pombo and Congressman Ney. You see, I know the names of many of the people whose jobs, standards of living and lives would be destroyed in this area if the United Nations' Kyoto Global Warming Treaty were ever adopted by the United States.

This region is desperate for good paying and well benefited jobs, our people just want to earn a reasonable living with honor and dignity. Our young people want to stay in the area and have good employment. Many times, grown men and women have broken down and cried in my office when I told them that we had a job for them. They know that, with the high pay and excellent benefits provided by coal mining, they can build the lives of their dreams, be with their families and retire with dignity.

But this region came close to being economically devastated, as the Administration of Bill Clinton and Albert Gore signed the United Nations' Kyoto Protocol on so-call global warming and for years urged its passage by the U.S. Senate. Wisely, the Senate would not ratify their Draconian treaty. Passage of the Kyoto Protocol would have eventually eliminated the U.S. coal industry and the 17,000 primary and secondary jobs for which our companies are responsible in this tri-state area. Indeed, the Clinton/Gore administration had a motto that they were going to "dial out coal."

Fortunately, President Bush condemned the United Nation's Kyoto Protocol soon after he took office and announced that our country would no longer be a part of this flawed agreement. On March 13, 2001, he said:

"As you know, I oppose the Kyoto Protocol because it exempts 80 percent of the world, including major population centers, such as

China and India, from compliance, and would cause serious harm to the U.S. economy.”

President Bush has chosen an entirely different way to address the climate issue, one based on research, technology and voluntary action. This path will encourage economic growth, not stifle it. It will allow greater use of our nation’s most abundant and lowest cost energy source—coal—rather than devastate the industry and this area.

The President has received much pressure from radical environmentalists and no-growth advocates in the U.S., as well as the international community, to reverse his decision. But even the most ardent supporters of the Protocol, the members of the European Community, who are really using this issue to gain economic advantages over the United States for their products in the global marketplace, are having difficulty achieving the mandatory carbon dioxide emissions reductions that they set for themselves. And it is important to point out that the Kyoto Protocol has not yet gone into force.

Very importantly, there is no scientific consensus that so-called global warming is even occurring. Moreover, there is no scientific evidence that human activities are responsible.

As an engineer, I have followed this issue for nearly two decades. The best analysis that I ever read is that prepared by Professor Bjorn Lomborg, an academic who was a former member of Greenpeace and a devoted environmentalist. Dr. Lomborg has compared the projected changes in the world’s temperatures for the next 100 years, both with the Kyoto Treaty and without the Treaty. Dr. Lomborg has concluded that:

If we observe the Kyoto Treaty by enforcing all of its provisions, by the year 2100, 97 years from now, the temperature is expected on earth to rise 1.92 degrees Celsius. Now that is with the Kyoto Treaty.

Without it, that temperature will be reached in 2094, 6 years sooner.

In 2010, compliance with the Kyoto Protocol will cost \$350 billion per year, increasing to nearly one trillion dollars annually by 2050. To put this into perspective, Professor Lomborg calculates that, for \$200 billion, every human being on earth could have clean drinking water and sanitation, saving two million lives a year.

Remember, this is from work of an avid environmentalist.

Mandatory restrictions on carbon dioxide emissions, whether imposed by the United Nations’ Kyoto Protocol or by restrictions such as those that are currently proffered by some U.S. Senators, would have a devastating effect on the communities in the tri-state area. The Kyoto Treaty would require a reduction of greenhouse emissions to 7 percent below 1990 levels by 2008, notwithstanding that there is no scientific evidence that proves that such reductions are beneficial or necessary. Our nation would have to reduce emissions by close to 40 percent from current levels in just 5 years to meet the Draconian Kyoto Treaty goals. We applaud President Bush for recognizing the Kyoto Treaty for what it is, a political agreement pushed by a previous administration with no regard to America’s economy or citizens, and particularly those people in this area.

Regarding the economic devastation of the ill-conceived Kyoto Treaty, the most recent study by the Heartland Institute showed that if emissions had to be reduced to 1990 levels—and that is not as low as the Kyoto Protocol requires—the Ohio State government would lose a minimum of \$1.2 billion of revenue annually and consumers and businesses in our state would pay \$3.2 billion and \$32 billion respectively more for Federal and state programs to reduce carbon dioxide emissions.

To put this in perspective, that would be \$8000 per year for every household in Ohio—just to get to the earlier level, which is 1990 and not before—and to comply with the Kyoto Protocol would cost every household in this state \$14,000 per year—\$14,000 per year for every household in Ohio! Clearly these numbers prove the folly of even thinking about agreeing to mandatory carbon dioxide controls in any form.

As for coal, there is very little production of this fuel in the United States, there will be practically none. The Energy Information Administration of the U.S. Department of Energy analyzed the effects of the Kyoto Protocol and determined that it would cause a 67 percent reduction in national coal production levels by 2010, and a 90 percent drop by 2020, even a little worse, Congressman, than you mention. And this is from the Department of Energy.

In short, by 2020, there would be no coal industry in Ohio, from which 87 percent of the state's electricity is generated. Furthermore, coal-fired electricity costs about one-third the cost of electricity from natural gas and it is even more economic than that compared to nuclear power.

A better way to address the climate issue is by the plan outlined by the President in February 2002, which as I stated before, is based on science, research, technology, efficiency and voluntary action. Such a proposal will determine whether carbon dioxide reductions are really beneficial, or not. If carbon dioxide reductions are proven to be necessary, we will then be on our way. If not, we will be moving forward with advanced clean coal technologies.

There currently are several initiatives in Washington that will directly keep coal in the energy mix. On the Congressional front, the U.S. House of Representatives just passed—and I congratulate you for it—H.R. 4, the Energy Policy Act of 2003. This legislation includes two important provisions that we need—to get advanced technologies into coal-fired electricity generating plants, existing plants, and to build new ones. H.R. 4 also includes the authorization for basic coal research for the President's \$2 billion clean coal power initiative, which will demonstrate advanced clean coal technologies.

The aforementioned two provisions are also included in the Senate Bill, S. 14, that is now being debated on the Senate Floor. But S. 14 includes a third important element that was left out of the House legislation. The Senate bill will include the very important production and investment tax credits for a limited number of plants, to encourage rapid use of advanced new clean coal technologies. It is important, Congressmen, that you support these provisions in the Conference, which I know you will.

Not only is the coal industry opposed to mandatory reductions of carbon dioxide emissions, we are also opposed to a program that

would require mandatory reporting on emissions as well as the schemes that would lead to carbon dioxide emissions trading. The voluntary approach that the industry is supporting will be the best way to preserve Ohio and tri-state area jobs and hold down electric rates for households and factories that must compete in the global marketplace.

The coal industry in the United States at this time is being economically devastated. Practically all the major eastern U.S. coal producers are currently unprofitable or currently in bankruptcy. This is largely the result of the depressed economy, huge amount of construction of new natural gas-fired electric generating units during the Clinton/Gore years, and the importation of cheap coal from South America. This is the worst possible time for some in Congress to be advocating any mandatory requirements regarding carbon dioxide emissions measuring, reductions or trading.

Mr. Chairman, Congressman Ney, we commend you for holding this field hearing on the devastating effects that any attempt to put restrictions on carbon dioxide emissions would have on the people and communities of this tri-state area of the Ohio River Valley. As I stated previously, the Kyoto Protocol and proposed carbon dioxide emission reductions is a human issue to me, rather than environmental, as I know the names of many of the individuals in this area whose jobs, lives and quality of life would be destroyed under the Kyoto Treaty or any other program for mandatory reductions in carbon dioxide emissions.

Thank you very much.

[The prepared statement of Mr. Murray follows:]

**Statement of Robert E. Murray, President and Chief Executive Officer,
Murray Energy Corporation**

Chairman Pombo and Congressman Ney, my name is Robert E. Murray, and I am President and Chief Executive Officer of Murray Energy Corporation ("Murray Energy"), which employs about 2,500 persons in the most economically depressed areas of the United States. Our Subsidiaries, American Energy Corporation, Maple Creek Mining, Inc., and The Ohio Valley Coal Company, employ about 1,400 persons in the tri-State Ohio River Valley area, and nearly 1,000 people here in Belmont County.

Studies at The Pennsylvania State University have shown that up to eleven (11) secondary jobs are created for each coal industry position that we provide, thus making our Companies responsible for almost 17,000 jobs in this tri-State area, and nearly 12,000 positions in Eastern Ohio.

But, this is not where our tremendous beneficial impact on this region stops. Our mining employees typically earn twice the average household wage in Ohio and two-and-one-half times the median wage for this area. American Energy Corporation's Century Mine here in Belmont County is the largest single economic development in Ohio in recent years, representing an over \$300 million investment in our area.

The subject of the "Kyoto Global Warming Treaty" is a human issue, not an environmental matter, to me, Chairman Pombo and Congressman Ney. You see, I know the names of many of the people whose jobs, standards of living, and lives would be destroyed in this area if the United Nations' "Kyoto Global Warming Treaty" were ever adopted by the United States.

This region is desperate for good paying and well-benefitted jobs. Our people just want to earn a reasonable living with honor and dignity. Our young people want to stay in the area and have good employment. Many times grown men and women have broken down and cried in my office when I told them that we had a job for them. They know that, with the high pay and excellent benefits provided by coal mining, they can build the lives of their dreams, be with their families, and retire with dignity.

But, this region came close to being economically devastated, as the Administration of Bill Clinton and Albert Gore signed the United Nations' Kyoto Protocol on

so-called global warming and for years urged its passage by the United States Senate. Wisely, the Senate would not ratify their draconian treaty. Passage of the United Nations Kyoto Protocol would have eventually eliminated the U.S. coal industry and the 17,000 primary and secondary jobs for which my Companies are responsible in this tri-State area. Indeed, the Clinton/Gore Administration had a motto that they were going to “dial out coal.”

Fortunately, President George W. Bush condemned the United Nations’ Kyoto Protocol soon after he took office and announced that our Country would no longer be a part of this flawed agreement. On March 13, 2001, President Bush said:

“As you know, I oppose the Kyoto Protocol because it exempts eighty (80) percent of the world, including major population centers, such as China and India, from compliance, and would cause serious harm to the U.S. economy.”¹

President Bush has chosen an entirely different way to address the climate issue, one based on research, technology, and voluntary action. This path will encourage economic growth, not stifle it. It will allow greater use of our Nation’s most abundant and lowest cost energy source, coal, rather than devastate the industry and this area.

The President has received much pressure from radical environmentalists and no-growth advocates in the U.S., as well as the international community, to reverse his decision. But, even the most ardent of supporters of the Protocol, the members of the European Community, who are using this issue to gain economic advantages over the U.S. for their products in the global marketplace, are having difficulty achieving the mandatory carbon dioxide emissions reductions that they set for themselves. And, it is important to point out that the Kyoto Treaty has yet to go into force.

Very importantly, there is no scientific consensus that so-called global warming is even occurring. Moreover, there is no scientific evidence that human activities are responsible.

As an engineer, I have followed the so-called global warming matter for more than two decades. The best analysis that I have read is that prepared by Professor Bjorn Lomborg, an academic who is a former Greenpeace member and devoted environmentalist. Dr. Lomborg has compared the projected changes in the world’s temperatures for the next one hundred years—both with the Kyoto Treaty and without. Dr. Lomborg has concluded that:

- If we observe the Kyoto Treaty by enforcing all of its provisions, by the year 2100 (when our new granddaughter will be 97 years old), the temperature is expected to increase by 1.92 degrees Celsius.
- Without implementation of the Kyoto Treaty, the temperature will reach that level by 2094 (when our granddaughter will be 91 years old), six (6) years sooner than with the Protocol.
- In 2010, compliance with the Kyoto Treaty will cost \$350 billion per year, increasing to nearly one trillion dollars annually by 2050. To put this into perspective, Professor Lomborg calculates that, for \$200 billion per year, every human being on Earth could have clean drinking water and sanitation, saving two million lives each year.

Mandatory restrictions on carbon dioxide emissions, whether imposed by the United Nations’ Kyoto Protocol or by restrictions such as those currently being proffered by some Senators, would have a devastating effect on the communities in this tri-State area. The Kyoto Treaty would require a reduction of greenhouse emissions to seven percent (7%) below 1990 levels by 2008, notwithstanding that there is no scientific evidence that proves that such reductions are beneficial or necessary. Our Nation would have to reduce emissions by close to forty percent (40%) from current levels in just five (5) years to meet the draconian Kyoto Treaty goals. We applaud President Bush for recognizing the Kyoto Treaty for what it is, a political agreement pushed by the Clinton/Gore Administration with no regard for America’s economy or citizens, and particularly those in this area.

Regarding the economic devastation of the ill-conceived Kyoto Treaty, the most recent study by the Heartland Institute² showed that if emissions had to be reduced to 1990 levels—and that is not as low as the Kyoto Treaty would have required—the Ohio state government would lose a minimum of \$1.2 billion in revenue annually, and consumers and businesses in our State would pay \$3.2 billion and \$32

¹ Letter from President Bush to Senator Chuck Hagel, March 13, 2001.

² Blast, J. L., Taylor, J. M., Lehr, J. (2003). State Greenhouse Gas Programs: An Economic and Scientific Analysis. The Heartland Institute. Policy Study 101.

billion, respectively, more for Federal and state programs to reduce carbon dioxide emissions.

Furthermore, based on the Heartland Institute study, each household in Ohio would pay over \$8,000 per year for just the reduction to 1990 levels, and reaching the Kyoto Treaty targets would cost every Ohio household \$14,000 annually. Clearly, these numbers prove the folly of even thinking about agreeing to mandatory carbon dioxide controls in any form.

As for coal, there would be very little production of this fuel in the United States under a Kyoto type regime. The Energy Information Administration of the U.S. Department of Energy, analyzed the affects of a Kyoto Treaty on the energy markets and determined that it would cause a sixty-seven (67%) reduction in National coal production levels by 2010, and a 90% drop by 2020.³

In short, by 2020 there would be no coal industry in Ohio, from which eighty-seven percent (87%) of the State's electricity is generated. Furthermore, coal fired electricity costs about one-third (1/3) that from natural gas fired generation, and is even more economical than this over nuclear generated electricity.

A better way to address the climate issue is by the plan outlined by President Bush in February, 2002, which, as I have stated before, is based on science, research, technology, efficiency, and voluntary actions. Such an approach will determine whether carbon dioxide emission reductions are beneficial or necessary, or not. If carbon dioxide reductions are proven to be necessary, we will be on our way. If they are not, we will still be moving well down the road to the more efficient use of coal with new technologies.

There currently are several initiatives in Washington that will directly keep coal in the energy mix. On the Congressional front, the U.S. House of Representatives has just passed H.R. 6, the Energy Policy Act of 2003. This legislation includes two important provisions that we need to get advanced clean coal technologies into existing coal fired electricity generating plants and to build new ones. H.R. 6 also includes authorization for basic coal research and for the President's \$2 billion Clean Coal Power Initiative, which will demonstrate advanced clean coal technologies.

The aforementioned two provisions are also included in the Senate Bill, S. 14, that is now being debated on the Senate floor. But, S. 14 includes a third important element that was left out of the House passed legislation. The Senate Bill will include very important production and investment tax credits for a limited number of plants to encourage rapid use of new advanced clean coal technologies. It is important, Mr. Chairman and Congressman Ney, that you support the inclusion of these tax provisions in the final bill that goes to the President's desk.

Another important initiative that the Administration has announced is the FutureGen Program, which is a \$1 billion, ten (10) year, demonstration project to create the World's first coal-based, zero emissions, electricity and hydrogen power plant. The plant will capture carbon dioxide emissions and will be coupled with carbon sequestration so that it is literally a zero emissions plant. Over the long term, coal can be the major source for hydrogen energy for our Country.

Mr. Chairman, not only is the coal industry opposed to mandatory reductions of carbon dioxide emissions, we are also opposed to programs that would require mandatory reporting on emissions, as well as schemes that would lead to carbon dioxide emissions trading. The voluntary approach that the industry is supporting will be the best way to preserve Ohio and tri-State area jobs and hold down electric rates for our households and our factories that must compete in the global marketplace.

The coal industry in the United States, at this time, is being economically devastated. Practically all of the major eastern U.S. coal producers are unprofitable or are currently in bankruptcy. This is largely the result of the depressed economy, huge amount of construction of new natural gas fired electricity generating units during the Clinton/Gore years, and importation of cheap coal from South America. This is the worst possible time for some in Congress to be advocating any mandatory requirements regarding carbon dioxide emission measuring, reductions, or trading.

Mr. Chairman and Congressman Ney, we commend you for holding this field hearing on the devastating effects that any attempt to put restrictions on carbon dioxide emissions would have on the people and communities in this tri-State area of the Ohio River Valley. As I stated previously, the Kyoto Treaty and proposed carbon dioxide emission reductions is a human issue with me, rather than environmental, as I know the names of many of the individuals in this area whose jobs, lives, and quality of life would be destroyed under the Kyoto Treaty or any other program for mandatory reductions in carbon dioxide emissions.

³Energy Information Administration (1998). Impacts of the Kyoto Protocol on U.S. Energy Markets and Economic Activity. U.S. Department of Energy. SR/OIAF/98-03.

