

# Is Industry For or Against the Paris Climate Agreement?

In his speech withdrawing from the Paris climate agreement, Donald Trump cited an econometric [study](#) by National Economic Research Associates. The study, which is both credible and alarming, speculated that meeting the emissions targets could cost 2.7 million jobs, with manufacturing hit particularly hard. Overall growth would suffer. To be sure, professional economists today (in contrast to 50 years ago) have doubts about such studies, and are quick to add enough caveats to cover their tracks. The authors of this one did so.

Yet you don't even have to read such studies to know that more industrial controls via government will cost jobs and productivity. And perhaps that's why the financial market's response to Trump's move to withdraw was generally positive (unlike the hysterical reaction from the mainstream press).

That the US would decline to plot decades and decades of mandatory, top-down regulations governing the precise pace of technological innovation concerning greenhouse gases seemed to reduce some economic anxiety. Indeed, there was a sense of relief in the air.

So where precisely does the business community stand on the topic of global regulation of carbon emissions? That depends on whom you ask.

## **"Industry Friendly"**

The *New York Times*, in one of the most over-the-top [editorials](#) in years, heaped disgust and disdain on the citation of this study: "Mr. Trump justified his decision by saying that the Paris agreement was a bad deal for the United States, buttressing his argument with a cornucopia of dystopian, dishonest and discredited data based on numbers from industry-

friendly sources.”

This is a reference to the above study. Note the language. To be “friendly” to “industry” is enough to discredit what you say. The approach here brings to mind the old Marxist trick of dismissing any economic logic on grounds that its source is a member of the bourgeoisie and therefore intellectually trapped and unable to see socialist truth.

Thus does any study paid for by those most affected automatically discredit itself. “Industry” is supposed to be a bad thing. To be “friendly” to “industry” is proof enough that no one should ever pay attention to what you say.

But stay with me here, because only paragraphs later, the exact same editorial reverses itself to complain that Trump ignored the advice of top industry experts!

*Perhaps most astonishing of all, a chief executive who touts himself as a shrewd businessman, and who ran on a promise of jobs for the middle class and making America great again, seems blind to the damage this will do to America’s own economic interests... America’s private sector clearly understands this opportunity, which is why, in January, 630 businesses and investors – with names like DuPont, Hewlett Packard and Pacific Gas and Electric – signed an open letter to then-President-elect Trump and Congress, calling on them to continue supporting low-carbon policies, investment in a low-carbon economy and American participation in the Paris agreement.*

Which is it? Is American industry an automatically discredited source because of its desire to despoil the planet? Or it is a credible source that has the best interest of the planet in mind? The *New York Times* can’t seem to make up its mind about whether this agreement is good or bad for business.

**But CEOs Love It?**

And there's a deeper question here. What precisely does "American industry" think about the mandates and wealth transfers that would be imposed to comply with the Paris agreement? Both Elon Musk (of Tesla) and Bob Iger (of Walt Disney) have resigned from an advisory role in the Trump administration in protest of the Paris pullout.

Most CEOs will not go that far. But it is true that the heads of the largest companies in the country are all [on record](#) in support of the Paris climate agreement. As a news story [reports](#), "Many prominent business executives have advocated for policies to address climate change. They've made the case not just on environmental grounds but on commercial ones, saying that American competitiveness would suffer if the United States abdicated leadership on climate."

Among small- and medium-sized businesses, matters are very different indeed. Loud cheers went out among these owners and managers when Trump pulled out. A [report](#) from Toledo, Ohio:

*"While multinational corporations such as Disney, Goldman Sachs and IBM have opposed the president's decision to walk away from the international climate agreement, many small companies around the country were cheering him on, embracing the choice as a tough-minded business move that made good on Mr. Trump's commitment to put America's commercial interests first."*

So there is a real split here. Large companies are fine with the regulations, and many even advocate them. Smaller companies employing a few hundred people – which constituted 99 percent of the companies in the United States and account for half of private sector employment – are almost universally opposed.

## **The Myth of "Industry"**

In other words, when it comes to politics, there is no such

thing as “industry interests.” There are well-connected big businesses and there is everyone else. As much as a pro-capitalist outlook defends the right of business to grow big, the political influence of big business is a mixed blessing.

Big business, for more than 100 years, has been a main lobbying force for more intense government controls over trade, enterprise, labor, and property in general. The reason makes sense of vast amounts of American history: government controls can benefit incumbents in the competitive process and hobble upstarts and aggressive innovators. The large, established businesses can bear the new costs while their smaller competitors cannot.

It is not surprising at all that there would be a political split between big and small business over the Paris climate agreement. Whenever you hear that politicians are gathering “stakeholders” from the “business community” to find out their thoughts, know that something is afoul. The interests of large companies are not the same as the interests of free enterprise in general.

### **Strange Bedfellows**

Why would the “progressive” voices at the *New York Times* weigh in on behalf of large business and against smaller business? Here we get to one of the strangest but most persistent coalitions in American politics: progressives and corporate interests link arms to build the state at the expense of everyone else. This goes for the legions of activists who imagine that they are fighting for the little guy when all they are really doing is rigging the system to favor elites.

That’s precisely what Paris is really about. It’s not really about magically manipulating the global climate to take a certain shape in another 100 years, as if that were even possible, despite what all the models claim. Drill down just a bit to the pressure-group politics behind Paris and you find

just another attempt – cleverly covered by science – by government, various corporate interests, and ruling class intellectuals to skew the system in their favor.

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Jeffrey Tucker is Director of Content for the [Foundation for Economic Education](#). He is also Chief Liberty Officer and founder of [Liberty.me](#), Distinguished Honorary Member of [Mises Brazil](#), research fellow at the [Acton Institute](#), policy adviser of the [Heartland Institute](#), founder of the CryptoCurrency Conference, member of the editorial board of the [Molinari Review](#), an advisor to the blockchain application builder [Factom](#), and author of five books. He has written 150 introductions to books and many thousands of articles appearing in the scholarly and popular press.

*This article was originally published on FEE.org. Read the [original article](#).*