State Trends Show Increase in GDP with Decrease in CO2 Emissions

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Last week President Trump withdrew the United States from the Paris Climate Accord, citing the “draconian financial and economic burdens the agreement poses on our country.” The decision to withdraw from the agreement—a major international treaty to address climate change—is going to have broad policy and environmental impact on the global stage.

Is economic growth possible without environmental degradation? For years, we have heard that there is an unavoidable conflict between economic growth and environmental protection. Indeed, President Trump also bought into that narrative when he made the argument that the Paris Agreement will dampen economic growth and kill jobs. However, there is growing and compelling evidence that this is simply not the case and it is actually possible to have your cake (economic growth) and eat it too (less pollution and emissions).

From 2000 to 2014, 34 states and the District of Columbia decoupled their economic growth from an increase in carbon emissions. Collectively, these states reduced their emissions by 13 percent while still managing to grow their economies by a significant 23 percent. More importantly, this decoupling trend can be seen in both red states like Alaska, Georgia, Kentucky and Tennessee as well as blue states like California, Delaware, Massachusetts, and New York, proving that this is an economic issue rather than a political one.

States across the country understand the economic opportunity presented by the Paris agreement and are acting on it. The global advanced energy market surpassed $1.4 trillion in 2016, and it has grown by nearly 24 percent since 2011. In other words, advanced energy technologies are one of the biggest business opportunities of the next couple of decades. As the rest of the world races to replace carbon energy with clean energy, U.S. states and their businesses cannot afford to sit in the sidelines and cede this opportunity to others.

After President Trump’s decision, a bipartisan coalition of 12 states—California, Connecticut, Delaware, Hawaii, Massachusetts, Minnesota, New York, Oregon, Rhode Island, Vermont, Virginia, and Washington—that collectively produce more than a third of the nation’s annual GDP have formed the United States Climate Alliance to implement the goals of the Paris agreement. Other states have expressed an interest in joining this coalition.

Economic development and job growth are the central focus of decision makers across the country, and rightly so. Evidence from states supports the view that pro-economic and pro-environmental strategies can go hand in hand. Beyond the significant environmental benefits behind investing in advanced energy technologies, the economic argument by itself provides sufficient rationale to invest in these technologies.