Thank you.

The CHAIRMAN. Thank you. Mr. Grisham.

**STATEMENT OF JOHN GRISHAM, PRESIDENT,
BUCKEYE INDUSTRIAL MINING CO.**

Mr. GRISHAM. Mr. Chairman, Congressman Ney, ladies and gentlemen, my name is John Grisham. I am the President of Buckeye Industrial Mining Company, 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 seven to ten to one, 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 industries, 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 and its myriad catastrophic implications. I believe that 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 am 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, et cetera, while the science is so widely debated and disputed that it gives 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, the experience which began with a few years as a line officer among the proud professionals of the U.S. 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 that, we must broaden our vision to include all of Ohio. We must 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 the global marketplace. We

can look across the state to see of the steel, automotive, chemical and petrochemical, light and heavy manufacturing, et cetera companies which combine to make Ohio one of the most significant industrial states in our country. Low-cost electricity has been 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 us 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 with reliable, readily available and low cost is not a choice in the 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 costs of environmental policy can always be defined as a few cents on your household electric bill.

We must carefully contemplate our national interest as separated 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 United Nations and our 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 United States as an impediment to development in other countries and as an obstacle to a future world government as envisioned by some at the United Nations and elsewhere. David Wojick of the Electricity Daily commented in Insight Magazine, March 12, 2001 that the U.N.'s Intergovernmental Panel on Climate Change 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 the Kyoto Treaty has coal in its cross hairs for the very reason of its significance to the U.S. economy. We must ask that our political leaders not allow the disguise of political and economic objective as a legitimate environmental one. We must guard against what Dr. Thomas 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, Wifred 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 suggests 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 been rightfully described as nothing less than a monumental wealth transfer, primarily from the United States 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 original 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 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 change.

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.

Thank you very much.

[The prepared statement of Mr. Grisham follows:]

**Statement of John Grisham, President,
Buckeye Industrial Mining Company**

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 U.S. 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.

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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 U.S. 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 Wojcik 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 U.S. 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*,

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The CHAIRMAN. Thank you very much. Mr. Ungurean.

**STATEMENT OF CHARLES UNGUREAN, PRESIDENT,
OXFORD MINING COMPANY**

Mr. UNGUREAN. Good morning. My name is Charles Ungurean. Chairman Pombo, Congressman Ney, I thank you for the opportunity to be here today to testify before the Committee on Resources.

I am President and CEO of Oxford Mining Company, the largest producer of surface mined coal in Ohio.

Oxford currently employs more than 300 employees. We have operations in nine strategically located Ohio counties, producing coal from six different coal seams. With our current coal reserves, we can maintain these production rates for the next 25 years, as long as Ohio utilities continue to burn Ohio coal.

I also serve as Chairman of the Ohio Coal Association. The Ohio Coal Association represents producers, brokers and other related industry members with the aim of advancing the development and utilization of Ohio coal as an abundant and environmentally sound energy source. The association exists in large part because we employ more than 2600 Ohioans, and because Ohio coal producers know there is a 400-year reserve of affordable and increasingly clean Ohio waiting to be used to generate electricity.

Our association commissioned a study in late 2002 of the economic benefits of Ohio's coal industry to the state. The study found that Ohio's coal industry provided a total economic benefit of \$3 billion to the state. More than \$450 million of that is in direct benefits, such as payroll taxes and salaries.

Despite the significant benefits of coal for Ohio, and for our nation, there are proposals that threaten to negatively impact our industry and jeopardize the high-wage coal industry jobs that are of paramount importance in Appalachian Ohio. One of those proposals is the Kyoto Protocol, also known as the United Nations Treaty on Global Climate Change.

Implementation of the Kyoto Protocol would devastate the coal-based electricity industry in Ohio and the nation. In 1998, the U.S. Energy Information Agency, which is the U.S. Department of Energy's forecasting arm, found that coal would fuel less than 10 percent of all electricity generation in the U.S. under the greenhouse gas reductions called for by the Kyoto Treaty. That would mean about an 80 percent reduction in coal's electric-generation market share. The resulting impact on Ohio's coal industry would be crippling—mine closings, job loss and severe economic fallout.

President Bush made the right decision to reject the Kyoto Protocol in March of 2001, refocusing the debate instead on policy based on technological innovation and economic incentives. History shows us that this will result in greater emissions reductions with lower economic costs to U.S. consumers and businesses.

Today, coal provides the fuel for nearly 90 percent of Ohio's electricity and is a major reason Ohioans enjoy affordable energy. On average, coal is available at about half the cost of other fossil fuels, and the state's abundant reserves can ensure that Ohioans will have a ready, reliable supply of affordable energy close at hand for generations to come. Coal plays an important role in keeping electric power costs competitive, which is critical to the survival of Ohio's strong manufacturing sector. Directly and indirectly, manufacturing provides more than half of all jobs in the state.

While affordable energy is good news, coal's opponents continue to challenge the viability of coal as an energy resource due to air quality concerns. However, the data suggests that this is an extreme point of view.

Ohio has made significant environmental progress since the Clean Air Act became law in the 1970's. The Ohio Environmental Protection Agency recently released its new 30-year air quality trend report and found that Ohio's air quality has improved substantially during the last 30 years. The report analyzed air-monitoring data collected in Ohio between 1972 and 2001 for six pollutants for which national air-quality standards have been established. During a period when the use of coal to generate electricity has tripled nationally, the levels of six major air pollutants regulated by the Clean Air Act declined dramatically in Ohio.

One major reason for our improved air quality is the development and deployment of clean coal technologies—an area where Ohio has established itself as a national leader. These technologies are being developed and refined at places like Ohio University and they are in use at several coal plants across the state.

America's electric utilities have invested more than \$50 billion in clean-coal technologies, and millions of dollars of state and Federal monies have been leveraged to maximize the benefits of clean-coal technologies. With additional investments in clean coal technologies by both the public and private sector, we can reasonably look forward to a future where coal can continue to provide economic

benefits as a low-cost source of energy and our air quality can continue to improve through enhanced environmental efficiencies.

Again, thank you for the opportunity to testify here today.

[The prepared statement of Mr. Ungurean follows:]

**Statement of Charles C. Ungurean, President, Ohio Coal Association,
President and CEO, Oxford Mining Company**

Good morning. My name is Charles Ungurean. Chairman Pombo, Congressman Ney—I thank you for the opportunity to be here today to testify before the Committee on Resources.

I am President and CEO of Oxford Mining Company, the largest producer of surface mined coal in Ohio. In 2002, our sales exceeded 3.1 million tons and we expect that production will reach 3.5 million tons by the end of 2003. About 80 percent of this coal goes to American Electric Power generating stations in Ohio.

Oxford currently employs more than 300 employees. We have nine operations strategically located in seven counties producing coal from six different coal seams. We have taken advantage of changes in the Ohio coal market to dramatically increase production. Between 1996 and 2003, production rose from 500,000 tons to 3.5 million annually, resulting in a market share jump from 2 to 16 percent. With our current coal reserves, we can maintain these production rates for the next 25 years, as long as Ohio utilities continue to burn Ohio coal.

I also serve as chairman of the Ohio Coal Association. The Ohio Coal Association represents producers, brokers and other related industry members with the aim of advancing the development and utilization of Ohio coal as an abundant and environmentally sound energy source. The association exists in large part because we employ more than 2,600 Ohioans, and because Ohio coal producers know there is a 400-year reserve of affordable and increasingly clean Ohio coal waiting to be used to generate electricity.

Our association commissioned a study in late 2002 of the economic benefits of Ohio's coal industry to the state. The study found that Ohio's coal industry provided a total economic benefit of three billion dollars to the state. More than 450 million dollars of that is in direct benefits, such as payroll taxes and salaries.

Despite the significant benefits of coal for Ohio—and for our nation—there are proposals that threaten to negatively impact our industry and jeopardize the high-wage coal industry jobs that are of paramount importance in Appalachian Ohio. One of those proposals is the Kyoto Protocol, also known as the United Nations Treaty on Global Climate Change.

Implementation of the Kyoto Protocol would devastate the coal-based electricity industry in Ohio and the nation. In 1998, the U.S. Energy Information Agency, which is the U.S. Department of Energy's forecasting arm, found that coal would fuel less than 10 percent of all electricity generation in the U.S. under the greenhouse gas reductions called for by the Kyoto Treaty. That would mean about an 80 percent reduction in coal's electric-generation market share. The resulting impact on Ohio's coal industry would be crippling—mine closings, job loss and severe economic fallout.

President Bush made the right decision to reject the Kyoto Protocol in March 2001, refocusing the debate instead on policy based on technological innovation and economic incentives. History shows us that this will result in greater emissions reductions with lower economic costs to U.S. consumers and businesses.

Today, coal provides the fuel for nearly 90 percent of Ohio's electricity and is a major reason Ohioans enjoy affordable energy. On average, coal is available at about half the cost of other fossil fuels, and the state's abundant reserves can ensure that Ohioans will have a ready, reliable supply of affordable energy close at hand for generations to come. Coal plays an important role in keeping electric power costs competitive, which is critical to the survival of Ohio's strong manufacturing sector. Directly and indirectly, manufacturing provides more than half of all jobs in the state.

While affordable energy is good news, coal's opponents continue to challenge the viability of coal as an energy resource due to air quality concerns. However, the data suggests that this is an extreme point of view.

Ohio has made significant environmental progress since the Clean Air Act became law in the 1970s. The Ohio Environmental Protection Agency recently released its new 30-year air quality trend report and found that Ohio's air quality has improved substantially during the last 30 years. The report analyzed air-monitoring data collected in Ohio between 1972 and 2001 for six pollutants for which national air-quality standards have been established. During a period when the use of coal to

generate electricity tripled nationally, the levels of six major air pollutants regulated by the Clean Air Act declined dramatically in Ohio.

One major reason for our improved air quality is the development and deployment of clean coal technologies—an area where Ohio has established itself as a national leader. These technologies are being developed and refined at places like Ohio University, and they are in use at several coal plants across the state.

America's electric utilities have invested more than \$50 billion in clean-coal technologies, and millions of dollars of state and Federal monies have been leveraged to maximize the benefits of clean-coal technologies. With additional investments in clean coal technologies by both the public and private sector, we can reasonably look forward to a future where coal can continue to provide economic benefits as a low-cost source of energy—and our air quality can continue to improve through enhanced environmental efficiencies.

Again, thank you for the opportunity to testify today. I will be pleased to answer any questions you have.

The CHAIRMAN. Thank you. Mr. Erdos.

STATEMENT OF BABE ERDOS, INTERNATIONAL EXECUTIVE BOARD MEMBER, UNITED MINE WORKERS OF AMERICA, DISTRICT 6

Mr. ERDOS. Mr. Chairman and Congressman Ney, before I begin my comments, I would like to thank you, Mr. Chairman, for bringing your Committee hearing here to eastern Ohio and in the heart of Ohio's coal country. I want to especially thank Congressman Ney for all the hard work and dedication that he has shown in representing Ohio's workers in trying to preserve the jobs of the workers and trying to preserve industry in our area.

I am Babe Erdos, an International Union Executive Board Member of the United Mine Workers of America District 6. In District 6, we have jurisdiction in all of Ohio and the northern panhandle of West Virginia. Our union represents the organized coal miners in District 6 and throughout the nation. I personally have worked in the underground mines of eastern Ohio, I had 8 years underground and for the past 21 years, I have had the privilege of representing our members here in District 6.

I address your Committee today as a member and representative of an energy producing union. As an energy producing union, we have a keen interest in any environmental issues that may impact upon our members. As you will see from the following figures, history has proven us to be right in our concerns.

In 1970, the year the Clean Air Act was enacted, our union represented over 10,000 workers. By the mid-1970's, due to some contractual improvement with the coal operators, we actually grew and had over 16,000 working members here in District 6. In the early 1980's, District 6 had fallen to about 11,000 members, mostly due to the restrictions of the Clean Air Act. By 1990, working membership had declined to about 4000. Today, it is less than half of the 1990 levels. As you can see, nearly 90 percent of our members have lost their jobs in the coal fields since our peak of the 1970's. Although I do not have figures, we believe the non-organized sector of Ohio's coal fields suffered a similar decline in their employment. The northern panhandle of West Virginia also suffered a similar fate during this timeframe.

Ohio's coal production has suffered greatly as well. In 1970, Ohio produced over 55 million tons of coal. In the last 4 years, Ohio's coal production has ranged between 20 and 25 million tons. This

is in a state that has tremendous amounts of coal reserves and a state that produces nearly 90 percent of its electricity from coal.

With the uncertainty of future coal markets, it is difficult for mining companies and owners to make large investments in developing future operations. And I would say that Mr. Murray—many of our members are at his mine—has been one of the few operators that has been able to keep his head above water due to his own tenacity in conducting his business, and we appreciate that. But what happens to the other remaining coal miners? What will happen to their families and communities if our nation's policies were to dictate that the product they produce is no longer acceptable to generate electricity? Coal mining is a unique industry and profession. To many, it is more of a culture than a profession. More often than not, mining is located in the rural areas of our country. It is no different in Ohio. There is little hope of acquiring another good paying job with any benefits in these small rural communities. In rural Ohio, many of these communities are based on one industry. When coal mining, steel or other basic manufacturing jobs are gone, it is difficult for these communities to survive.

We all know that the workforce in Ohio's coal industry is also growing older. Most of our coal miner members are third and fourth generation miners. What happens to all of these retirees who depend on coal production for their health care coverage? Our union's health care funds spent over \$25 million in Ohio alone in 1995. That is the last year I had the figures. And this does not reflect the costs of health care provided by the employers, like these gentlemen to my right.

I have seen a study estimating a worse case scenario of between 58,000 and 86,000 jobs lost in Ohio if the Kyoto Protocol were implemented as it is proposed. Most of these jobs will be lost in the manufacturing sector. It is estimated another 38 percent of Ohio's coal jobs would be lost. As Congressman Ney stated in his opening remarks, with over 3500 individuals working in the coal industry in Ohio today, another more than 1200 would be losing their jobs. We in the UMWA believe because of the uniqueness of the coal industry and the rural settings of our miles and communities, the burdens of Kyoto would fall unevenly on our region and on our industry.

Ohio is recognized as having one of the best Clean Coal Technology programs in the country. In District 6, we believe that environmental regulations and restrictions should be achieved through the implementation of clean coal technologies. This would protect jobs and protect rural communities.

Thank you.

[The prepared statement of Mr. Erdos follows:]

**Statement of Babe Erdos, International Executive Board Member,
United Mine Workers of America—District Six**

Mister Chairman and members of the Committee:

I am Babe Erdos, an International Union Executive Board Member of the United Mine Workers of America (UMWA) District Six. District Six has jurisdiction in all of Ohio and the northern panhandle of West Virginia. Our union represents the organized coal-miners in District Six and throughout our nation. I have worked in the underground coal mines of eastern Ohio and for the past twenty one years, I have had the privilege of representing our members here in District Six.

Mr. Chairman before I begin my comments I want to thank you for bringing your Committee hearing to eastern Ohio and the heart of Ohio's coal country. I want to especially thank Congressman Ney and Congressman Strickland for their dedication and hard work in representing Ohio's workers and industry.

I address your Committee today as a member and representative of an energy producing union. As an energy producing union, we have a keen interest in any environmental issues that may impact our members. As you will see from the following figures, history has proven us right in our concerns.

In 1970, the year the "Clean Air Act" was enacted, our union represented over ten thousand (10000) workers. In the mid 1970's, we had over sixteen thousand (16000) working members. In the early 1980's, District Six still had about eleven thousand (11000) members working. By the year 1990, working membership had declined to about four thousand (4000). Today it is less than half of the 1990 levels. As you can see, nearly ninety-percent (90%) of our members have lost their jobs in the coal-fields since our peak of the 1970's level. Although I do not have figures, the non-organized sector of Ohio's coal-fields suffered a similar decline in employment.

The northern panhandle of West Virginia has suffered a similar fate during this same time frame.

Ohio's coal production has suffered greatly as well. In 1970, Ohio produced over fifty five million (55,000,000) tons of coal. In the last four years, Ohio's coal production has ranged between twenty and twenty five million (25,000,000) tons. This is in a state that has tremendous amounts of coal reserves and a state that produces nearly ninety percent (90%) of its electricity from coal.

With the uncertainty of future coal markets, it is difficult for mining companies and owners to make large investments in developing future operations. So what happens to our remaining coal miners? What will happen to their families and communities if our nation's policies were to dictate that the product they produce is no longer acceptable to generate electricity? Coal mining is a unique industry and profession. To many, it is more of a culture than a profession. More often than not, mining is located in rural areas of our country. It is no different in Ohio. There is usually little hope of acquiring another good paying job with any benefits in these small rural communities. In rural Ohio, many of these communities are based on "one industry". When coal mining, steel or other basic manufacturing jobs are gone, it is difficult for these communities to survive.

We all know the workforce in Ohio's coal industry is growing older. Most of us are third and fourth generation coal miners. What happens to all the retirees who depend on coal production for their health care coverage? Our union's health care funds spent over twenty five million dollars (\$25,000,000) in Ohio alone in 1995. This doesn't reflect costs of health care provided by employers.

