

New Study Confirms that Western Climate Plan Would Cost Region Jobs And Income and Chase Away Investment

Climate Plan Would Also Require Massive Hiring Of New Government Workers, Beacon Hill Study Finds

Denver, CO (March 24) -- A new economic study confirms earlier findings that a Western carbon cap-and-trade scheme pushed by a handful of Western Governors, the Western Governors' Association and some environmental groups could cost the West hundreds of thousands of jobs, slow investment and cut personal income for millions of citizens.

The study also found that the Western Climate Initiative (WCI) would require Western states to dramatically increase the number of government employees hired at taxpayer expense.

The analysis was conducted by economists at the Beacon Hill Institute (BHI) of Suffolk University in Boston. The BHI study authors concluded: "Using the Western Climate Initiative's own projections of increases in fuel costs, BHI finds that the policies will decrease employment, investment, personal income and disposable income." None of the seven WCI states would escape economic harm should cap-and-trade be imposed, the study found. Those states include California, Arizona, New Mexico, Oregon, Washington, Utah and Montana

The BHI study reconfirms many of the findings of a study, released last month by the Western Business Roundtable, which concluded that the WCI plan could seriously damage the West's economy, if implemented in its present form.

The BHI study "analyzed the WCI projections of cost savings and provides independent estimates of the economic impact of the proposed cap-and-trade scenarios coupled with the complementary policies. BHI uses its STAMP®(State Tax Analysis Modeling Program) to estimate the economic effects of the WCI recommendations."

The full study can be seen here: <http://www.beaconhill.org/BHIStudies/WCI-2009/WCIReportFinal090323.pdf>.

The study found that, under a scenario in which 100 percent of greenhouse gas emission permits would be auctioned off to emitters, the seven states:

- Would lose from 103,931 to 251,674 private sector jobs, while the permit revenue would allow the states to hire 57,269 to 142,241 state employees;
- Would put investment by firms at serious risk by slowing investment in the region by \$548 million to \$1,448 million; and
- Would diminish total personal income, which would fall by \$6.35 billion to \$18.31 billion per year.

Under a scenario where states auction the minimum of 25% of the permits issued, the West's would suffer even greater losses, according to the study.

"Private sector employment would fall by between 35,177 and 165,397 jobs while the states' would either shed 354 employees or hire 19,710. Firms would also slow investment in the region by \$1,620 to \$4,540 million. Total personal income would fall by \$10,195 to \$47,707 million per year, and disposable income per capita by \$63 to \$272," according to the findings.

A table from the report summarized the potential economic damage to individual WCI partner states by the year 2020.

Estimates for Individual WCI States, 2020			
	<i>Net Employment jobs</i>	<i>Personal Income \$ million</i>	<i>Per Capita Disposable Income\$</i>
Arizona	-4,801to -20,496	-722.27 to -5,397.10	-47.60 to -224.98
California	-7,886 to -78,694	-4,038.18 to -30,398.72	-62.72 to -287.63
Montana	-548 to -2,869	-91.77 to -689.21	-54.77 to -250.79
New Mexico	-8 to -4,689	-165.16 to -1,242.23	-47.84 to -219.41
Oregon	-1,823 to -10,748	-320.60 to -2,419.17	-46.42 to -213.65
Utah	-2,546 to -9,899	-246.34 to -1,846.52	-40.38 to -185.83
Washington	-2,800 to -18,292	-760.64 to -5,713.92	-66.02 to -302.54