

ADDRESS BY
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THE PENNSYLVANIA ENVIRONMENTAL COUNCIL
NINETEENTH ANNUAL DINNER
PHILADELPHIA, PENNSYLVANIA
THURSDAY, MAY 25, 1989

Thank you, Jack. Rabbi Cohen, Secretary Davis and Ted Erickson and distinguished guests. It is a great pleasure and privilege to join you tonight.

It is a pleasure for me to discuss with you some of our most challenging and urgent environmental issues, and to share with you some ideas and new approaches to attacking these problems.

And it is a privilege to do so before a group that has made such a valuable contribution to identifying critical issues and resolving environmental conflicts so successfully and positively. It is the Pennsylvania Environmental Council that has led the way in early intervention to involve citizens with developers to avoid costly disputes later on. Thanks to the able staff led by Joanne Denworth, you have trained county land use planners in how to practice such successful dispute resolution themselves. I commend you for your active involvement and commitment in recognizing that environmental protection is too important to be left to the courts and lengthy litigation. And I congratulate you on your impact in building this principle in to our State's new superfund law. And I thank you for having consistently demonstrated success in meeting a concern that is held in common, that is growing and that is both national and international in scope: a great concern for the type of world our children and grandchildren will inherit.

And we must be concerned because man's activity is damaging the earth's ability to sustain life in ways we have only begun to understand. The signs of our times are ominous...increasing global temperatures, wanton destruction of the earth's forests, needles and medical wastes on our beaches, smog in our cities, superfund sites and landfills on pristine lands...and I could continue.

When man came to this hemisphere, he found a land unmatched in natural beauty and natural resources. As America developed, it became increasingly obvious that we were not living in harmony with our environment. Beginning in 1902, Theodore Roosevelt led America's first conservation effort, setting aside our most precious resources for future generations. A second phase of environmental protection began only after Rachel Carson, in her book "The Silent Spring" warned us of ecosystems too poisoned to sustain life any longer.

Beginning in 1965, Congress acted. The Clean Water Act, Clean Air Act, The National Environmental Policy Act, The Endangered Species Act, and others, resulted.

I submit that we are entering a new environmental era. An era of challenge and change in which we must ensure that our daily lives and our planet's safety are no longer at odds.

There are far too many indications we are reaching the limits of our planets' ecosystems.

Forest and lake destruction by acid rain.

The large and growing hole in the ozone layer that, it is now agreed, even the Montreal Protocol is an adequate response to.

The major increases in greenhouse gases in the atmosphere and the very real possibility of catastrophic climate change.

Let's focus on global warming and greenhouse gas emissions as a case in point. Those of you who are especially interested in this subject, let me invite you to the Heinz Senate Seminar that I will hold here in Philadelphia on Wednesday, June 28, from noon to 6:00p.m. A number of national authorities, such as Dr. James Hansen of NASA's Goddard Institute, will speak and discuss this and other environmental issues. If you are interested please contact my office here in Philadelphia at once as space is limited.

As to my assessment of global warming, I am persuaded that the situation is serious and that major initiatives are needed to keep the problems we seem to be headed for from getting far worse and creating irreversible planetary catastrophe.

The three major greenhouse gases -- carbon dioxide, chlorofluorocarbons (CFC's), and methane -- have the effect of trapping increased quantities of heat in the troposphere that would otherwise be radiated back into space. Carbon dioxide is the single biggest problem not only because of the quantities that are being released, but because it is a ubiquitous byproduct of our and the world's vast appetite for energy consumption.

The U.S., with 5% of the planet's population, is the most profligate energy user in the world, accounting for fully 20% of the world's greenhouse gas emissions. The Soviet Union, at 18%, is just about as bad. It is within our power, and that of the USSR, to significantly reduce our greenhouse gas emissions. But it is less clear how countries that need more energy to develop, countries with four or five times the U.S. population each, like India for one and China for another, are to avoid becoming at least as large or larger a polluter than we are today. Add to that the latest estimate that the earth's population is expected to double from 5 to 10 billion people within 40 years.

To make matters worse the world's rain forests, the lungs of the earth because they absorb carbon dioxide and transpire oxygen and water, are being destroyed. In Madagascar, Indonesia and the Phillipines the rainforests are virtually gone. In the vast Amazon, a seemingly unending rainforest is critically endangered. Each year an area of the Amazon the size of West Germany is slashed, burned and irrevocably destroyed, with the burning alone adding as much as 10% to world carbon dioxide emissions each year. At present rates, it is estimated that the ecology of the Amazon rainforest will be so compromised within 7 to 10 years that its disappearance will be assured.

Just as world governments are acting to accelerate the ban on CFC's that are depleting the ozone layer, so, too, I am convinced that equally urgent steps must be taken on greenhouse gases and global warming.

Senator Tim Wirth of Colorado and I have introduced major global warming legislation in the last Congress and again this year. Similarly, we joined to sponsor a major public policy study, "Project 88", on how to harness market forces as an ally in environmental protection. I will have more to say about Project 88 later.

But Senator Wirth and I are both aware that we must build, above all, a public and political consensus on the problem of global warming and any solutions, and both of us and our other cosponsors are devoting major amounts of time and effort to achieving a broad awareness and sense of urgency.