I have seen a study estimating a worst case scenario of between 58,000 and 86,000 jobs lost in Ohio if the Kyoto Protocol were implemented as it is proposed. Most of these jobs would be lost in the manufacturing sector. It was estimated another thirty eight percent (38%) of Ohio's coal jobs would be lost. We in the UMW believe because of the uniqueness of the coal industry and the rural settings of our mines and communities the burdens of Kyoto would fall unevenly on our region and industries.

Ohio is recognized as having one of the best Clean Coal Technology Programs in the country. In District Six, we believe environmental restrictions should be achieved through the implementation of clean coal technologies. This would preserve jobs and protect rural communities.

Thank you.

The CHAIRMAN. Thank you. Mr. Kosowski.

**STATEMENT OF JAMES A. KOSOWSKI, DIRECTOR OF
CORPORATE COMMUNICATIONS, WHEELING-PITTSBURGH
STEEL CORP.**

Mr. KOSOWSKI. Thank you, Chairman Pombo and Congressman Ney, it is a privilege to be here today and to represent the business community and the manufacturing community, to talk about the effects that the Kyoto Agreement would have on the businesses downstream of the coal industry.

As a representative of the business community, I can tell you that there is clear evidence that the Kyoto Agreement, if it is ever ratified and put into place in the United States, would have huge costs to the United States economy and would devastate the economy of the Ohio Valley. The Kyoto Agreement would act as a smart bomb designed to eliminate manufacturing in the United States while leaving behind unemployed workers.

The Ohio Valley not only produces coal, the Ohio Valley burns coal to produce electricity and the Ohio Valley uses coal to produce coke for the steel industry and it uses massive amounts of electricity to make steel. Wheeling-Pittsburgh Steel, for example, uses more than a million and a half tons of coal a year to produce coke for its steel-making operations.

Increases in the cost of coal and the cost of electricity, would have to be added to the cost of steel. The prices we pay for cars, for food, for clothing produced in the United States would all go up. The Energy Information Agency forecasts a loss to the U.S. Gross Domestic Product at over \$300 billion per year because of any mandated emission cuts stemming from the Kyoto Agreement. We are talking about a \$300 billion tax increase to U.S. consumers.

But those increases would not be equal throughout the world. Jobs that would be eliminated in the United States would pop up overseas in countries like China, India and Mexico, which are exempt from making reductions in emissions.

Wheeling-Pittsburgh Steel is already spending more than \$50 million every year to operate and maintain its pollution control equipment, something that the steel industries in developing countries like China and India do not do.

Should the United States regulate pollution emissions and enforce those laws? Absolutely. Because pollution control is demonstrated to have clear benefits to people's health and the country's economy.

Should the United States agree to the Kyoto Agreement or anything that would limit energy use in the United States while exempting competing countries like China, India and Mexico? Absolutely not. In fact, many people contend that the Kyoto Agreement is not about the environment, it is about the economy. It is about increasing the cost of manufacturing and business in the United States, the world's most dynamic economy, the world's largest economy and the world's most efficient user of energy for manufacturing and business.

Wheeling-Pittsburgh Steel and its 3800 employees have worked hard to reduce costs and increase the efficiency with which they make steel. They have sacrificed through pay reductions and the loss of jobs in order to increase their competitiveness in the world market. It would be a serious injustice to throw away those sacrifices to satisfy a global agreement that clearly benefits this country's competitors at the expense of the United States and its workers. I do not believe there is any way that the U.S. steel industry could compete in the world against countries that do not have to conform to the Kyoto Agreement.

But it is not just Americans who oppose the Kyoto Agreement who are saying that this is an economic issue. To quote Margot Wallstrom, the European Union's Commissioner for the Environ-

ment, global warming “is not a simple environmental issue where you can say it is an issue where scientists are not unanimous. This is about international relations, this is about the economy, about trying to create a level playing field for big businesses throughout the world. You have to understand what is at stake and that is why it is serious.”

I would like to say that we understand what is at stake. What is at stake is Ohio Valley jobs, Ohio Valley manufacturing, mining and energy businesses and our very standard of living.

Thank you.

[The prepared statement of Mr. Kosowski follows:]

**Statement of James A. Kosowski, Director of Corporate Communications,
Wheeling-Pittsburgh Steel Corporation, Wheeling, West Virginia**

Kyoto Agreement Would Devastate the Ohio Valley

As most everyone knows, the Kyoto Agreement is designed to reduce carbon dioxide emissions, thereby reducing so-called “Greenhouse Gases.” The Kyoto Agreement says this is necessary to reverse a trend of global warming that Kyoto Agreement backers say will have a devastating impact on the world’s environment. These conclusions are drawn from computer models in which scientists input certain assumptions and the computer generates conclusions.

The global warming conclusions, however, are by no means unanimous. Scientists from major universities and study groups have come to different conclusions about whether global warming is an actual trend. Still others have convincingly pointed out that flaws in the assumptions of the computer models make the conclusions about global warming suspect.

I am not a scientist. All I know about the scientific discussions regarding Greenhouse Gases is that there is disagreement among the scientific community.

As a representative of the business community, I can tell you that there is clear evidence that the Kyoto Agreement, if it is ever ratified and put into place in the United States, would have huge costs to the United States economy and would devastate the economy of the Ohio Valley. The Kyoto Agreement would act as a “smart bomb” designed to eliminate manufacturing in the United States, while leaving behind unemployed workers.

Here is what the this agreement would do. The Kyoto Agreement would reduce “Greenhouse Emissions to a level that is 7 percent below their 1990 levels by 2012. Because the United States has experience significant economic growth during much of that time that means emissions would need to be reduced by 30%. The only way to reduce those emissions by 30 percent is to reduce energy use. How much would 30 percent equal? That would be equivalent to the TOTAL amount of energy used for transportation in 1996. So reducing energy use to meet the accord would be tantamount to permanently stopping all highway, rail, water and air traffic.

The Ohio Valley produces coal. The Ohio Valley burns coal to produce electricity. The Ohio Valley burns coal and uses electricity to make steel. Increases in the costs of coal and the cost of electricity would have to be added to the cost of steel. The prices we pay for cars, for food, for clothing produced in the United States would all go up. The Energy Information Agency forecasts a loss of U.S. Gross Domestic Product of roughly \$300 billion per year because of any mandated emission cuts stemming from the Kyoto Agreement. We are talking about a \$300 billion tax increase on U.S. consumers.

But these increases would not be equal throughout the world. Jobs that would be eliminated in the United States would pop up overseas in countries like China, India and Mexico—which are exempt from making reductions in emissions.

Wheeling-Pittsburgh Steel is already spending more than \$50 million every year to operate and maintain its pollution control equipment—something that the steel industries in developing countries like China and India do not do.

Should the United States regulate pollution emissions and enforce those laws? Absolutely! Because pollution control is demonstrated to have clear benefits to people’s health and the country’s economy.

Should the United States agree to the Kyoto Agreement or anything that would limit energy use in the United States while exempting competing countries like China, India and Mexico? Absolutely not?

In fact, many people contend that the Kyoto Agreement is not about the environment it is about the economy. It is about increasing the costs of manufacturing and

business in the United States—the world's most dynamic economy; the world's largest economy; and the world's most efficient user of energy for manufacturing and business.

Wheeling-Pittsburgh Steel and its 3,800 employees have worked hard to reduce costs and increase the efficiency with which they make steel. They have sacrificed through pay reductions and the loss of jobs in order to increase their competitiveness in the world market. It would be a serious injustice to throw away those sacrifices to satisfy an global agreement that clearly benefits this country's competitors at the expense of the United States and its workers.

And it is not just Americans who oppose the Kyoto Agreement who are saying this. To quote Margot Wallstrom, the European Union's commissioner for the environment: global warming "is not a simple environmental issue where you can say it is an issue where scientists are not unanimous. This is about international relations, this is about economy, about trying to create a level playing field for big businesses throughout the world. You have to understand what is at stake and that is why it is serious."

We understand what is at stake. What is at stake is Ohio Valley jobs, Ohio Valley manufacturing, mining and energy businesses and our very standard of living.

The CHAIRMAN. Thank you.

You know, when the Kyoto Treaty was reached, I happened to be in Australia on an Agriculture Committee trade trip. And obviously we were—the Members of Congress that were on that trip, were paying close attention to what was going on and had some real concerns about it. I remember Al Gore flew in and supposedly nailed down the deal.

The next day, the papers in Australia, headline above the fold was trumpeting the agreement and how great it was going to be for their economy that this was going in. And if you go back and read those articles, nowhere in there did they talk about the environment. They talked about what a benefit it would be to their economy for this agreement to go into place. And throughout the time that we were there, we were meeting with all of their trade officials and they were absolutely giddy with joy at the U.S. supposedly agreeing to this treaty and the impact that it would have on them.

All of you have impacts from foreign competition in one way or another, and that is the reality of the world that we live in today. But I really do believe that by playing on a level playing field, we can compete and agreements like the Kyoto Treaty—and I agree with you—are more about the economy and more about creating an unlevel playing field than they are anything else.

We also have a somewhat different problem and that is that when you are dealing with environmental issues, that is something that we all care deeply about. None of us wants dirty air, dirty water, none of us want species to become extinct, and that is something that is a basic value that Americans hold close. It is something we all care about, so it is also something that it is easy to deceive people on.

I believe that agreements such as the Kyoto Treaty present a false choice and that false choice is a clean environment or a healthy economy. I do not believe we have to make that choice. I believe that we can have a clean environment, that it is possible to have a healthy, growing, vibrant economy in a place like the Ohio Valley and have a clean environment. You gentlemen talked about what you have done over the years to improve clean coal technology and how much you have spent and how fast we have

improved on that. But there are those that we have to deal with all the time that want to make the argument that you cannot do that, that the only way to have a clean environment is to shut down our industry.

I would like to ask Mr. Ungurean, to start with, when we are dealing with that competition, that foreign competition that is coming in and the impact it is having, are you at all familiar with the environmental regulations, health and safety regulations that your foreign competitors have and how that compares to what we are doing here?

Mr. UNGUREAN. Just from what I read, you know, China is a very good example. Basically they have practically no environmental or safety standards for their coal mining industry. I think it is widely reported that just reported deaths in mining in China is over 25,000 a year.

The CHAIRMAN. Wait a minute, back up. The reported deaths are 25,000 a year?

Mr. UNGUREAN. Yes.

The CHAIRMAN. Wow.

Mr. UNGUREAN. And, you know, they have little or no regulations, both on safety and the environment. As was noted by Mr. Murray, they—or someone here—they burn more coal than we do. And for them to be exempt is just beyond my imagination how that could happen.

The CHAIRMAN. Well—and I would like to give Mr. Grisham and Mr. Murray a chance to answer that as well, but you know, in the amount of time that I have been in the House, I have had the opportunity to travel to a few of these different places and look at what they are doing. And just in my experience, most of these businesses would be shut down if they existed here.

Mr. Grisham.

Mr. GRISHAM. Last week in the Wall Street Journal, there was an article by John Fialco, no great friend of industry, who was commenting basically on the phenomenon of a particulate cloud which had been identified off the shore of Asia. And the furor that came out of that was that this was—this particular cloud had something to do with perhaps some global climate trends and more than say CO₂ accumulation or gas. It was an interesting article because those who felt that the issue of CO₂ is critically important in propelling their particular environmental arguments did not like to hear this other opinion.

I would just like to say that I know that we all know that pollution is a huge problem in the developing world, as is poverty, and many of us believe that electrification is critical to the elimination of poverty, which is the worst enemy of the environment. And that what we should be doing is developing the technologies in this country and maintaining the economic strength to assist the rest of the world in this evolutionary process. Their populations are not going to diminish over the next 50 years, in fact they are going to grow and they are having a difficult time coping now.

I happened to have specialized in international studies as an undergraduate in Latin America, and I believe that the Latin Americans in particular need a great deal of help from North America, the United States in particular, in moving their economies forward.

And I do not believe that chopping away at the strength of our own economy is going to do them any good at all. Thank you.

The CHAIRMAN. Mr. Murray.

Mr. MURRAY. As you very well said, Mr. Chairman, this is all about trying to maintain a level playing field in the global marketplace for the products of the United States of America and for the jobs of the people in our country.

I have been in the Chinese mines, I know that there is no safety in those mines. I was a guest invited by the Ministry of Mines of the People's Republic when it was Communist, to go over and help them modernize their industry. And I would not know where to start because the rules under which they operate, both environmentally and safety-wise are so different—there is no value on human life there.

Right now, our greatest threat is coal from Colombia and Venezuela. I mentioned that in my remarks. They have no reclamation requirements there—modest reclamation requirements. And again, safety is not an issue. It is devastating our coal industry in that this coal is now coming into this country. So we are not playing on a level playing field.

The Kyoto Protocol is not an environmental issue, to me it is a human issue, as I said, but it is really, as you said, sir, an economic issue. It is an issue where they would like to see the United States wounded in our ability to produce products competitively and see our electric rates go up.

The reason the Europeans, who are pushing this, want this is because they have already done away with their coal industry and replaced it with nuclear power, so basically under to Kyoto Protocol of the United Nations, they do not have to do anything and that has not been brought out here, but I know you know. Under the Kyoto Protocol, they do nothing—the Brazilians, the Chinese, the Indians and all the other developing countries that burn most of the coal in the world are exempted.

So it is a target with the United States of America and the jobs of eastern Ohio in the cross hairs. That is what the Kyoto agreement is all about. You said it, sir, you know it very well. Thank you.

The CHAIRMAN. Mr. Erdos, obviously in an area such as this where unemployment has historically been high, with the downturn in the economy, it gets that much worse. With an industry like coal under attack, that has a serious impact on you and the people that you represent. One of the things the previous administration talked about, and I dealt with it out in my area with timber workers and hard rock mining, was the Administration at that time said we will replace these jobs with other jobs and we will retrain the workers.

How successful has that been with your membership so far, with retraining the workers and getting them into other industries?

Mr. ERDOS. Yes, Mr. Chairman. There are several programs for dislocated workers. In fact, the United Mine Workers has a program of their own called the UMWA Career Center, which has actually had some success. I think the problem is, as I mentioned in my remarks, that most coal miners are third and fourth generation. I mean it is part of their culture, it is part of their history. That is the job they wanted to join.

The other thing is in most of these rural areas, a lot of times once they take the retraining, they have got to move away because there is just limited amounts of job opportunities in that field. So they have just got to move away.

As you know, getting back, Mr. Chairman, to the Kyoto Treaty, I once heard our international president make a remark, which I think was appropriate and along the lines you said, this treaty certainly is, as the other gentlemen have said, is not an environmental treaty. Our international president made the comment, if you and I were neighbors and had a creek running between us and I dumped battery acid in that creek for 5 years, now we say we want to clean it up but I say hey, I dumped it in there 5 years, so in order for you to catch up, we are going to let you dump battery acid in that creek for 5 years. Now what does that do for the environment? And that is a little bit what this is about. We do not want to allow these other Third World countries or whomever to pollute the atmosphere. It is going to do very little for the environment. I think President Bush is right on that.

The CHAIRMAN. I think that analogy is pretty accurate and I am going to give Mr. Kosowski a chance to respond to that, because the jobs that we lose here, the industry that we lose here, is going to be replaced somewhere else. The steel that is not produced here will be produced. It just will not be produced here. The coal that is not mined here will still be mined. It will just be mined somewhere else.

And when we are talking about foreign competition, right now—so far, everything you gentlemen are talking about—the health, safety, environment—those are all regulations that exist right now. What the Kyoto Treaty tells you is that we are not just going to make it more expensive for you to mine your product or produce your product. What the Kyoto Treaty tells you is we are going to make it so you cannot use your product. So it goes beyond just the cost of production. It says you are not using it any more.

Mr. Kosowski.

Mr. KOSOWSKI. I think you are absolutely right. The steel industry has been fighting for the last five or 6 years dealing with illegally dumped steel imports into this country. As that process has been going on, the steel industry has been responding by reducing its costs, by improving its efficiencies. We probably make—we make definitely more steel today than we ever have as a company and we do it with probably half as many employees as we had 12 or 13 years ago. So we have made very difficult decisions and taken very difficult actions to improve our efficiency. But there is no way that the steel industry could continue to operate when the electricity costs go up by significant amounts in the United States and do not budge in developing countries. And we have found that developing countries like the steel industry not only for what it does to their own country, provides a lot of employment, it provides the infrastructure that we know develops around a steel mill. But they do it because they can export their steel products to the United States. We do not produce all the steel that we need in this country.

And when you put a handicap on the steel industry of significantly higher electricity costs, significantly higher coal costs

because of producing coke, it would just have—it would be an insurmountable of handicap on this industry. And I do not believe that when the steel industry disappears in the United States, that you are going to be able to find cheap foreign alternatives.

The CHAIRMAN. Thank you. Mr. Ney.

Mr. NEY. Thank you, Mr. Chairman.

A generic question I would have for anyone to answer, besides obviously defeating the Kyoto Treaty, which we need to do or we are not going to be in existence, what else can we do at the Federal level since coal is at the lowest demand in years. Besides defeating Kyoto, which is the purpose of getting people on the record and doing what people are doing across the country, what we are doing today, giving testimony, what else could we do?

