

Opening Statement of Chairman Sheldon Whitehouse
Senate Committee on the Budget
“Lessons Learned: Leadership Perspectives and Experience on the National Costs of
Climate Change”
May 10, 2023

Ranking member Grassley, members of the Committee, distinguished witnesses, guests: welcome to the Budget Committee’s eighth hearing examining the economic risks and budgetary costs associated with climate change.

Today, we are very fortunate to hear from prominent political leaders who will discuss the costs associated with climate change.

Prime Minister Turnbull led Australia from 2015 to 2018 as the head of a center-right government. The United States and Australia share many similarities. Both are continent-sized, English-speaking democracies. Both are vulnerable to climate change, with long coastlines, large cities and productive agriculture regions vulnerable to worsening sea level rise, wildfires, floods, heatwaves, and droughts. Australia is also of course home to one of the wonders of the natural world: the Great Barrier Reef, whose existence is threatened by a warming and acidifying ocean.

Our other witness, Senator Bill Frist, served the state of Tennessee in the United States Senate from 1995 to 2007, and was Senate Majority Leader from 2003 to 2007. He is now the global board chair of The Nature Conservancy. Senator Frist is also a doctor, who since leaving the Senate has travelled widely engaged in medical charity work. During his travels, Leader Frist has had a front row seat to the public health costs climate change is imposing on countries around the world, whether from increased heatwaves, more frequent droughts leading to food and water insecurity, or degraded air quality.

Last week, we held a hearing on the costs associated with fossil fuel subsidies, including public health costs, and a hearing on the dangers of nearing a debt limit default. At the default hearing, several members expressed a desire to come together and work to strengthen America’s long-term fiscal position. I share that desire.

A serious conversation about the nation’s long-term fiscal health requires that we reform our budget process, but also that we address potential future shocks to the economy that would upend the most carefully laid fiscal plans. We could raise revenues and reduce spending and balance the budget, but if the economy goes into a climate-driven crash (and we have heard very knowledgeable testimony that multiple separate climate-driven crashes are possible), then massive budget deficits will reappear.

That is the entire reason why this committee – the Budget Committee – is holding hearings on climate change. We’ve heard that more than \$10 trillion of our national debt stems from the 2008 financial crisis – a warned-of economic shock – and the Covid pandemic – another warned-of shock. Now, central bankers, economists, financial experts, real estate professionals, insurance CEOs and academics are all warning of systemic risks to the economy from climate change. They are many — coastal and wildfire-area property value crashes, carbon bubble collapse, dislocation in insurance markets — and they are of the sort that could cost the economy trillions.

We cannot separate our nation's fiscal health from these looming and potentially catastrophic risks.

Our witnesses today, political conservatives, are well-placed to remind us that there is nothing inherently conservative about ignoring climate change. There are market-based solutions available that align exactly with conservative economic principles. Since climate change is a matter of physics, chemistry and economics, and not ideology or belief, there is a common platform of fact upon which to rely. Bipartisan achievements like the Clean Air Act, the Clean Water Act, the creation of the Environmental Protection Agency, the Montreal Protocol eliminating ozone-destroying chlorofluorocarbons, and the 1990 amendments to the Clean Air Act, prove that tackling climate change could be a bipartisan priority. Little achievements, like the Growing Climate Solutions law, the 45q carbon capture credit, and nuclear reforms, are bipartisan building blocks. The ranking member has long championed wind energy and ethanol fuel. There is bipartisan work on an international pollution fee to pair up with the EU's CBAM. Progress is possible.

This past weekend, Senator Cassidy and I spoke at the McCain Institute's annual Sedona Forum in Arizona about pollution tariffs. I was of course reminded of John, and of how different things were when I arrived in the Senate in 2007. Back then, there was significant bipartisan work on climate legislation in the Senate.

We must find a path back to bipartisan work on climate. At a time when our nation faces many looming challenges abroad, if we are unable to come together at home to address a fundamentally non-ideological issue – the warming of our planet due to carbon dioxide pollution from fossil fuel combustion – then our democracy is not functioning as it should. We owe it to our children – and the world – to get this right.