On the public side, we have held hearings in Congress, met with the major newspapers and national news media in Washington, New York and elsewhere, and we are organizing, with the help and support of the Carnegie Corporation, a major Media Conference on climate change this fall, to name but a few initiatives.

On the political side, we are building coalitions with our colleagues in the Congress; I have recently travelled to Brussels and Tokyo to help establish a working group and clearinghouse for information and legislation with European and Japanese parliamentarians; we are strongly urging the Administration to take a leadership role with the U.S. being chairman of the International Climate Change Response Strategies working group; and, to help develop a much deeper understanding among all the key Bush Administration Cabinet and White House officials, I am lobbying the President to bring our Nation's most respected scientists and authorities to the White House for a full day's discussion of the findings, issues and choices. At the present time, as was evidenced by the unprecedented modification of scientific conclusions in Dr. Hansen's testimony two weeks ago, the Bush Administration is seriously split on this issue. I believe a common understanding and knowledge base is essential to any policy development or initiative. And having the President call our Nation's best minds to the White House is the fastest, most forceful way to do so.

But neither Senator Wirth nor I are under the illusion that solutions to global warming, in this country or anyplace else, are going to be easy to implement. There is no question that environmental protection involves trade-offs. And the reason we sponsored and published our study, "Project 88", is because we believe that market forces can be harnessed creatively and effectively to minimize the cost of any trade-offs. In some cases letting market forces operate may even result in everybody winning.

You might say that the overriding reason for developing "Project 88" was that, in spite of increasingly good reasons to do so, the political process has been stymied in moving forward on important and necessary environmental protection measures. It is our view that this is mostly due to the limitations and growing cost of traditional approaches to attacking environmental problems. One of these has been reliance on top-down "command and control strategies" that may be easy to understand but are inefficient and excessively costly. Since federal budget deficits do not permit any substantial additional use of taxpayers funds for environmental protection, and since American industry faces ever growing pressures from a globalized market place, political resistance to such approaches has been strong and successful. Yet this stalemate is not in the public interest.

Our belief was, and, is that new thinking is necessary, and the result is "Project 88": 76 pages and 36 specific recommendations proposing new approaches to 13 of our most pressing environmental problems, including global climate change, clean air, acid rain, solid and hazardous waste, and destruction of public lands, to name a few.

"Project 88" is not about a free market in the environment. It is about making the marketplace an ally in protecting the environment.

Let's take some specific examples.

Powerplant emissions are responsible for much of our acid rain problem and contribute nearly one-fourth of the U.S.'s carbon dioxide emissions. To reduce powerplant emissions, "Project 88" recommends letting the market work to encourage energy conservation to compete with energy production. One utility that was allowed to try this approach got a pleasant surprise. This utility originally figured that projected demand - an increase of 6,000 megawatts - required the equivalent of twelve coal fired plants at a cost of one and three-quarters billion dollars.

Instead, they adopted a demand management program, going to their customers, assessing their energy use, and offering incentives for specific conservation steps.

The result: the utility supplied the same 6,000 megawatt demand at a cost of only 250 million dollars, or one seventh the original expected cost!

Moreover, major increases in CO2 emissions have been avoided and, since the conservation measures were implemented, consumers have saved \$3 billion in utility bills.

At present, Federal and most state regulations discourage utilities from adopting energy conservation strategies because profit is based only on power production and distribution investments, not sound management. "Project 88" proposes nationwide changes to reward utilities which take a least cost approach and meet energy demands through investments in conservation.

In another area, a major contribution to greenhouse gases is created by our nation's 170 million automobiles, which make up nearly a third of our CO2 emissions. These same automobiles consume virtually every barrel of the \$40 billion of petroleum we import every year. What an irony it is that, at least up until the Prince William Sound oil spill, that Congress was being asked to open up the Arctic National Wildlife Refuge (ANWAR) to oil exploration and production. The argument is that America needs the oil -- whatever the consequences to the Refuge -- in order to reduce our dependence on foreign suppliers. The best estimate is that we might produce 300 million barrels of oil a year in ANWAR during its peak years. The reason this is an irony is that had the Reagan Administration not rolled back the Corporate Average Fuel Efficiency (or "CAFE") standards, the U.S. would already be conserving 33% more than ANWAR is expected to produce!

And of course we would be doing so without invading and disturbing the Refuge to find oil that may not be there and, if it is, should be reserved for when we really need it.

"Project 88" recommends that we continue to significantly increase auto fleet fuel efficiency standards to avoid all the environmental costs and become genuinely more energy self-sufficient.

Earlier I mentioned the destruction of the rainforests.

To put it mildly, we put ourselves in a weak position to ask Brazil to save its rainforests when at this very moment we are subsidizing the destruction of our own rainforest.

Right now, the Federal government is paying loggers to destroy Southeastern Alaska's Tongass National Forest, the last temperate rainforest in North America.