Mr. MURRAY. Mr. Chairman, you have got a good start on H.R. 4 that you have passed out of the House over to the Senate. We need to give electric utilities in the United States incentives to install clean coal technologies. Coal can be burned cleanly and coal-fired electricity is less than half the cost of natural gas-fired electricity, and we can burn coal as cleanly as natural gas. We need to add the clean coal incentives, both the production tax credits and the incentive tax credits in the Senate, in the conference of the bill that you have with the Senate now. That is one thing we need to do.

The President's Clear Skies Initiative is another. This will provide certainty for electric utilities as to what the rules are in America. It has been a moving target under the past administration. While the Clear Skies Initiative provides for more severe cuts in sulfur dioxide, nitrous oxides, mercury emissions, it will provide certainty and it will also be an incentive for clean coal technology.

Right now, we have a national energy policy of putting coal that is 20 percent water out of Wyoming and Montana, hauling it clear across the United States 3400 miles in locomotives burning Arab oil and then those trains go back to Wyoming and Montana, all the way from Ohio empty. That is our national energy policy.

What we need is the Clear Skies Initiative combined with the incentives to install clean coal technology and then the domestic coal industry here in eastern Ohio and the panhandle of West Virginia, and western Pennsylvania, will come back. We will not be spending all of this money for coal transportation and for Arab oil to fuel those locomotives. We will burn the local product and we will create jobs here in the tri-state area.

So the combination of H.R. 4 plus incentives, both production incentives and tax credit type incentives, plus the Clear Skies Initiative, which will provide certainty as to what the rules are for SO₂, NO_x and mercury. The combination of those two things, I think will result in a revitalization of the coal industry in this part of the country, where we could actually create the jobs here. And the people in this area are paying the electric bills. They should get the jobs here too for the electric bills they pay, rather than exporting those jobs to Wyoming, Montana, Colombia, Venezuela, China and so forth. Thank you.

Mr. NEY. Mr. Chairman, another question on that that I have, if anybody would like to answer, in the western states, there are a lot of plants located in the mouth of the mine. Why do we not do that back east as much?

Mr. MURRAY. I was involved in a number of those projects, perhaps someone else should answer it, but in North Dakota and Texas. I built a number of mines at power plants. Actually that is the way to go, in my opinion, for future power generation.

We were working with four electric utility companies, I cannot say where, to accomplish just that a year and a half ago. But then all this natural gas-fired generation—you have got to remember, during the Clinton/Gore years, they made it very difficult for coal, they wanted to “dial out coal” in their words. All the incentives went to natural gas.

So 150,000 megawatts of natural gas generation was built in the United States. These plants are under warranty and they have to run them, whether they are competitive with coal or not, which they are not. The electric utilities are just passing it on to their ratepayers to pay for the more expensive electricity from natural gas than coal.

I think, Congressman Ney, you are going to see exactly what you are talking about come back, because what you need for a mine mouth plant are the following: coal—it is here; a place to dispose of the waste from the plant—it can go right where the mine wastes go, same place. We have unlimited supplies of water in the Ohio River and there are large power lines in this area, 765 kV power lines. So we have all the ingredients for a mine mouth plant, and that would be the greatest boom to eastern Ohio, and Congressman, if you can get that done, I think you will be doing one of the greatest things for this district that anybody has ever done. There should be mine mouth power plants built right here.

Mr. ERDOS. If I might, Congressman—and I do not disagree with what Mr. Murray said, but I guess in Ohio, the closest thing we had to that was in Meigs County and I think—and I am glad to hear Mr. Murray say that he has been somewhat involved or has been involved, because I think there would have to be some restrictions because I think one of the things we got into there was a lot of high cost coal, selling the coal to yourself made it very difficult for many of the coal producers in the State of Ohio to get into that market.

So I do not disagree with it, I think that is a great idea, but I think how it is set up and what-not needs to be looked into.

Mr. NEY. If I could interject here, we did a bill years ago trying to save that, specifically.

One other thing I wanted to just comment on while we are on the issue of, you know, scrubbers and mines. Years ago, I believe that—just take the Samas Power Plant, for example, that used to be Ohio Edison, and they were asked what they had to do, and if you have ever driven up there toward Toronto, East Liverpool, up above there, there is a bridge that is actually an environmental device. They were told you would have to do A, B, C and D and it was going to cost like \$200 million. They did that. Things changed at EPA because a new bureaucrat came in and they said well that is not good enough now. Now you have to do E, F, G and H. They spend another \$250 million, if I remember my figures right—\$450 million years ago went into that.

Now I think if the sound science had been used years ago and we all knew that this is what you did to build a scrubber or this

is what—you know, bring everybody on board, I think it probably would have been invested in. So many people have been taught a lesson over the years, no matter what you do, when you deal with the U.S. EPA in particular, you go to do something and you ask them what do I have to do, they will tell you what you have to do and then they will change the whole ballgame within a year. It becomes almost impossible to set a course to do things.

So I think years ago, if we could have gotten that straightened out probably we would have had more ability.

Also one thing I wanted to comment on was the fact of the dislocated workers. I know Larry, we have worked with the State and union and companies in support of that for a long time. And we did it in order to bring people to the point that they could at least feed their families. Which you are right, a lot of people had to leave here. That would be my question too, what the opportunities are around here for that people. And some people were able to come back. For example, we got some jobs that were a little better paying. But still had to work on those and trade readjustment, something always to work on. Every time you all call, we have to respond to that, the companies call, the unions call. And worker deserve that, to get that help.

I just wanted to make it clear, I see these bills over a period of years that will come out of Ohio and mainly Washington that say do not worry, when you vote for the WTO, we will give you trade readjustment. Well, that is just telling you that you are not going to have a job. Yes, you have to have it; we always will help with the workers when you call us, but people want a job versus being told well—it is a roundabout way to take care of you on the unemployment line.

The CHAIRMAN. Thank you. I want to thank the panel for your testimony and for answering all the questions. I am going to dismiss this panel but thank you very much.

I would like to call up our second panel—Mr. Richard Homrighausen, Mr. Gary Obloy, Mr. Eugene Trisko and Dr. John Christy.

Thank you very much. If you will raise your right hand.

[Witnesses sworn.]

The CHAIRMAN. Thank you. Let the record show they all answered in the affirmative. I welcome you to your hearing today. It is a pleasure to have you all. And Mr. Mayor, we are going to begin with you.

**STATEMENT OF THE HONORABLE RICHARD HOMRIGHAUSEN,
MAYOR, DOVER, OHIO**

Mayor HOMRIGHAUSEN. Thank you. Good morning, Chairman Pombo, Congressman Ney. My name is Richard P. Homrighausen and I am the Mayor of the city of Dover, Ohio.

The CHAIRMAN. Could you pull the mike just a little closer to you?

Mayor HOMRIGHAUSEN. As mayor from a small industrial community located approximately 60 miles to the northwest of our hearing site, I am honored to have the opportunity to testify before you today.

As a small town mayor, the local municipal utility operator of a small coal-fired power plant, one of six municipal utilities that still generate a portion of our own electricity, an active participant in electric generation projects, both fossil—we are currently exploring the possibility of doing a 750 megawatt power plant, and mine mouth is also part of that exploration process, to our wholesale power supplier AMP-Ohio—and we are also using renewable energy in the form of landfill gas projects, also through AMP-Ohio, and as the President of the Municipal Electric Association of Ohio. I know both the value that citizens have received from the passage of the Clean Air Act and its amendments as well as the hardships imposed by inflexible regulation. Although the discussion of the Clean Air Act does not fall under the jurisdiction of this Committee, I see far too many similarities between the Clean Air Act and the Kyoto Global Warming Treaty, which is the topic of today's hearing. Because of these similarities, and the drastic effect the enactment of this treaty would have on the industrial Midwest, I sincerely appreciate this opportunity to provide our perspective at this time.

Under the Clean Air Act, tremendous improvement has been made in air quality. As a local official, I must emphasize that these accomplishments were realized largely through the efforts of state and local governments through innovative development and implementation of the State Implementation Plan program. However, in the middle of the game, not only were the rules changed, but the EPA took its ball and moved the field of play to another stadium. Its proposals on the enactment of new ozone and PM2.5 standards were not, and are not, based upon sound science. The lack of sound science in the regulation of these aspects of the Clean Air Act mirrors the flawed scientific premises underpinning the Kyoto Protocol.

If we as a nation are to safeguard the future of our world and the environment we live in, steps must be taken to ensure we are heading in the right direction. It is imperative that all decisions regarding the enactment of standards to regulate air—specifically tropospheric ozone, particulate matter, carbon monoxide and dioxide, methane, nitrogen oxides, mercury, sulfur dioxides and chlorofluorocarbons—be based on sound science. Federal laws and regulations that are not based upon sound science may do little or nothing to stabilize the atmosphere, but could have drastic impacts on our economy.

Based on what I have read and understand, I am concerned that if the United States were to ratify the Kyoto Protocol, the resultant negative economic impacts associated with our compliance would ripple across the Nation in the form of increased electric rates, increased prices for consumer goods and services, and lost jobs. I find this even more alarming since Kyoto Protocol may not result in less greenhouse gas emissions worldwide. What will be gained if all of the so-called industrialized nations are mandated to reduce their greenhouse gases by 30 percent, while at the same time some 130 developing nations are given exemptions? A prime example is Mexico. Under the Kyoto Protocol, Mexico is exempted. How soon we forget the mass exodus of U.S. industrial jobs to Mexico. Does anyone truly believe that these industrial processes and the jobs

associated to them are being performed without emissions? And I do not remember Mexico in Iraq either.

As previously mentioned, it is important to assess the potential impacts of the Kyoto Protocol in the U.S. in the context of the current Clean Air Act requirements. Such a review raises serious concerns.

Costs are already increasing. We have seen electricity costs in the wholesale market rise in recent years. Although a portion of this increase is attributed to transmission costs, environmental compliance issues and fuel costs are also important factors. Many Ohio electric generating plants have attempted to mitigate the cost of meeting emission reduction requirements by switching to the use of out-of-state low sulfur coal. The move to low sulfur coal, which must be transported to Ohio facilities, has impacted our economy in two ways—increased fuel costs and reduced demand for Ohio coal. I can only believe that the ratification of the Kyoto Protocol would exacerbate this situation. I might add that to date, the city of Dover has been able to maintain our burning of Ohio coal.

Increased electricity rates impact customers. Customers bear the brunt of increased electric costs, both in the cost of power and in what they pay for consumer goods and services. For instance, water and sewer plants rely on electricity for their operation—therefore, increased electric costs would increase what consumers pay for their water and sewer. This is just one example of the trickle down impacts of increased energy costs.

In addition to implementing sound scientific practices, Congress must implement an economic impact study to determine the projected cost of the implementation of the Kyoto Treaty.

Natural gas is not a viable alternative. Over the past several years, the cost of natural gas has become increasingly volatile. A combination of factors, including colder-than-normal winters, governmental restrictions on drilling and market manipulation by natural gas suppliers, the largest of which I do not believe is in business any more, resulted in the depleted gas reserves. As such, we have seen the cost of natural gas skyrocket at critical usage times, thereby limiting natural gas as a viable alternative to coal generation.

Current Clean Air Act regulation and the Kyoto Protocol seriously threaten Ohio's economy. Affordable electricity generated in the State of Ohio is reliant upon the use of low-cost high sulfur coal. New clean coal technology has and is being developed which will reduce the emissions from Ohio coal, and we look forward to the day that such technologies are commercially proven and affordable. Clearly the future viability of Ohio's coal resources is important to our state's economy. As such, we question what the outlook would be for Ohio's coal industry if the impact of the Kyoto Protocol were combined with the challenges already confronting the industry under current Clean Air Act regulations. Will an entire economy fade away and die? How many jobs will be lost over what has already been lost due to the closing of Ohio coal mines? How many more workers will move out of the state in an effort to support their families? How many industries will leave Ohio due to increased utility costs?

Add to the previous four concerns the fact that the stock market has performed poorly for several years. That many of our senior citizens' retirement plans have deteriorated to the point of no return and some are even looking to re-enter the job market to provide for daily necessities. That Ohio's method of school funding has been ruled unconstitutional. That school levies are failing across the state and even the wealthiest school districts are experiencing budgetary shortfalls. That prescription drugs and basic health care costs are skyrocketing. The cost of consumer goods seem to rise on a daily basis. And that the Federal Government enacts unfunded mandates to be passed on to the states, which in turn passes them on to the local level.

We cannot afford yet another level of government imposed increases, which will increase the American public's cost of living, which in turn will diminish our quality of life.

I believe the ratification of the Kyoto Protocol would have a disastrous impact on the economy of my city, the state of Ohio and the entire country. I urge this Congress and the Administration to oppose all efforts toward ratification of the Kyoto Protocol or any legislation that seeks to implement the basic tenets of the Protocol, including mandatory caps on CO2 emissions.

Again, I want to thank you for this opportunity to voice my opinion and my concerns regarding the Kyoto Protocol, and I look forward to answering any questions you might have.

Thank you.

[The prepared statement of Mayor Homrighausen follows:]

**Statement of The Honorable Richard P. Homrighausen, Mayor,
City of Dover, Ohio**

Good morning, Chairman Pombo, Congressman Ney and members of the Committee, my name is Richard P. Homrighausen, and I am the Mayor of the City of Dover, Ohio. As a mayor from a small industrial community located approximately 60 miles northwest of this hearing site, in the heart of the industrial Midwest, I am honored to have the opportunity to testify before you today.

As a small-town mayor, the local municipal utility operator of a small coal-fired power plant, an active participant in electric generation projects, both fossil fuel and renewable energy in the form of a Landfill Gas Project, through AMP-Ohio, and as President of the Ohio Municipal Electric Association, I know both the value that citizens have received from the passage of the Clean Air Act and its amendments, as well as the hardships imposed by inflexible regulation. Although the discussion of the Clean Air Act does not fall under the jurisdiction of this Committee, I see far too many similarities between the Clean Air Act and the Kyoto Global Warming Treaty, which is the topic of today's hearing. Because of these similarities, and the drastic effect the enactment of this treaty would have on the industrial Midwest, I sincerely appreciate this opportunity to provide our perspective on this issue.

Under the Clean Air Act, tremendous improvement has been made in air quality. As a local official, I must emphasize that these accomplishments were realized largely through the efforts of state and local governments through innovative development and implementation of the SIP (State Implementation Plan) program. However, in the middle of the game, not only were the rules changed, but the EPA took its ball and moved the field of play to another stadium. Its proposals on the enactment of new Ozone and PM 2.5 standards were not, and are not, based upon sound science. The lack of sound science in the regulation of these aspects of the Clean Air Act mirrors the flawed scientific premises underpinning the Kyoto Protocol.

If we, as a nation, are to safeguard the future of our world and the environment we live in, steps must be taken to insure we are heading in the right direction. It is imperative that all decisions regarding the enactment of standards to regulate air—specifically tropospheric ozone, particulate matter, carbon monoxide, carbon dioxide, methane, nitrogen oxides, mercury, sulfur dioxides and chlorofluorocarbons—be based on sound science. Federal laws and regulations that are not based upon

sound science may do little or nothing to stabilize the atmosphere, but could have drastic impacts on our economy.

Based on what I've read and heard, I am concerned that if the United States were to ratify the Kyoto Protocol, the resultant negative economic impacts associated with our compliance would ripple across the nation in the form of increased electric rates, increased prices for consumer goods and services, and lost jobs. I find this even more alarming since Kyoto Protocol may not result in less greenhouse gas emissions worldwide. What will be gained if all of the so-called industrialized nations are mandated to reduce their greenhouse gases by 30 percent, while at the same time some 130 developing nations are given exemptions? A prime example is Mexico. Under the Kyoto Protocol, Mexico is exempted. How soon we forget the mass exodus of U.S. industrial jobs to Mexico. Does anyone believe these industrial processes and the jobs associated to them are being performed without emissions?

As previously mentioned, it's important to assess the potential impacts of the Kyoto Protocol in the U.S. in the context of the current Clean Air Act requirements. Such a review raises serious concerns.

POINT 1: Costs are already increasing

We have seen electricity costs in the wholesale market rise in recent years. Although a portion of this increase can be attributed to transmission costs, environmental compliance issues and fuel costs are also important factors. Many Ohio electric generating plants have attempted to mitigate the cost of meeting emission reduction requirements by switching to the use of out-of-state low sulfur coal. The move to low sulfur coal, which must be transported to Ohio facilities, has impacted our economy in two ways—increased fuel costs and reduced demand for Ohio coal. I can only believe that ratification of the Kyoto Protocol would exacerbate this situation.

POINT 2: Increased electricity rates impact customers

Customers bear the brunt of increased electric rates both in the cost of power and in what they pay for consumer goods and services. For instance, water and sewer plants rely on electricity for their operation—therefore, increased electric costs would increase what consumers pay for their water and sewer service. This is just one example of the trickle down impacts of increased energy costs.

