

The Daily Dish

Sanders' Green New Deal

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Eakinomics: Sanders' Green New Deal

Senator and presidential candidate Bernie Sanders yesterday released his campaign version of "The Green New Deal" (GND), not to be confused with the Senate resolution of the same name. It is a huge proposal (my printed version totaled 47 pages), with many very large numbers (and precious few sources for them), and a strongly moralistic tone. So it is useful to remind ourselves of the exact scale and scope of the problem at hand.

First, the energy challenge: Sanders promises to reach "100 percent renewable energy for electricity and transportation by no later than 2030 and complete decarbonization by at least 2050." Right now, the Energy Information Agency (EIA) indicates that 78 percent of U.S. energy consumption is from fossil fuels, 8 percent is nuclear power, and 14 percent is renewables (wind, solar, hydroelectric). Sanders takes nuclear off the table — "This plan will stop the building of new nuclear power plants and find a real solution to our existing nuclear waste problem. It will also enact a moratorium on nuclear power plant license renewals in the United States to protect surrounding communities." So the scale of the change in the energy portfolio is daunting. Even at their best, climate policies can be economically expensive.

Second, the climate challenge: Even if Sanders hits the 2030 and 2050 benchmarks, the resulting emissions reductions affect only a small part of global greenhouse-gas emissions. The United States is the world's second-largest emitter of greenhouse gasses behind China, but that rank still only means just over 14 percent of the world's greenhouse gas emissions and around 16 percent of the world's carbon dioxide (CO_2) emissions. The real growth of future emissions is abroad and in nations that are significantly poorer than the United States. To have large impacts on future emissions, climate change policies need to address this reality. A purely domestic approach is simply futile. Unlike the original GND, Sanders recognizes this reality and spills considerable ink on proposals to rejoin the Paris

agreement, provide $200 billion to the Green Climate Fund, and other international initiatives.

The final challenge is the non-climate baggage. Like the original GND, the Sanders GND is littered with social policy objectives that are not at all about addressing greenhouse gas emissions. A sampling includes: “A just transition for workers,” which means “five years of a wage guarantee, housing assistance, job training, health care, pension support, and priority job placement for any displaced worker, as well as early retirement support for those who choose it or can no longer work” for those in the fossil energy sectors; “rebuilding our inefficient and crumbling infrastructure, including deploying universal, affordable high-speed internet”; and “Justice for frontline communities — especially under-resourced groups, communities of color, Native Americans, people with disabilities, children and the elderly — to recover from, and prepare for, the climate impacts, including through a $40 billion Climate Justice Resiliency Fund. And providing those frontline and fenceline communities a just transition including real jobs, resilient infrastructure, economic development.”

The problem with the inclusion of a sweeping social revolution is that it confirms the worst fear of conservatives: The policy is not really about climate change; it is simply a way for progressives to dictate how Americans live their lives. This inevitable inference serves only to make it harder to get support for climate policy across the ideological spectrum and slows the very progress that the GND is meant to engender.

It also raises the price tag. The Sanders campaign puts the GND price tag at $16.3 trillion in public investment — to my eye that seems to be a lowball estimate with no particular research support. Worse, it argues that “This plan will pay for itself over 15 years. Experts have scored the plan and its economic effects. We will pay for the massive investment we need to reverse the climate crisis by:

- Making the fossil fuel industry pay for their pollution, through litigation, fees, and taxes, and eliminating federal fossil fuel subsidies.
- Generating revenue from the wholesale of energy produced by the regional Power Marketing Authorities. Revenues will be collected from 2023-2035, and after 2035 electricity will be virtually free, aside from operations and maintenance costs.
- Scaling back military spending on maintaining global oil dependence.
- Collecting new income tax revenue from the 20 million new jobs created by the plan.
- Reduced need for federal and state safety net spending due to the creation of millions of good-paying, unionized jobs.

- Making the wealthy and large corporations pay their fair share.”

Caveat emptor.