In 1986 alone, the Forest Service spent \$48 million on roads to facilitate the cutting of almost 12,000 acres of the Tongass forest. The loggers put up about \$250 an acre, not cash but mostly in kind. The result: The Forest Service -- and the taxpayer -- spent \$4000 an acre to get loggers to come in and cut down our rainforest. And since there is no market for this timber locally it is all sold to Japan. And, since the export of logs is prohibited, these incredible forest giants, spruce and hemlock 200 feet high and up to 700 years old, are turned into wood pulp and plywood.

Since withdrawing these subsidies makes so much sense, why haven't we done so?

The argument made is jobs. There are 2 sawmills which support employment 1,420 people in the Tongass timber industry. In other words, the government is paying \$33,732 annually to maintain each and every job. All to destroy our last temperate rain forest.

"Project 88" calls for a change in thinking. It recommends that we get the market price for our natural resources, if we must harvest them, and that we eliminate wasteful subsidies, like the Tongass subsidy, which harm our environment.

Another example where the market place can work is water.

Last year's massive drought drove home the fact that water is a very limited resource. If current practices continue, water shortages will be commonplace during the next two decades. Yet, antiquated Federal water policies aggravate the waste of our water resources on a vast scale.

A particular problem is that water rights, granted by the federal government, are nontransferable. In Los Angeles people pay \$600 an acre foot for water. A couple hundred miles away the same water is sold to farmers in the Imperial Valley at \$10 an acre foot, thanks to federal subsidies. The farmers have a low-cost, long term entitlement to the water, and no incentive to conserve. It is estimated that fully as much water as is used for irrigation is lost to evaporation and seepage. If water rights were marketable -- and sold to those willing to pay for it -- it is estimated that Los Angeles could purchase 100,000 more acre feet of water from agricultural users -- enough for a million people a year -- for less than \$100 per acre foot. This would be a tremendous savings, and would allow water now lost to be used.

For good measure, these same federal water policies also often contradict our agricultural policies, at tremendous costs to the taxpayer. For instance, the 6,700 acre Cinco Farm near Fresno, California, grows cotton. Last year it irrigated its acreage with water that was taxpayer subsidized to the tune of \$1,139,000. A portion of the cotton they grew couldn't be sold at the support price, so it was purchased, also at taxpayer expense, for \$1,100,000 in outlays, by the Commodity Credit Corporation.

"Project 88• recommends that water rights be changed from an entitlement to a marketable permit, giving farmers a financial stake in their water and an incentive to conserve. More water will be available to arid cities, and the need to divert water from already depleted western rivers at great cost will be avoided or reduced.

"Project 88• recommends many other public policy innovations:

-Acid rain reduction credits

-Tradeable permits to reduce CFC's and industrial pollutants

-Debt for nature swaps and emphasis on sustainable development to achieve rainforest preservation

-Deposit-refund systems for containerized hazardous waste

-Least cost and open bidding for solid waste management that allows recycling to compete

In these recommendations there is one strong common thread: using the marketplace creatively.

For too many years the environmental debate has only been about what our goals should be. That debate remains relevant.

But, in my view, unless we begin to focus on how we achieve our environmental goals, and do so at far less cost, then our goals, no matter how desirable, will be rendered unobtainable.

That is a price our environment cannot afford.

At the same time, remaining wedded to traditional approaches that are not cost effective and which impose burdens that jeopardize survival in the powerfully competitive international marketplace are not acceptable either.

"Project 88• offers an alternative.

We are convinced that the practical employment of economic forces can achieve heightened protection of the environment at lower cost to society.

We believe that the kinds of recommendations we have made, properly implemented, can enlist the everyday economic decision making of millions of individuals and businesses as powerful forces for

environmental protection and engage the innovative capacity of our entrepreneurial system in environmental progress.

Too often the marketplace is cited as the adversary of environmental progress. We believe the free market place is too valuable to be either a foe or bystander. It is our hope that "Project 88• will make the marketplace an enduring ally of the environment instead.

Rabbi Cohen's marvelous invocation about our natural heritage reminds me of another much older and exceptionally moving response.

In 1854, President Franklin Pierce made an offer to the Suquamish Tribe of the Pacific Northwest to buy their land. He sent his request to the famous chief of the Suquamish tribe, Chief Seattle. This is the reply of Chief Seattle to President Pierce's offer.

"The great chief sends word that he wishes to buy our land. The idea is strange to us. If we do not own the freshness of the air and the sparkle of the water how can we buy them?

"If we sell you land, you must remember that it is sacred, and you must teach your children that it is sacred. Teach your children what we have taught our children, that the earth is our mother. Whatever befalls the earth befalls the sons of the earth. If men spit upon the ground, they spit upon themselves. This we know. The earth does not belong to man; man belongs to the earth. This we know. All things are connected like the blood that unites one family. All things are connected. Whatever befalls the earth befalls the sons of earth. Man did not weave the web of life; he is merely a strand in it. Whatever he does to the web he does to himself.

"So we if we sell you our land, love it as we've loved it. Care for it as we've cared for it. Hold in your mind the memory of the land as it is when you take it. And with all your strength, with all your mind, with all your heart, preserve it for your children and love it ... As God loves us. One thing we know. Our God is the same God. This earth is precious to him."

Thank you and good night.