POINT 3: Natural gas is not a viable alternative

Over the past several years the cost of natural gas has become increasingly volatile. A combination of factors, including colder-than-normal winters, governmental restrictions on drilling and market manipulation by natural gas suppliers has resulted in depleted gas reserves. As such, we have seen the cost of natural gas skyrocket at critical usage times, thereby limiting natural gas as a viable alternative to coal generation.

POINT 4: Current Clean Air Act Regulation and the Kyoto Protocol seriously threaten Ohio's economy

Affordable electricity generated in the State of Ohio is reliant upon the use of low-cost high sulfur coal. New clean coal technology has and is being developed which will reduce the emissions from Ohio coal and we look forward to the day that such technologies are commercially proven and affordable. Clearly, the future viability of Ohio's coal resources is important to our state's economy. As such, we question what the outlook would be for Ohio's coal industry if the impact of the Kyoto Protocol were combined with the challenges already confronting the industry under current Clean Air Act regulations. Will an entire economy wither away and die? How many jobs will be lost due to the closing of Ohio coal mines? How many workers will move out of state in an effort to support their families? How many industries will leave Ohio due to increased utility costs?

SUMMATION:

Add to the previous four concerns the fact that the stock market has performed poorly for several years. That many of our senior citizens' retirement plans have deteriorated to the point of no return and some are looking to re-enter the job market to provide for daily necessities. That Ohio's method of school funding has been ruled unconstitutional. That school levies are failing across the state and even the wealthiest school districts are experiencing budgetary shortfalls. That prescription drugs and basic health care costs are skyrocketing. The cost of consumer goods seems to rise on a daily basis. And, that the Federal Government enacts unfunded mandates to be passed on to the states, which in turn passes them on to the local level.

I believe that ratification of the Kyoto Protocol would have a disastrous impact on the economy of my city, the state of Ohio and the entire country. I urge this Congress and the Administration to oppose all efforts towards ratification of the Kyoto Protocol or any legislation that seeks to implement the basic tenets of the Protocol, including mandatory caps on CO2 emissions.

Again I want to thank you for this opportunity to voice my opinion and my concerns regarding the Kyoto Protocol. I look forward to answering any questions you might have.

The CHAIRMAN. Thank you. Mr. Obloy.

**STATEMENT OF GARY OBLOY, EXECUTIVE DIRECTOR,
COMMUNITY ACTION COMMISSION OF BELMONT COUNTY**

Mr. OBLOY. Good morning and thank you for the opportunity to testify today. Chairman Pombo, Congressman Ney, my name is Gary Obloy. I am the Executive Director of the Community Action Commission of Belmont County. The Community Action Commission, much like its 900 sister agencies from across this country, is a private non-profit organization whose mission is to combat poverty, its causes and consequences. To that end, the Community Action Commission administers over 20 Federal, state and privately funded programs targeted to low-income residents of our county. Specific programs include: The Home Weatherization Assistance Program, Head Start, emergency assistance provided under the Federal Emergency Management Agency and the Low-Income Home Energy Assistance Program.

My testimony this morning is based on my belief that the employment situation in a particular area or region has an effect on the demand for services provided by agencies such as the Community Action Commission. Decreases in employment result in increased call for services, particularly those which are designed to help ease the financial burden families face during periods of financial distress.

To illustrate, I would like to compare and contrast the Emergency Assistance in the 2002 and 2003 Low-Income Home Energy Assistance Program or LIHEAP, and unemployment statistics for that same period for Belmont County.

During the winter of 2002, 1635 households received assistance under LIHEAP.

March 2002 marked the end of the 2001-2002 LIHEAP program year. At that time, Belmont County's unemployment rate was 5.9 percent.

By March 2003, the unemployment rate increased to 7 percent. In the course of 1 year, 400 persons lost their jobs in the county that has less than half its population in the civilian work force. We are a county of approximately 71,000 people.

During winter of 2003, LIHEAP assisted 1901 households, representing an increase of 16 percent or 266 families.

LIHEAP has also established 150 percent of the poverty level as the income eligibility determinant. As part of our reporting requirements for the program, households that receive assistance are broken down into more specific income categories:

- Less than 75 percent of the poverty level;
- 75 to 100 percent of the poverty level;
- 101 to 125 percent; and

126 to 150 percent.

Further examination of the program shows significant increases in the number of households that fall into the lowest income categories for assistance.

In 2002, 568 households receiving assistance had incomes of less than 75 percent of the poverty level, 230 were in the 75 to 100 percent, 183 in the 101 to 126 category and 654 were in the 126 percent to 150 percent category.

In 2003, 1061 households had incomes of less than 75 percent of the poverty level. That is a near doubling of the number from the previous year. 373 were in the 75 to 100 percent category, 262 in the 101 to 126 and 205 were in the 126 to 150 percent category. These numbers represent the number of households. In total, the number of persons affected would be multiplied by a typical family of four; therefore, increasing the overall need for assistance.

Expenditures on heating assistance for the program increased from \$286,000 in 2002 to \$343,000 in 2003, which represents a 20 percent increase. If we refer back to the increase in unemployment rate between March 2002 and 2003, the 1.1 percent increase in unemployment can be contrasted to a 20 percent increase in expenditures on heating assistance.

This is only one program that includes offering assistance to unemployed workers. The effect on other safety net services would be similarly increased. As stated before, our agency alone offers more than 20 programs that could be accessed by individuals and families that are affected by the loss of income. Other social service agencies would also have an increased demand for assistance in meeting basic needs. Belmont County is part of the Appalachian region in Ohio and already has high poverty and unemployment rates above the average for the state and the nation.

Social service programs play a vital role in an economy where unemployment is on the rise. With the loss of income to the family or individual, financial resources to pay for basic needs such as a mortgage, utilities and food diminishes.

I understand the desires for a clean environment. I personally want to live in and want my children to live in a healthy environment that will enhance the quality of life. When making decisions regarding such issues as the Kyoto accords, we need to weigh all factors and try to reach conclusions which best serve the interest of our citizens. And one of the primary factors is jobs.

Thank you for the opportunity to be here today and I would be pleased to answer any questions you might have.

[The prepared statement of Mr. Obloy follows:]

**Statement of Gary Obloy, Executive Director,
Community Action Commission of Belmont County**

Good Morning. Chairman Pombo, members of the Committee on Resources, my name is Gary Obloy. I am the Executive Director of the Community Action Commission of Belmont County. The Community Action Commission, much like its 900 sister agencies from across this country, is a private non-profit organization whose mission it to combat poverty, its causes, and consequences. To that end, the Community Action Commission administers over twenty Federal, state, and privately funded programs targeted to low-income residents of our county. Specific programs include: the Home Weatherization Assistance Program, Head Start, the Emergency Food and Shelter Program funded by FEMA, and the Low-Income Home Energy Assistance Program.

My testimony this morning is based on the premise, and my belief, that the employment situation in a particular area or region has an effect on the demand for services provided by agencies such as the Community Action Commission. Decreases in employment result in increased calls for services, particular those, which are designed to help ease the financial burden families face during periods of financial distress.

Impact to Social Services

To illustrate, let us compare and contrast the 2002 and 2003 Low-Income Home Energy Assistance Program (LIHEAP) and unemployment statistics for the same period.

During the winter of 2002, 1,635 households received assistance.

March 2002 marked the end of the 2001-2002 LIHEAP Program Year. At that time Belmont County's unemployment rate was 5.9%.

In March 2003, the unemployment rate increased to 7%. In the course of one year, four hundred persons lost their jobs in a county that has less than half of its population in the civilian work force.

During the winter of 2003, LIHEAP assisted 1,901 households, representing an increase of 16% or 266 families.

LIHEAP has established 150% of the poverty level as the income eligibility determinant. As part of our reporting requirements for the program, households that receive assistance are broken down into more specific income categories:

Less than 75% of the poverty level;

75% to 100%;

101% to 125%; and

126% to 150%.

Further examination of the program shows significant increases in the number of households that fall into the lowest income categories for assistance.

In 2002, 568 of the households receiving assistance had incomes of less than 75% of the poverty level. 230 were in the 75% to 100% category. 183 were in the 101% to 126% category. 654 were in the 126% to 150% category.

In 2003, 1,061 households had incomes of less than 75% of the poverty level (a near doubling of the number from the previous year). 373 were in the 75% to 100% category. 262 were in the 101% to 126% category, and 205 were in the 126% to 150% category. These numbers represent the number of households. In total, the number of persons effected would be multiplied by a typical family of 4 therefore increasing the overall need for assistance.

Expenditures on heating assistance for the program increased from \$286,942 in 2002 to \$343,296 in 2003, which represents 20% increase. During this period the unemployment rate increased by only 1%, a 20 to 1 ratio.

This is only one program that includes offering assistance to unemployed workers. The effect on other "safety net" services would be similarly increased. As stated before, our agency alone offers more than 20 programs that could be accessed by individuals and families that are affected by the loss of income. Other social service agencies would also have an increased demand for assistance in meeting basic needs. Belmont County is part of the Appalachian region in Ohio and already has high poverty¹ and unemployment rates above average for the state and nation².

Social service programs play a vital role in an economy where unemployment is on the rise. With the loss of income to the family or individual, financial resources to pay for basic needs such as a mortgage, utilities and food diminishes.

I understand the desires for a clean environment. I personally want to live in, and I want my children to live in a healthy environment that will enhance the quality of life. When making decisions regarding issues such as the Kyoto accords, we need to weigh all factors and try to reach conclusion which best serve the interest of our citizens.

Thank you for the opportunity to be here today and I would be pleased to answer any questions you might have.

¹ U.S. Census Bureau, 2000 Census Data

² Ohio Department of Job and Family Services. Office of Research, Assessment and Accountability, March 2003

[Attachments to Mr. Obloy's statement follow:]

OCS Form 210

OHIO DEPARTMENT OF DEVELOPMENT (ODOD)
COMMUNITY DEVELOPMENT DIVISION (CDD)
OFFICE OF COMMUNITY SERVICES (OCS)

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LHEAP)

County : Belmont

Activity Report - Approved

Grant No : HE-03-205
Address : 410 Fox Shannon Place, St. Clairsville, Oh 43950
Reporting Period : 11/01/2002 To 04/28/2003

Grantee Name : Community Action Commission of Belmont County
Telephone No : 740-695-0293
Contact Person : RITA SMITH
Federal Tax ID No. : 34-0967230

Grant Period : Nov. 4, 2002-March 31, 2003

Mail to:
ODOD
Office of Community Services, 25th floor
PO Box 1001
Columbus, Ohio 43216-1001

MTH	Approve	Disabled	Age			Regulated			Non-Regulated			% Poverty Level			
			60+Over	Under 5	Under 3	3-5	PIPP	Re-Conn	Maintain	Re-conn	Bulk	<75	75-100	101-125	126-150
NOV	714	132	107	195	104	135	427	94	21	0	379	400	147	92	75
DEC	448	87	72	182	117	112	278	44	11	2	202	280	85	61	42
JAN	323	53	45	131	88	67	213	38	14	1	132	183	69	39	32
FEB	192	16	22	70	47	35	159	22	8	1	55	104	39	27	22
MAR	224	29	35	87	58	40	176	27	10	4	45	114	33	43	34
APR	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
TOTL	1501	297	281	686	414	389	1253	226	64	8	813	1061	373	262	205

Certification

I certify that all statistical information herein is true and correct; and has been reported in compliance with federal, state and local statutes and regulations; and in accordance with the approved grant agreement to the best of my knowledge.

GARY F. OBLOY
Typed Name of Executive Director

Signature

ODOD/CDD/OCS USE ONLY:

Reviewer Initial: _____ Date: _____

Approved by: _____

Date: _____

OCS Form 210

OHIO DEPARTMENT OF DEVELOPMENT (ODOD)
COMMUNITY DEVELOPMENT DIVISION (CDD)
OFFICE OF COMMUNITY SERVICES (OCS)

LOW-INCOME HOME ENERGY ASSISTANCE PROGRAM (LHEAP)

County : Belmont

Activity Report - Approved

Mail to:
ODOD
Office of Community Services, 26th floor
PO Box 1001
Columbus, Ohio 43216-1001

Telephone No : 740-695-0293
Contact Person : RITA SMITH
Federal Tax ID No : 34-0967230

Grantee No : HE-02-205
Address : 410 Fox Shannon Plaza, St. Clairsville, Oh 43950

Grant Period : Nov. 4, 2002-March 31, 2003

MTH	Approve	Disabled	Age			Regulated		Non-Regulated		% Poverty Level		
			60+Over	Under 60	Under 3	3-5	PRP Re-Comm	Maintain	Bulk	<75	75-100	101-123
NOV	241	136	114	302	180	104	469	78	1	207	102	94
DEC	319	57	46	134	88	69	227	29	8	122	106	36
JAN	274	42	43	107	65	64	179	20	19	98	121	49
FEB	155	27	23	67	47	32	107	24	9	52	67	24
MAR	146	21	15	54	38	21	114	23	13	0	67	19
APR	0	0	0	0	0	0	0	0	0	0	0	0
TOTL	1635	283	241	654	428	350	1096	175	66	566	230	183

Certification

I certify that all statistical information herein is true and correct, and has been reported in compliance with federal, state and local statutes and regulations, and in accordance with the approved grant agreement to the best of my knowledge.

GARY F. OBLLOY
Typed Name of Executive Director

Signature

ODOD/CDD/OCS USE ONLY:
Reviewer Initial: _____ Date: _____
Approved by: _____ Date: _____

[A letter submitted for the record by Mr. Obloy follows:]

**COMMUNITY ACTION COMMISSION
OF BELMONT COUNTY, INC.**

410 Fox-Shannon Place • St. Clairsville, Ohio 43950

Gary F. Obloy
Executive Director

(740) 695-0293 • (740) 695-0294
FAX (740) 695-9255

May 22, 2003

The Honorable Richard Pombo, Chairman
House Committee on Resources
1324 Longworth House Office Building
Washington, DC 20515

Dear Chairman Pombo,

It was a great privilege to testify at your hearing on the Kyoto Protocol in St. Clairsville, Ohio, on May 13, 2003. This letter is responding to your request that I clarify and expand for the Committee's record my oral answer at the hearing detailing the economic and social profile of a typical Low-Income Home Energy Assistance Program (LIHEAP) recipient in Belmont County.

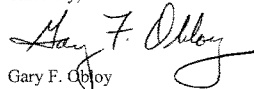
My testimony spoke to the situation of recipient of services who I referred to as "Jackie." For reasons related to confidentiality, I chose not to reveal her real name.

Jackie is a seventy-three year old widow. She exits on an income of \$711.00 per month derived from Social Security. She pays \$351 per month for rent. She spends approximately \$185 per month for utilities, i.e. gas, electric, water, sewage, and telephone. She receives \$71 per month in food stamps, and has estimated that she spends an additional \$100 per month on food and other incidental items. She continues to pay her life insurance premium of \$32 per month. She has no prescription drug coverage and has to rely on a local low-income community health center for medication. Jackie has informed us that the organization does not cover antibiotics or pain medication. After meeting her routine expenses, Jackie has approximately \$43 per month in disposable income. In summation, I opined that any unforeseen increases in monthly living expenses could have a detrimental effect on Jackie's ability to make ends meet.

Once again, I would like to express my appreciation for the opportunity to testify before the Committee on Resources. I would also like to thank you taking the time to conduct a field hearing in the heart land of America.

If you need further clarification or additional information, please feel free to contact me via telephone at (740) 695-0293, or email at gobloy@cacbelmont.org.

Sincerely,


Gary F. Obloy
Executive Director

The CHAIRMAN. Thank you. Mr. Trisko.

**STATEMENT OF EUGENE M. TRISKO, ATTORNEY,
UNITED MINE WORKERS OF AMERICA**

Mr. TRISKO. Thank you, Mr. Chairman. Chairman Pombo, Chairman Ney, I am Gene Trisko, I am an attorney, I am here on behalf of the International Union of the United Mine Workers of America.

UMWA represents the nation's organized coal miners and it applauds the Committee's interest in examining the impacts of the Kyoto agreement on coal dependent communities.

No other labor group in this country stands to be affected more adversely by this agreement. The UMWA led efforts to engage other labor unions in this issue, culminating in the adoption of

three resolutions by the Executive Council of the AFL-CIO opposing adoption and implementation of the Kyoto Protocol.

The UMWA worked with the Senate in the development of the Byrd-Hagel Resolution, adopted by a vote of 95-0 in July 1997. That resolution advised the Clinton Administration not to negotiate a legally binding agreement in Kyoto that failed to involve commitments by developing nations, or that posed the risk of significant economic harm to the U.S. economy. The agreement negotiated in Kyoto failed both of the tests set forth by Senate Resolution Number 98.

Your hearing today is timely, because proposals are now being considered before Congress to amend the Clean Air Act to include carbon dioxide limitations. The UMWA supports new emission control legislation for sulfur dioxide, nitrogen oxides and mercury, provided that coal mining jobs are protected, but opposes the addition of carbon dioxide controls to new Clean Air legislation.

The basis for this position is straight-forward: there are available emission control technologies for reducing emissions of SO₂, NO_x and mercury in a manner that can improve the environment while protecting and even increasing job opportunities. But there are no commercially available means for reducing carbon emissions from coal-based power plants.

