

Joe Biden's Green New Deal is a setback for jobs and income



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The Biden victory will 'bring increased pressure on us to introduce more regulations, subsidies and other measures to reduce domestic emissions'. Picture: AFP

Last week's was America's most important election, but it also has profound implications for Australia. The Green New Deal is what most distinguishes the Democrats' program from that of President Donald Trump.

As [Jennifer Oriel has noted](#), Kamala Harris and Alexandra Ocasio-Cortez plan to use energy policy not only to fundamentally reshape the American economy but as a means of redistributing wealth and income to "low-income communities, indigenous peoples, and communities of colour".

With the Green New Deal, the Democrats' policy target is focused on zero net emissions of CO₂. This means eliminating coal and gas and sharply winding back oil consumption. Nuclear power as an alternative has no place.

The day after the 2020 election, having given a year's notice, the US formally left the Paris Agreement on climate change. Under the Paris Agreement — largely developed by the Obama administration — Australia committed to reduce its CO₂ emissions by some 28 per cent as did other developed countries.

Trump renounced it because its provisions would raise energy costs, disadvantaging the US economy, especially in the context of China and other developing countries having no meaningful abatement obligations.

Joe Biden will re-join and pursue policies that include funding developing countries' abatements, banning fracking for new gas supplies, requiring costly carbon abatement on gas and coal power stations, and a carbon tax.

The Democrats and political elites elsewhere, including Australia, generally support measures to address climate change. Those in politics and the bureaucracy (Trump's swamp dwellers) believe the version of the science that has human-induced CO₂ emissions bringing catastrophic warming of the atmosphere, with costs that include loss of wildlife and increased climatic emergencies.

Burning carbon previously stored in fossil fuels has brought carbon dioxide emissions that have caused a 1C increase in temperatures. But some scientists (controversially) believe this will be magnified two to four fold because CO₂ will create more water vapour.

Of the 32 climate models monitored by the Intergovernmental Panel on Climate Change, only the one produced by the Russian Academy of Science's Institute of Numerical Mathematics, does not feature water vapour amplification from CO₂. Significantly, this "outlier" is the only model that has not overshoot actual global temperatures in its forecasts.

Polemics are written about human-induced global warming bringing climate emergencies. None of this is substantiated. Much has been discredited.

Motivation for the Green New Deal also echoes 40 years of claims that renewable energy is the future and should be supported. This finds favour with many in business (and agriculture) who actually or potentially receive the subsidies. The subsidies to wind and solar in the US, like Australia, already cover half their cost.

US CO₂ emissions have fallen recently, largely due to gas replacing coal in power generation. Additional regulatory measures will be required to approach the deep cuts targeted by the Green New Deal.

A carbon tax is one of the Biden strategies. Many economists also favour this because of its claimed neutrality in bringing about emission reductions.

Australia under the Gillard government is one of the few governments to have introduced such a measure. But Gillard's carbon tax, like measures contemplated by Biden, was not a

neutral alternative to other regulations and taxes. Rather, it was in addition to other taxes and regulations designed to reduce emissions, especially by supporting renewable energy.

Recent analysis for New Zealand estimate that a carbon tax of \$560 per tonne is needed to bring about net zero emissions (the Australian tax was \$20 per tonne).

Australia's projected 28 per cent reduction in emissions falls well short of cuts now contemplated by the EU and America's Democrats. Australian policy of paring back emissions is being met largely by a forced substitution of coal by renewables, driven by subsidies and selective taxes and regulatory measures. These are estimated to bring annual costs in higher electricity charges and taxes of about \$13bn a year.

The coming lower costs of renewables continue to miscarry. Moreover, their unreliability demands enormous investments. These include more than \$17bn to transform the Snowy and Tasmanian hydro resources into back-up facilities. They also mean vast expenditures on batteries and new transmission lines, as foreshadowed in NSW's recent electricity infrastructure road map.

Governments claim renewable energy policies will reduce prices, but experience disproves it. As a result of such policies we have slipped from leading the world on low energy prices to being among the most expensive.

The Biden victory will bring increased pressure on us to introduce more regulations, subsidies and other measures to reduce domestic emissions. One upshot, aside from higher household electricity bills, will be closure or contraction of Australian industries previously benefiting from low cost energy. A corollary is lower living standards.

Alan Moran's latest book is *Climate Change: Treaties and Policies in the Trump era*.