



Testimony on CO2 Trading

Thank you for this opportunity

My name is Bernard Goldstein. I am the retired dean of the University of Pittsburgh Graduate School of Public Health. I am a physician, trained in internal medicine who began studying environmental public health more than fifty years ago. My scientific efforts have led to my election to the National Academy of Medicine. In 1981 I became chair of EPA's Congressionally mandated Clean Air Scientific Advisory Committee and from 1983-85 I was President Reagan's appointee, confirmed by the US Senate, to serve as EPA's Asst Administrator for Research and Development. This was a time when what we then called global warming was just receiving EPA's attention

I tell you this not just because I am an old guy who likes to talk about what I did in the past. I tell you this because I want to make sure we all understand that trading of pollution is not new, and that Pennsylvania and the Northeast were central to its development as an effective policy tool. Pollution trading actually began with acid rain, and would not have occurred without Senator John Heinz of Pennsylvania.

Acid rain was a very hot issue in the 1980s. We had learned that emissions of sulfur dioxide from burning fossil fuels are transformed in the atmosphere to sulfuric acid and other acid sulfates. Some early studies predicted that this would acidify lakes with resulting sterility and kill trees, while other scientists were finding little or no effect. Not surprisingly, New England, the downstream recipient of much of this pollution, wanted something done immediately, so tended to focus on the adverse findings; and we in PA and the Midwest argued that in the face of losing industry we could not afford to do anything – so we tended to minimize the issue.

I was involved because EPA had the leadership role in the interagency task force studying the issue. The scientific community sufficiently narrowed the differences between the extremes so that policy makers could take over – and a key person in developing the policy was Senator Heinz, our Republican senator. With colleagues in both parties, he was largely responsible for the provisions of the 1990 Clean Air Act amendments that established a cap and trade- a policy that has been highly successful. Rare for a government program, it actually met its initial goal of cutting sulfur dioxide emissions in half within 20 years – which is not to say that no problems still exist. REGI will go a long way to address these remaining problems related to sulfur dioxide emissions.

The cap and trade program for acid rain originally was heavily opposed by parts of the electric power industry who, as always, were frightened by a new regulatory scheme. But in fact they made much money because of it – particularly those companies who effectively dealt with their emissions.

Perhaps forgotten, there were many environmental groups who were also opposed on the basis that this would cause a “license to pollute” - as we hear again. But the outcome of the acid rain program should reassure both industry and environmentalists that regulated market-based approaches can be an effective way of achieving global climate goals – something we desperately need to do.

That positive outcome did not come without some fits and starts and tinkering. A major advantage of REGI is the flexibility it provides, and what we can learn from the states that already participate.

There is another lesson from acid rain. It was visualized initially as a problem affecting ecosystems – lakes, fish, trees. We later learned that these acid particles had severe health effects. The controversy about whether EPA did the

right thing in not lowering the fine particle standard is something that you are reading about in today's paper. The recognition that acid particles could kill humans was a telling example of how we humans are part of the ecosystem.

The same breadth of impacts occurs due to carbon dioxide emission

Finally, the devil is in the details. A detail that troubles me is the lack of a firm commitment that the state's income from the program will be used for air pollution protection rather than just disappearing into the budget. That should be fixed.

Thank you