Requirements to reduce electric utility CO₂ emissions would be met principally by switching from coal to natural gas. Mines would close, coal miners would lose their jobs and coal communities would be economically devastated. Industries relying on low-cost electric energy would reduce their output and workforce, with effects felt across the Midwest economy.

Since 1990, the Mine Workers have lost thousands of coal mining jobs as a consequence of fuel switching in response to the acid rain provisions of the 1990 Clean Air Amendments. We know what the stakes are here. Coal production in major eastern coal producing states declined by more than 113 million annual tons between 1990 and 2000, while more than 30,000 coal mining jobs were lost.

Here in Ohio, coal production was 35 million tons in 1990 and the state's coal mines employed 5900 mine workers. By 2000, output had declined to 22 million tons and employment had dropped to 2700 mine workers. That is a 37 percent drop in production and a 54 percent decline in coal mining jobs.

Similar job losses have occurred in northern West Virginia, western Kentucky, Alabama, Virginia and Illinois.

Kyoto poses unacceptable risks to coal-dependent communities. Numerous government and academic studies show that the national impacts would be measured in hundreds of billions of dollars of reduced annual economic output, millions of job losses and billions of dollars of household income that would not be available for food, housing, medical care and other essentials of life.

Ohio depended on coal for 87 percent of its electric generation in the year 2000, compared to a national average of about 55 percent. The loss of high-paying coal mining and other industrial jobs resulting from switching from coal to higher cost forms of electric generation would send shock waves across the Ohio economy. These jobs are the engine of local economies across the Midwest,

generating spinoff jobs in government, service and many other support industries.

The DRI study cited in my testimony estimates that Kyoto would cause Ohio to lose 70,000 jobs by 2005 and \$4.6 billion in real disposable personal income by 2010. These impacts would be largest in the manufacturing and service sectors, reflecting their dominant importance to the overall Ohio economy.

Even larger potential impacts from the loss of coal production and coal-based electric generation are suggested by a recent Penn State study. An 80 percent reduction of coal production and use in Ohio could cause the loss of \$29 billion of state economic output, \$9.3 billion of household earnings and 261,000 jobs. An 80 percent reduction of coal use is consistent with upper-end estimates of the amount of fuel switching needed to comply with the Kyoto Protocol, as other witnesses today have testified.

Meanwhile, global greenhouse gas concentrations are projected to increase into the foreseeable future, driven by the economic growth of developing nations exempt from the Kyoto Protocol.

Developing nations have simply refused to discuss any longer-term emission limitation programs. The Vice Minister for Economic Development of China appeared three times before U.N. climate negotiations, delivering the same message: China will not be prepared to discuss greenhouse gas limits until it reaches the status of a medium-size industrial economy—in 50 years.

In a word, the climate change process before the United Nations is broken. Nothing that we do in this country can meaningfully affect future greenhouse gas concentrations.

When all parties to the Rio climate treaty are prepared to discuss future emission limitation commitments, the stage will be set for a global agreement that may meet the tests of Senate Resolution Number 98. In the meantime, the United States should continue research and development of clean coal technologies that will enable us to use our vast coal resources in an environmentally efficient manner. These technologies are the key to the preservation of jobs and communities across the country, as well as the means for clean growth among developing nations.

Thank you.

[The prepared statement of Mr. Trisko follows:]

**Statement of Eugene M. Trisko, Attorney at Law, Berkeley Springs,
West Virginia, on behalf of United Mine Workers of America**

Mr. Chairman and members of the Committee:

I am Eugene M. Trisko, an attorney in the District of Columbia. I am pleased to be here today to testify on behalf of the United Mine Workers of America (UMWA), the labor union representing the nation's organized coal miners. I have worked with the UMWA for some 20 years on issues related to the Clean Air Act and global climate change, including the development and implementation of the Clean Air Act Amendments of 1990, the Byrd-Hagel climate resolution, and the proposed Clear Skies Act.

The UMWA has played a lead role among American labor unions in its involvement with the negotiation of the Kyoto Protocol. No other labor group in this country stands to be affected more directly—or more adversely—by this agreement. Since 1994, the UMWA has participated as an NGO in every major negotiating session of the United Nations Framework Convention on Climate Change, including the First Conference of the Parties in Berlin, Germany, and the 1997 negotiations in Kyoto, Japan. The UMWA led efforts to engage other labor unions in this issue, culminating in the adoption of three resolutions by the Executive Council of the AFL-CIO opposing adoption and implementation of the Kyoto Protocol.

The UMWA worked closely with the Senate in the development and passage of the Byrd–Hagel Climate Resolution, adopted by a vote of 95–0 in July 1997. That resolution advised the Clinton Administration not to negotiate a legally binding agreement in Kyoto that failed to involve commitments by developing nations, or that posed the risk of significant economic harm to the U.S. economy. In retrospect, the agreement negotiated in Kyoto failed both of the tests set forth by Senate Resolution No. 98.

The UMWA applauds the Committee’s interest in examining the impacts of the Kyoto agreement on coal-dependent communities. The UMWA’s interests in protecting its members’ jobs from the effects of a one-sided, inequitable treaty extend to the protection of the hundreds of coal-dependent communities that risk virtual extinction if the Kyoto Protocol were implemented.

UMWA Positions on Clean Air and Climate

The UMWA supports the enactment of new emission control legislation for sulfur dioxide, nitrogen oxides and mercury, provided that coal mining jobs are protected, but opposes the addition of carbon dioxide controls to such legislation in the absence of an equitable, truly global international agreement on greenhouse gas control.

The basis for this position is straight-forward: there are available emission control technologies for reducing emissions of SO₂, NO_x and mercury in a manner that can improve the environment while protecting and even increasing job opportunities. But there are no commercially available means for reducing carbon emissions from coal-based power plants.

Requirements to reduce electric utility CO₂ emissions would be met principally by switching from coal to natural gas or to other low-carbon or no-carbon options. Coal mines would close, coal miners would lose their jobs, and coal communities would be economically devastated. The higher costs of generating electricity would ensure substantial electric rate increases for utility customers, particularly affecting lower- and fixed-income customers. Energy-intensive industries would feel increased pressure to locate their facilities offshore, in low-wage developing countries exempt from Kyoto.

Carbon dioxide, the principal greenhouse gas, is not regulated under the Clean Air Act, and is not associated with any known adverse health effects. The Clean Air Act is well suited for regulating emissions contributing to acid rain, ozone, and other harmful air pollutants. But the Clean Air Act does not give us jurisdiction over emissions in China, India and other countries that will play a critical role in determining future global concentrations of greenhouse gases.

Even if fully implemented, the Kyoto agreement would do next to nothing to protect the global environment because developing nations will be the major source of future growth of greenhouse gas emissions. Until a global climate agreement is reached among developed and developing nations alike, the UMWA will oppose policies that would lead to the unilateral loss of U.S. jobs.

Coal-Switching Experience under the Clean Air Act

The Mine Workers know first hand the impacts that government policies can have on coal miners and coal-dependent communities. Since 1990, the UMWA has lost thousands of coal mining jobs as a consequence of fuel-switching in response to the Phase I acid rain provisions of the 1990 Clean Air Act Amendments. Coal production in major eastern coal producing states declined by more than 113 million annual tons between 1990 and 2000, while more than 30,000 coal mining jobs were lost.

Most of these eastern production and job losses were the result of switching from higher- to lower-sulfur coals to meet the emission reductions required by Title IV. Dozens of mining communities have suffered catastrophic job losses across economically-depressed Appalachia and the rural Midwest. Nearly 60% of the SO₂ reductions achieved in Phase I were accomplished through fuel switching and only about 28% were accomplished through installation of scrubbers. This coal switching was devastating for high-sulfur coal mining communities. Let me cite a few examples:

- In Ohio, coal production was 35.3 million tons in 1990 and the state’s coal mines employed 5,866 mine workers. By 2000, output had declined to 22.3 million tons and employment had dropped to 2,688 mine workers, a 36.8% drop in coal production and 54.2% decline in coal mining jobs.
- In 1990, mines in northern West Virginia produced 56.6 million tons and employed 10,053 coal miners. In 2000, production had fallen to 37.6 million tons and employment had declined to 3,712 miners, a 33.6% drop in production and a 63.1% decline in employment.

- In Illinois, coal production was 60.4 million tons in 1990 and 10,018 coal miners were working. By 2000, production dropped to 33.4 million tons (a 44.6% reduction) and only 3,454 coal miners were working (a decline of 65.5%).
- In western Kentucky, 5,586 coal miners produced 44.9 million tons in 1990; by 2000, only 2,510 coal miners were employed (a drop of 55.1%) and production had declined to 25.8 million tons (a drop of 42.6%).

Given this experience, the union is understandably sensitive to the risk of additional job losses resulting from global climate change initiatives, or through new multi-emission legislation pending before Congress. Coal communities across Appalachia and the Midwest already have been hard hit by the effects of fuel-switching. In most instances, the loss of high-paying mining and other industrial jobs is not made up by new jobs in these communities. Alternative employment, where it is available at all, tends to be in the lower-wage service sector, without comparable health or retirement benefits.

Economic Impacts of Kyoto

We know well the risks that Kyoto poses to coal-dependent communities. A wealth of studies prepared prior to and subsequent to Kyoto show that implementation of that agreement could devastate coal-dependent communities in Ohio and across all coal-producing states. The national impacts would be measured in hundreds of billions of dollars of reduced annual economic output, millions of job losses, and billions of dollars of household income that would not be available for food, housing, medical care and other essentials of life.

These concerns are most acute in Ohio, which in 2000 depended on coal for 87 percent of its electric generation, compared to a national average of about 55 percent. The loss of high-paying coal mining and other industrial jobs resulting from switching from coal to other forms of electric generation would send shock waves across the Ohio economy. These jobs are the engine of local economies across the Midwest, generating spin-off jobs in government, service and many other support industries.

The table below summarizes the employment and household impact estimates of five major studies focused on the impacts of reducing utility carbon emissions, including the Kyoto Protocol and a multi-emission Clean Air Act scenario. References to these studies are provided at the end of my statement.

**Impacts of Carbon Dioxide Reductions on
U.S. Household Income and Employment, 2010**

Study	Case	Coal Use	Household Income (Billion \$)	Job Losses (Mil.)
DOE/EIA (1998)	CO2 stabilization at 1990 levels	-72%	-\$139 (\$1992)	-1.6
DOE/EIA (2001)	Integrated SO2/NOx/Hg/ CO2 (1990 -7%)	-53%	-\$106 (\$1996)	-1.3
DRI/UMWA (1998)	Case 1 - 77% of Kyoto CO2 cuts met domestically	-43%	-\$168 (\$1992)	-1.6
Penn State (2002)	80% reduction of U.S. coal use	-80%	-\$133 (\$1999)	-3.6
WEFA (1997)	CO2 stabilization at 1990 levels	-71%	-\$96 (\$1992)	-1.8

The DRI study commissioned in 1998 by the UMWA and the Bituminous Coal Operators Association estimated that Kyoto would cause Ohio to lose 70,000 jobs by 2005 and \$4.6 billion in real disposable personal income by 2010. Impacts would be largest in the manufacturing and services sectors, reflecting their dominant importance to the overall Ohio economy.

These DRI Ohio estimates are for Case 2, which assumed that only 58% of Kyoto reduction requirements would be met through domestic measures. If international

emissions trading markets did not function effectively, the impacts could be much greater.

Larger potential impacts from the loss of coal production and coal-based electric generation are suggested by the Penn State study (2002). An assumed 80% reduction of coal production and use in Ohio could cause the loss of \$29 billion of state economic output, \$9.3 billion of household earnings, and 261,100 jobs. These estimates represent the average findings of four input-output scenarios for Ohio. An 80% reduction of coal utilization is consistent with upper-end estimates of the amount of fuel-switching needed to comply with the Kyoto Protocol.

Other indirect effects, such as the reduction of tax revenues when coal mines or factories close, with a resulting loss of funding for local public schools and other government services, are generally not quantified in economic studies of the Kyoto agreement. These impacts—and the devastating human and social consequences of unemployment, including increased mortality, divorce, crime and suicide—may well generate larger losses to society at large than those quantified by macroeconomic models (Brenner, 1984).

Coming to Grips with Climate

Global greenhouse gas concentrations are projected to increase into the foreseeable future, driven predominately by the economic growth of developing nations exempt from the Kyoto Protocol. Russia recently signaled that it is not prepared to ratify Kyoto, compounding uncertainties about eventual implementation of the agreement. Last October, Russia startled the Eighth Conference of the Parties to the FCCC by linking ratification to forgiveness of its foreign debt. As it stands, Russia could reap billions of dollars of profits from the sale of its “hot air” carbon credits resulting from the collapse of its economy in the early 1990s. Without Russian (or U.S.) ratification, the Protocol cannot enter into force.

Developing nations have steadfastly refused to discuss any longer-term emission limitation programs. The Vice Minister for Economic Development of the Peoples Republic of China appeared three times before meetings of the FCCC, delivering the same message: China will not be prepared to discuss greenhouse gas limitations until it reaches the status of a medium-size industrial economy—in fifty years.

A U.S. proposal on “evolution” of commitments introduced in Kyoto provoked a five-hour filibuster led by China, India and other members of the “Group of 77” developing countries. The topic of “evolution” was subsequently stricken from official FCCC agendas. It is forbidden even to discuss the issue of developing country commitments. In a word, the climate change process before the United Nations is broken.

The deficiencies of the Kyoto Protocol and the UN FCCC process should be resolved through multilateral negotiations involving developed and developing countries, potentially leading to a new global agreement on greenhouse gases that recognizes the “common but differentiated” responsibilities of parties to the FCCC, with an equitable apportionment of emission limitation targets among all parties.

When all parties to the FCCC are prepared to discuss future emission reduction and limitation commitments, the stage will be set for a global agreement that may meet the tests of Senate Resolution No. 98. In the meantime, the U.S. should continue research and development of advanced clean coal technologies that will enable us to use our vast coal resources in an environmentally-efficient manner. These technologies are the key to the preservation of jobs and communities across the country, as well as the means for clean growth among developing nations.

Thank you.

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Standard & Poor's DRI, The Impact of Meeting the Kyoto Protocol on Energy Markets and the Economy (for United Mine Workers of America and Bituminous Coal Operators Association, 1998).

A. Rose and B. Yang, The Economic Impact of Coal Utilization in the Continental United States, 2010 (Pennsylvania State University, Department of Energy, Environmental, and Mineral Economics, 2002).

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M. Harvey Brenner, *Estimating the Effects of Economic Change on National Health and Social Well-Being* (prepared for the use of the Joint Economic Committee, 98th Cong. 2nd Sess., S. Prt. 98-198, 1984).

The CHAIRMAN. Thank you very much. Dr. Christy.

**STATEMENT OF DR. JOHN R. CHRISTY,
ALABAMA STATE CLIMATOLOGIST**

Mr. CHRISTY. Thank you, Chairman Pombo and Congressman Nay. I am John Christy, Professor of Atmospheric Science and Director of the Earth System Science Center at the University of Alabama at Huntsville. I am also Alabama's State Climatologist and I recently served as a Lead Author of the 2001 Report of the United Nations' Intergovernmental Panel on Climate Change.

I am pleased to speak to you today about the Kyoto Protocol.

First, there seems to be a misconception that carbon dioxide is a dangerous pollutant. Life on earth depends on three things—sunlight, water and carbon dioxide. The plant world and all life that depends on it would end without carbon dioxide. In fact, millions of years ago, in concentrations several times higher than today, carbon dioxide promoted development of the biosphere which now surrounds us. Carbon dioxide simply is not a pollutant.

Now based on output from climate models, the Kyoto Protocol assumes that increasing CO₂ will cause dangerous climate change. Real data, however, suggests otherwise.

A common feature in climate model forecasts is that carbon dioxide increases will cause global surface temperatures to rise rapidly, along with the atmosphere above, from the surface to about 30,000 feet. That part is called the troposphere. That warming of the troposphere would further promote more warming in the surface temperature models.

Over the past 24-plus years, various calculations of surface temperature do indeed show a rise of about .7 degree Fahrenheit. This is roughly half of what has occurred since the end of the 19th century. In the troposphere, however, various data, including the satellite data set that Dr. Roy Spencer of UAH and I produce, show much less warming, about .3 degree or less than half the warming observed at the surface. Models predict more warming in the atmosphere, the real world shows less.

A new version of microwave satellite data has been produced but not yet published, by Remote Sensing Systems or RSS of California. Ten days ago, with great fanfare, the results of a curious comparison of our data against this RSS data appeared in Science Magazine's electronic edition. The article's authors observed that climate models agree more closely with the RSS data set. The article's strong implication was that since the RSS data had more closely matched the model output, it is likely more accurate than ours.

Well, that same week, my paper came out in the Journal of Atmospheric and Oceanic Technology, which is not exactly coffee table material for folks around here, but instead of using forecasts and projections from mathematical models, I performed rigorous tests based on real observations, balloon datasets created by independent organizations. Our satellite data and the balloon data cor-

roborate each other with remarkable consistency, showing only a slow warming of the bulk atmosphere. Climate models that forecast significant warming of the troposphere apparently just do not match the real world.

Now the IPCC's 2001 conclusion that human induced global warming is clearly evident was based partly on a depiction of temperatures of the northern hemisphere over the past 1000 years. This depiction showed little temperature change until about 1850, followed by a sharp upward rise, suggesting that recent warming was dramatic and linked to human effects. Since 2001, however, two important research projects have shown something very different. Using a wider range of information from new sources, these studies indicate large temperature swings have been common over the past 1000 years and that temperatures warmer than today's were common in 50-year periods about 1000 years ago. These studies suggest that the climate we see today is not unusual at all.

But even so, some people still think something should be done about CO₂ as soon as possible.

There have been many proposals to limit energy use. A fundamental alternatives point that our nation needs to understand is that if any of these proposals, including the Kyoto Protocol, are implemented, they will have an effect on the climate so small that it cannot be detected. It is my business to monitor the climate with the highest precision possible, so I can say with confidence that none of these proposals will change what the climate is going to do enough to notice.

Raising the cost of energy without any perceivable benefit is what Kyoto amounts to. The U.S. is often criticized for producing 25 percent of the world's anthropogenic CO₂, we are rarely applauded for producing with that CO₂, 31 percent of what the world wants and needs, its food, its technology, medical advances, defense of freedom and so on. Carbon dioxide is not a pollutant and the energy that comes from carbon-based fuels allows people to live better lives.

In the mid-1970's, I was a missionary in Africa and I agree with the Chairman when he made the comment that if you want to see environmental degradation, go to a poor country. I lived with people who did not have access to energy. During the Arab oil embargo in the 1970's, I saw clearly that the people affected most by rising energy costs were the poor, both in the country I was in in Africa, as well as those back here, especially in my state of Alabama.

In closing, let me note that at other hearings such as this, I have often been asked, if you were Congressman for a day, what would you do on this issue? I would do three things—first, I would do no harm. I would not artificially force up energy prices, thereby hurting the poor. I would not undo the good things that have been done to clean the air and water. I noted earlier that CO₂ is not a pollutant, that other emissions such as sulfur oxides, nitrogen oxides and mercury mentioned earlier are potentially harmful, and the apparent absence of global warming should not be used as an excuse to overlook other types of pollution.

Second, I would help America do what the innovative people of this nation do best—I would help scientists and engineers discover new sources of low carbon energy.

And three, I would work to enhance our national infrastructure to be more resilient to floods, drought, tornadoes, hurricanes and other weather events that we know are going to continue whether the climate changes or not.

Thank you, Mr. Chairman, I will be glad to answer any questions at the appropriate time.

[The prepared statement of Dr. Christy follows:]

Statement of John R. Christy, Professor of Atmospheric Science and Director of the Earth System Science Center, University of Alabama, Huntsville, Alabama

I am John Christy, Professor of Atmospheric Science and Director of the Earth System Science Center at the University of Alabama in Huntsville or UAH. I am also Alabama's State Climatologist and recently served as a Lead Author of the U.N.'s Intergovernmental Panel on Climate Change.

CARBON DIOXIDE

The concentration of carbon dioxide (CO₂) is increasing in the atmosphere due primarily to the combustion of fossil fuels. Fortunately (because we produce so much of it) CO₂ is not a pollutant. In simple terms, CO₂ is the lifeblood of the planet. The vegetation we see around us would disappear if not for atmospheric CO₂. This green world largely evolved during a period when the atmospheric CO₂ concentration was many times what it is today. Indeed, numerous studies indicate the present biosphere is being invigorated by the human-induced rise of CO₂. In and of itself, therefore, the increasing concentration of CO₂ does not pose a toxic risk to the planet. In other words, carbon dioxide means life itself. CO₂ is not a pollutant.

As an aside, it is clear that other emissions may be called pollutants, e.g. sulfur oxides, nitrogen oxides and mercury. Controlling these is a completely separate issue from controlling emissions of CO₂ and so will not be discussed here.

It is the secondary impact of increasing CO₂ that may present challenges to human life in the future. It has been proposed that CO₂ increases could cause climate change of a magnitude beyond what naturally occurs in the climate system so that costly adaptation or significant ecological stress might occur. For example, enhanced sea level rise and/or reduced rainfall would be two possible effects likely to be costly to those regions so affected. Data from the past and projections from climate models are employed to provide insight on these concerns.

CLIMATE MODELS

Will increases in CO₂ affect the climate significantly? Are significant changes occurring now? Climate models suggest the answer is yes, real data suggests otherwise.

Climate models attempt to describe the ocean/atmospheric system with equations which approximate the processes of nature. No model is perfect because the natural system is incredibly complex. One modest goal of model simulations is to describe and predict the evolution of the ocean/atmospheric system in a way that is useful to discover possible environmental hazards which lie ahead. The goal is not to achieve a perfect forecast for every type of weather in every unique geographic region, but to provide information on changes in large-scale features. If in testing models one finds conflict with even the observed large scale features, this would suggest that at least some fundamental processes, for example heat transfer, are not adequately described in the models.

A common feature of climate model projections with CO₂ increases is a rise in the global surface temperature as well as an even more rapid rise in the layer up to 30,000 feet called the troposphere.

Over the past 24+ years various calculations of surface temperature indeed show a rise of about 0.7 F. This is roughly half of the total rise observed since the 19th century. In the lower troposphere, however, various estimates which include the satellite data Dr. Roy Spencer of UAH and I produce, show much less warming, about 0.3 F—an amount less than half that observed at the surface. The real world shows less warming in the atmosphere, not more as models predict. Are these data reliable?

A new version of the microwave satellite data has been produced, but not yet published, by Remote Sensing Systems or RSS of California. Two weeks ago a paper was published in Science magazine's electronic edition which used a curious means

of testing our UAH version against RSS.¹ The paper cited climate model results which agreed more with RSS, because RSS data showed about 0.4 F more warming than UAH's data for this same layer called the mid-troposphere. UAH's total warming for this layer was about 0.05 F. (This layer is higher in the atmosphere than the lower troposphere mentioned earlier with its 0.3 F warming.) The strong implication of the paper was that since RSS was more consistent with the model output, it was likely a more accurate dataset than ours.

That same week, with much less fanfare, my latest paper appeared in the *Journal of Atmospheric and Oceanic Technology*.² Unlike the paper in *Science* magazine, I performed several rigorous tests to estimate the potential error of our UAH satellite data. I used real observations from balloon datasets created by independent organizations, some with data from as many as 400 different balloon stations. Our UAH satellite data and the balloon data corroborated each other with remarkable consistency, showing only a slow warming of the bulk of the atmosphere. This evidence indicates that the projected warming of the climate model had little consistency with the real world. This is important because the quantity examined here, lower tropospheric temperature, is not a minor aspect of the climate system. This represents most of the bulk mass of the atmosphere, and hence the climate system. The inability of climate models to achieve consistency on this scale is a serious shortcoming and suggests projections from such models be viewed with great skepticism.

Changes in surface temperature have also been a topic of controversy. The conclusion in IPCC 2001 that human induced global warming was clearly evident was partly based on a depiction of the Northern Hemisphere temperature since 1000 A.D. This depiction showed little change until about 1850, then contains a sharp upward rise, suggesting that recent warming was dramatic and linked to human effects.³ Since IPCC 2001, two important papers have shown something else.⁴ Using a wider range of information from new sources these studies now indicate large temperature swings have been common in the past 1000 years and that temperatures warmer than today's were common in 50-year periods about 1000 years ago. These studies suggest that the climate we see today is not unusual at all.

WEATHER EXTREMES AND CLIMATE CHANGE

I want to encourage the Committee to be suspicious of media reports in which weather extremes are given as proof of human-induced climate change. Weather extremes occur somewhere all the time. For example, in the year 2000 the 48 conterminous states, the U.S. experienced the coldest combined November and December in 106 years. We've just again witnessed a colder than average winter in the Eastern U.S. with some record snowfalls here and there, while the California mountains had one of the coldest and snowiest April's ever. However, looking at these events does not prove the country is experiencing global cooling any more than a hot July represents global warming.

Has hot weather occurred before in the US? In my region of Alabama, the 19 hottest summers of the past 108 years occurred prior to 1955. In the Midwest, of the 10 worst heatwaves, only two have occurred since 1970, and they placed 7th and 8th. Hot weather has happened before and will happen again. Such events do not prove climate change is occurring.

Similar findings appear from an examination of destructive weather events. The intensity and frequency of hurricanes have not increased. The intensity and frequency of tornadoes have not increased. The same is true for thunderstorms and hail. (Let me quickly add that we now have more people and much more wealth in the paths of these destructive events so that the losses have certainly risen, but that is not due to climate change but to progress.) Droughts and wet spells have not statistically increased or decreased. In a paper published last year I demonstrated from a rigorously constructed temperature dataset for North Alabama that summer

¹Santer, B., et al., 2003. Influence of Satellite Data Uncertainties on the Detection of Externally-Forced Climate Change. *ScienceExpress*, 10.1126/science.1082393

²Christy, J.R. et al., 2003. Error estimates of Version 5.0 of MSU-AMSU bulk atmospheric temperatures. *Journal of Atmospheric and Oceanic Technology*, 20:613-629.

³Mann, M.E., R.S. Bradley, and M.K. Hughes, 1999: Northern Hemisphere temperatures during the past millennium: Inferences, uncertainties, and limitations. *Geophys. Res. Lett.*, 26, 759-762.

⁴Soon, W. and S. Baliunas, 2003: Proxy climatic and environmental changes of the past 1000 years. *Clim. Res.*, 23, 89-110. Esper, J. E.R. Cook, F.H. Schweingruber, 2002: Low-frequency signals in long tree-ring chronologies for reconstructing past temperature variability. *Science* 295, 2250-2253.

temperatures there have actually declined since the 19th century.⁵ Similar results have been found within states from California to Georgia.

One century is a relatively short time in terms of climate time scales. When looking at proxy records of the last 2000 years for drought in the Southwest, the record suggests the worst droughts occurred prior to 1600. The dust bowl of the 1930's appears as a minor event on such a time scale. This should be a warning that with or without any human influence on climate we should be prepared for a significant, multi-year drought. (Low cost energy would help mitigate the costs of transporting water to the stricken areas.)

When considering information such as indicated above, one finds it difficult to conclude the climate change is occurring in the U.S. and that it is exceedingly difficult to conclude that part of that change might have been caused by human factors.

In the past 150 years, sea level has risen at a rate of 6 in. \pm 4 in. (15 cm \pm 10 cm) per century and is apparently not accelerating. Sea level also rose in the 17th and 18th centuries, obviously due to natural causes, but not as much. Sea level has been rising naturally for thousands of years (about 2 in. per century in the past 6,000 years). If we look at ice volumes of past interglacial periods and realize how slow ice responds to climate, we know that in the current interglacial period (which began about 11,000 years ago) there is still more land ice available for melting, implying continued sea level rise with or without climate change.

One of my duties in the office of the State Climatologist is to inform developers and industries of the potential climate risks and rewards in Alabama. I am very frank in pointing out the dangers of beach front property along the Gulf Coast. A sea level rise of 6 in. over 100 years, or even 50 years is minuscule compared with the storm surge of a powerful hurricane like Fredrick or Camille. Coastal areas threatened today will be threatened in the future. The sea level rise, which will continue, will be very slow and thus give decades of opportunity for adaptation, if one is able to survive the storms.

The main point I stress to state and local agencies as well as industries is that they invest today in infrastructure that can withstand the severe weather events that we know are going to continue. These investments include extending flood way easements, improvements in storm water drainage systems and avoiding hurricane-prone coastal development, among other actions. There are ways to reduce our vulnerabilities (i.e. enhancing our resilience) by increasing the investment today in the proper infrastructure or by avoiding future disasters with common sense building regulations. Our economy is affected much more by these extreme events which arrive every few years or decades versus whatever slow changes may occur due to human-induced climate change. The economic payoff would be tangible for such investments. The payoff for restricting energy use and economic activity for an unknown (and likely unknowable) future based on climate change scenarios is much less profitable for all concerned.

KYOTO'S IMPACT ON CLIMATE AND ECONOMY

One week ago today, the BBC published a report noting that the European Union has again exceeded their annual carbon dioxide targets under the Kyoto agreement. So in countries with apparently strong motivation for reducing carbon dioxide the treaty is failing. But that really is not a problem. (Under the Kyoto Treaty the U.S. was asked to reduce CO2 emissions 7% below 1990 levels.)

There have been many proposals to reduce CO2 emissions, some in this country, both more and less harsh than the Kyoto Protocol. In one way or another, each proposal seeks to limit energy usage through direct or indirect increases of the cost over market prices. A fundamental fact that our nation needs to understand is that any of these proposals if implemented, will have an effect on the climate so small that we would not be able to detect it. This is something I can speak to as my work focuses on precise measures of climate quantities. The evidence convinces me that none of these proposals would change to a noticeable degree whatever the climate is going to do. Raising the cost of energy with no detectable result generally falls into the category of a waste of American income.

I am decidedly an optimist about this situation. Our country is often criticized for producing 25% of the world's anthropogenic CO2. However, we are rarely recognized and applauded for producing, with that same CO2, 31% of what the world wants and needs; it's food, technology, medical advances, defense of freedom, and so on.⁶

⁵Christy, J.R., 2002: When was the hottest summer? A State Climatologist struggles for an answer. Bull. Amer. Meteor. Soc. 83, 723-734.

⁶World Development Indicators, World Bank 2001 (for year 2000), U.S. is \$9,388B, World is \$31,337B.

Today this is done primarily with the burning of carbon, but in the future will come from other inexpensive and efficient sources. For example, the U.S. produces a unit of GDP using about 55% of the energy required to produce the same unit in 1970. The U.S. is decarbonizing its economy and this will continue. Even though carbon dioxide is not a pollutant, and energy from carbon allows people to live better lives, we can look forward to new sources of energy as the genius of America works on the next source of inexpensive energy.

I often mention that early in my career I served as a missionary in Africa. I lived upcountry with people who did not have access to useful energy. Put simply, access to energy means life, it means a longer and better life. I watched as women walked in the early morning to the forest edge, often several miles away, to chop wet green wood for fuel. They became beasts of burden as they carried the wood on their backs on the return trip home. Wood and dung are terrible sources of energy, with low useful output while creating high pollution levels. Burning wood and dung inside the homes for cooking and heat created a dangerously polluted indoor atmosphere for the family. I always thought that if each home could be fitted with an electric light bulb and a microwave oven electrified by a coal-fired power plant, several good things would happen. The women would be freed to work on other more productive pursuits, the indoor air would be much cleaner so health would improve, food could be prepared more safely, there would be light for reading and advancement, information through television or radio would be received, and the forest with its beautiful ecosystem could be saved. Access to inexpensive, efficient energy would enhance the lives of the Africans while at the same time enhance the environment.

There are parallels in this country. Any of the proposals to reduce energy consumption by mandate (promoted in the state legislatures and the congress) would do nothing measurable to reduce the climate impacts of CO₂. However, they would cause increases in energy costs (i.e. taxes). These additional taxes would fall disproportionately on the poor, who buy gasoline and home-heating at the same rate as everyone else. Their lives would be made more precarious as a result.

In Hearings such as this we are often asked at the close, "If you were a congressman for a day, what would you do on this issue?"—My answer is two fold. First, I would do no harm, I would not force energy prices up and thereby hurt the U.S. economy in general and the poor in particular.⁷ Second, I would help America do what the innovative people of this nation do the best, help scientists and engineers discover the next source of low carbon energy, while building up our resilience to weather events, like floods, droughts, tornadoes, hurricanes that we know are going to continue, climate change or not.

[A letter submitted for the record by Mr. Christy follows:]

⁷Energy Information Administration, Impacts of the Kyoto Protocol on U.S. Energy and Economic Activity (Washington D.C.: U.S. Department of Energy), <http://www.eia.doe.gov/neic/press/press109.html>. Costs estimated for a reduction of CO₂ by 3 % (not Kyoto's 7 %) below 1990 emissions are between \$125 and \$280 billion per year of an economy of \$9,425 billion, or about 1 to 3 %.



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22 May 2003

Hon. Richard Pombo
 Chairman
 House Committee on Resources
 1324 Longworth House Office Building
 Washington, DC 20515

Dear Chairman Pombo,

It was a pleasure participating in your 13 May 2003 hearing regarding the Kyoto Protocol. As you requested, I am happy to provide this letter to clarify and expand on your question during the hearing about how my experiences working and living in Africa affect my insights into the issue of global warming.

After graduating from college in 1973 I applied for service as a missionary to Kenya. I was appointed to a position as "Science Master" at the Baptist High School in Nyeri, meaning I taught the physics and chemistry courses to African students from mostly rural areas. Baptist High was a boarding school, so many of our students came from homes several miles away. On weekends I would travel to the surrounding small villages to meet the students' families and speak in their churches. Nyeri was a small, upcountry town about 90 miles north of Nairobi. Most of the people in this area lived on small "shambas", 3 to 5 acre farms on which maize and other foods were grown. At 6000+ feet elevation, some days and most nights were quite cool, requiring energy for warmth as well as cooking and light. There was no electricity in these rural homes.

With only 3 to 5 acres on the family shamba, every square inch was utilized for food production and living space, so the search for fuel was a daily chore for the women and young girls. I would see them daily set out to the edge of the nearest forest, usually several miles away, to cut down wet, green trees, chop the branches into suitable lengths, tie them into 80 pound bundles and load them on their backs for the trek home. Many of these women were either pregnant or carrying small babies in blankets tied in front of them. They would bend forward

almost 90 degrees so as to balance the wood and maintain forward momentum without falling. Older women developed a characteristic sway-back from years of burden bearing as they hauled not only wood, but food to and from the markets and water from a creek to the home.

The typical home was a mud-walled, thatched-roof structure. Smoke from the cooking fire fueled by undried wood was especially irritating to breathe as one entered the home. The fine particles and toxic emissions from these in-house, open fires assured serious lung and eye diseases for a lifetime. And, keeping such fires fueled and burning required a major amount of time, preventing the people from engaging in other less environmentally damaging pursuits.

When the Arab Oil Embargo hit in October 1973, the price of fuel rose dramatically. Oil's scarcity caused petrol (gasoline) stations to close on weekends. What little advanced infrastructure already in place that depended on oil was rendered intermittent or ineffective. For example, taxi prices increased so that the typical African could not afford the desperately needed trip to the town hospital; rumors spread that driving with the headlights on wasted fuel, so night automobile accidents soared; electric power to the few essential institutions which needed it often failed. To people already living on the edge of existence, any perturbation in energy costs was enough to cause significant distress. The poorest people suffered the most with the rising energy costs as what little dependency they had was now out of reach.

I've always believed that establishing a series of coal-fired power plants in countries such as Kenya (with simple electrification to the villages) would be the best advancement for the African people and the African environment. An electric light bulb, a microwave oven and a small heater in each home would make a dramatic difference in the overall standard of living. No longer would a major portion of time be spent on gathering inefficient and toxic fuel. The serious health problems of hauling heavy loads and lung poisoning would be much reduced. Women would be freed to engage in activities of greater productivity and advancement. Light on demand would allow for more learning to take place and other activities to be completed. Electricity would also foster a more efficient transfer of important information from radio or television. And finally, the preservation of some of the most beautiful and diverse habitats on the planet would be possible if wood were eliminated as a source of energy.

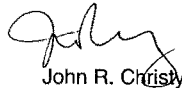
Providing energy from sources other than biomass (wood and dung), such as coal-produced electricity, would bring longer and better lives to the people of the developing world and greater opportunity for the preservation of their natural ecosystems. Let me assure you, notwithstanding the views of extreme environmentalists, that Africans do indeed want a higher standard of living. They want to live longer and healthier with less burden bearing and with more

opportunities to advance. New sources of affordable, accessible energy would set them down the road of achieving such aspirations.

These experiences made it clear to me that affordable, accessible energy was desperately needed in African countries. But the energy issue is relevant here too. My wife, Babs, is the President of the Board of Directors of the Madison County Christian Women's Job Corps. This privately-funded, voluntarily-directed organization seeks to train women to obtain the type of job skills needed today. Most of the women, often single parents, are in financial crisis. Increasing the cost of energy for these women would disproportionately restrict their ability to provide for themselves and their families. As in Africa, ideas for limiting energy use, as embodied in the Kyoto protocol, create the greatest hardships for the poorest among us. As I mentioned in the Hearing, enacting any of these noble-sounding initiatives to deal with climate change through increased energy costs, might make a wealthy urbanite or politician feel good about themselves, but they would not improve the environment and would most certainly degrade the lives of those who need help now.

I appreciate the opportunity to respond with further explanation of my experiences in Africa and my views on energy availability.

Sincerely,



John R. Christy
Director, Earth System Science Center
Professor, Atmospheric Science
Alabama State Climatologist

The CHAIRMAN. Thank you. I thank the entire panel for their testimony.

Dr. Christy, I believe it was last week there was a news report about a new study that had come out about a new round of global cooling that we were entering into. Are you familiar with that? Have you had a chance to see that yet?

Mr. CHRISTY. There are several aspects of studies that have come out dealing with the North Atlantic anomaly and other types of circulation shifts in the northern hemisphere that point to a shift toward cooler northern hemispheric weather, principally to affect eastern North America and Europe.

We are pretty bad at predicting the climate in the future—think of a weather forecast a week from now. So there is some support that we were in a warm phase in the past 20-25 years and now we are going to a cooler phase, but I would not bet too much on that.

The CHAIRMAN. One of the reasons that I asked you that question is that for the last 20 years, we have heard about global warming and it seems like in the last year or year and a half, that has changed to global climate change, and now we talk about global climate change because everything seems to be a result of the global climate change. In the west, we have gone through a drought and a lot on the extreme side of this debate are saying well, that is

because of this global climate change, we are going through a drought.

I remember the worse drought in my memory in the west was during the mid-1970's and nobody said it was because of global climate change then, it was the weather. But now we are blaming everything on that.

Could you elaborate a little bit on your experiences in Africa. I know that you had that in your written testimony and I am interested in what your perspective is on that.

Mr. CHRISTY. Actually I lived in Marin County in 1976, 1975, during those years of tremendous drought.

The CHAIRMAN. When you guys were putting water in your bathtub and using it to save.

Mr. CHRISTY. That is right.

When I lived in Africa, I think one of the things that really struck me about energy was to see in the crack of dawn hundreds of women from the village leave their homes, walk to the edge of the forest, chop down the forest, take these bundles of green wet wood back to their homes to burn for fuel. If you ever want to see the most inefficient fuel in the world, burn wet green wood.

In their homes, in these mud huts, the air quality was tremendously poor. They had tuberculosis, everything like that. And it really took women away from a lot less burdensome activities in the economy. So I always thought—and one of the reporters took this line and vilified me with it—that if you put a series of coal-fired power plants in Africa, you would solve a lot of environmental problems. You would preserve the forest, you would put people to better work, put a light bulb and a microwave oven in an African home, you would increase their air quality, their productivity and so on.

So I think the point we agree on is that if you want to see environmental degradation, go to the Third World.

The CHAIRMAN. I agree with you completely on that. I had the opportunity to spend quite a bit of time in a number of African countries and when you go inside a mud hut with the fire in the middle of the floor that they use for cooking and warmth and everything else, it is a humbling experience to see what they do in their daily life.

Another thing that you said was that the effects of the Kyoto Treaty were so small on the environment as a whole, and our previous panel talked about—I believe it was Mr. Murray said that—if I get this right—that we would have less than a .2 degree Celsius increase in temperature over the next 100 years with Kyoto and without Kyoto, it would take 96 years to reach that point.

That seems to be the consensus. If you look at the models that they are using, everybody seems to agree that using their own models, that that is where we are going to end up. Well, when you talk about the job loss, the impacts on the economy, for what truly is a dubious advantage to entering into this, the Kyoto Treaty really does not achieve even what they want it to achieve.

Mr. CHRISTY. I could go in a lot of directions on that one, depends on what the Kyoto Treaty really wants to achieve.

The CHAIRMAN. Well, what they say they want.

Mr. CHRISTY. OK. You are right. Climate models can give you numbers that go out to 20 decimal places, they can show you that if you do Kyoto or you do not do Kyoto, whatever decimal place you want, you might determine. In the real world, where we use satellites and instruments on the ground and so on like that to try to determine exactly what the climate is doing, we do not get that kind of precision. So this just becomes noise in the signal, whatever Kyoto might do, we could not even detect it.

By calling it climate change, then the extreme environmentalists can look at hurricanes or flood or drought and identify that, as you said, as caused by humans rather than looking at the history of the world and saying these droughts have happened before, these hurricanes have happened before. And on the IPCC, as Lead Author, we nailed that point very hard, that hurricanes are not increasing, tornadoes are not increasing, floods and droughts are not increasing. None of that stuff is happening, storms are not increasing. And we know that because we can count those things and they just are not increasing.

The CHAIRMAN. Well, thank you. I am going to recognize Mr. Ney now.

Mr. NEY. Thank you, Mr. Chairman.

One of the questions I had of Mr. Trisko, a lot of times we are told do not worry, when one industry goes down, something will take its place. For example, we heard when the manufacturing industry was starting to go down, you know, the computer companies will take over. We all saw what happened to dot.coms, how many people were unemployed.

So the question I have is for those who say do not worry about this because if Kyoto is implemented here, there will be environmental companies that will come into being and they will employ people. Do you have any comment on that?

Mr. TRISKO. Congressman Ney, for all the studies that have been done prior to Kyoto and subsequent to Kyoto, that have examined the impacts of the agreement on the U.S. economy and on employment, all of the employment data that are cited, for example, in my testimony, and I cite half a dozen studies, and generally the job impacts range north of a million jobs, on the order of between one and two and a half million jobs. Those are net job impacts, those are net job losses in the economy.

So there is a much larger gross displacement of employment in the areas of the country that would be particularly affected. And we meet here today in the epicenter of the region that would feel the most profound impact. Because the Midwest overall is responsible for 70 percent of electric generation from coal, the impact of Kyoto in this region will be far greater than in any other region of the country. So for this region, it is reasonable to expect that there will be a significant large net employment change.

The most recent study that I cited in my testimony is the Penn State study that assumed an 80 percent displacement of Ohio coal and the replacement of that coal with natural gas generation and natural gas assumed cost of \$5.00 per million BTU, which now looks fairly conservative as an assumption. That study estimated a net loss of 260,000 jobs for the Ohio economy. So while there may

be some jobs created, there will be a much larger number of jobs displaced.

Just by way of information, within the labor community, there has been a segment representing some of the higher tech or service industries that see that there may be some potential for job creation and they have touted a school of thought called "Just Transition" that we should make a just transition from the way our economy operates now to some kind of future higher tech economy. For the traditional manufacturing unions and production unions of the AFL-CIO, the term for just transition is just unemployment.

Mr. NEY. I note that it would hit very hard the manufacturing jobs, but it would hit small business as well. That is why we have also on the panel a local mayor and Gary Obloy who works with the poor. People are already having trouble. I just think it filters through, it is going to hit extremely hard and that is just going to filter all the way down. It will affect white collar, blue collar, I think in particular it will just really devastate the amount of jobs we have left, especially in the blue collar area.

One other question I had for Mr. Christy, and I have talked to scientists in the past on this, and I have been to China. You ask them what do you do with your toxic waste. It is easier to get an answer out of Saddam Hussein than it is out of the Chinese government where they put their toxic waste.

If you look at the entire situation of trying to clean up the world, you have all these countries—India and China and Mexico—all in the plan, it would probably be easier to justify in a sense how this would work, looking at it from that point of view. But I have talked to a lot of scientists and I have asked them the question, you know, if you exempt those countries and they still pollute, which they do, and I have physically seen it in those countries, how on earth does that clean up the environment. And some of the answers you get will not have sound science, it is an answer that is—somebody will tend to be just over-zealous in an environmental cause, they cannot give you a scientific rationale.

My question is, of the scientists—I do not know if you can answer this, but of the scientists on earth, to a great portion, are they in one direction on this issue or is it split in half? Do you have any idea?

Mr. CHRISTY. Well, I can say this, actually in terms of people who study climate, who are true climatologists, there are not that many, and they are by and large persuaded by the observed data that we have that do not show that there is a significant problem with the climate. It is just not going in a dangerous direction at all.

And back to your earlier comment, I would make it clear that there is a big difference between the toxic waste and stuff that you see in these other countries and carbon dioxide in the atmosphere. One is kind of pretty good and the others are bad. So if you could think of it this way, if you increase energy access in those countries, you could trade good carbon dioxide for cleaning up bad toxic waste.

Mr. NEY. If people have not traveled outside the United States, especially to certain countries, they do not have rules and regulations—China works the average worker with 1 day off a

month, 15 cents an hour. When the average woman turns 28 years old, she is dismissed from her job because she is worn out. They do not have regulations and labor departments. They do not follow the rules, they don't follow the human side of the rules, they do not follow certainly the environmental side. You will not get a lot of answers where they are going to dump toxic waste. And that is in a lot of countries that we deal with.

So when we talk about cleaning up the environment, we have this other massive amount of violations of the environmental laws and we would never catch up. The statement was made earlier, you know, about the battery acid you are cleaning up while the neighbor is dumping more in.

You can appreciate people's point of view from a sound science, if they approach it that way it is a little bit easier to understand. That is why I wondered how the scientific community weighed in on this.

Mr. Chairman, I would just like, from my end of it, I would just like to encourage everyone in the audience to take copies of today's testimony which is over here to my right on the table. Also, Mr. Chairman, I would like to recognize Kurt Christensen and Jack Belcher from your staff and J.P. Dutton from our staff who have worked on these issues. Also in the back of the room I see Jerry Kapisky, who has sat through many, many hearings in the Ohio House with me. We appreciate seeing Jerry here in the audience.

Mr. Chairman, just to conclude from my end of it, I want to thank again everybody for being involved. I want to thank you for your willingness to come here, your willingness to listen to us and your sincere desire to be fair when it comes to this issue which is so important. Thank you.

The CHAIRMAN. Thank you.

I just had a couple more questions before we adjourn the hearing. Mr. Obloy, could you give me the economic and social profile of the average LIHEAP recipient in your community?

Mr. OBLOY. I would like to answer that in a twofold answer. I testified earlier that we had some additional applicants this year. Approximately half of those applicants had lost their job during the previous year, the other half came in because of increased utility costs, which leads me to say that really the typical applicant we would see with the home energy assistance program, I am going to call her Jackie, that is not her real name, for protection of confidentiality. Jackie is a 73 year old widow. She has an income of \$711 a month Social Security. She spends \$350 for rent, probably another \$185 or so for utilities, gas, electric, water, sewerage, telephone. She receives \$71 a month in food stamps, spends that money and an additional \$100 for more food and other required items. She continues to pay \$32 a month for life insurance. She is covered by Medicare, has no prescription coverage, has to rely on Wheeling Health Right to provide medicine that she needs.

She is left with—so her total expenses for the month are about \$668. That leaves her about \$43 a month for disposable income. Any increase, any increase whatsoever, in a cost of energy for people like Jackie is going to have a devastating and tremendous effect on her, her ability to just survive and make decisions as to what

she is going to use her money for—is it going to be medicine, is it going to be food, is it going to be to keep her house warm.

And it is people like Jackie that we need to keep in mind when we make decisions that are going to affect energy, the cost of energy and the people that we have an obligation to care for. Thank you.

The CHAIRMAN. Thank you.

Mr. Mayor, I appreciate your testimony. You look at the testimony we have had here today and, you know, to start off with, the companies that are looking at things on a global scale and a big scale, the workers who obviously are concerned about their jobs and their future, for Mr. Obloy about those that have a real tough time in dealing with all of this, but a lot of what you have to deal with is that small business owner who may not be directly related to this industry, but if this industry is gone, so is he. And that impact on your community. It has to be an ongoing problem for you to deal with.

Mayor HOMRIGHAUSEN. Most definitely. You know, as a municipal electric community, we have to watch our costs. That is why the majority of business and industry that is in Dover is located in Dover, and any increase we incur affects them drastically. We just lost A.K. Steel 2 years ago, been fortunate to put two other concerns back into the plant, but you know, any impact that the Kyoto Treaty would have on the coal industry has a direct impact on the city of Dover because we use coal to generate electricity or a portion of our electric.

The EPA, here again, with a PM2.5 and the ozone, to my knowledge, I do not believe that there is technology available yet that will measure PM2.5. I do not believe that there is any technology available that will measure the mercury reductions that they are looking for. And if my memory serves me correct, as we were—we just met in Washington in February on this issue with the EPA—mercury reductions, I believe it is going to be 50 pounds emissions that you are allowed to emit per year and a scrubber that would affect some of the, and remove some of the mercury would cost the city of Dover \$4 million to put a scrubber in. And we would have to put a scrubber in. However, the scrubber would do absolutely no good, because we only emitted 5.5 pounds last year. So you would have to add that to our electric bill, and anything else that is required.

We appreciate, Congressman Ney and you, Chairman Pombo, for giving us an opportunity to speak.

The CHAIRMAN. Well, thank you. I thank the panel for their testimony and answering the questions. One thing that is very important to me is that we get Members of Congress outside of Washington. I talked to Bob about doing this, coming out here and having real people have the opportunity to tell their side of it, and what the impacts are. Getting this on the Congressional Record, making this part of the decisionmaking process is important, because a lot of times back in Washington, you get isolated, you get isolated inside the debate that exists there and it is important that we move outside of that, that we listen to real people, that we do as much as we can in terms of bringing Congress back to the people where it belongs. So this is an effort that I am making.

Congressman Ney has been very helpful in helping us to do this. As Chairman of House Administration, he has made it possible for my Committee to do these field hearings and to come out and listen to people. So I thank him for doing that and for welcoming me into this community.

All of you, thank you very much for attending the hearing. The Resources Committee welcomes any written comments that those in the audience wish to submit. These comments will be made part of the official hearing record that will be published by the Government Printing Office. These comments should be mailed within the next 2 weeks to the House Committee on Resources and the address is 1324 Longworth House Office Building, Washington, D.C. 20515.

So thank you all very much. I thank the panel and the previous panel for your testimony. It was productive. Thank you.

[Whereupon at 11:55 a.m., the Committee was adjourned.]

