

MONEY & MARKETS

Trump pulling the US out of the Paris climate agreement could be disastrous for the economy

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President Donald Trump announced on Thursday that he will withdraw the US from the Paris climate agreement.

The agreement, which **195 nations** signed in December 2015, **set a global goal** to keep the planet from warming to a level that scientists say could keep the planet from launching into a tailspin of irreversible consequences.

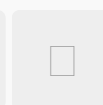
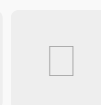
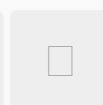
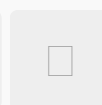
Trump also said that he plans to renegotiate the US' position in the agreement, but the exact terms are unclear.

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In explaining his decision, Trump said that his decision was in part to save US jobs and grow the economy, saying that the agreement “handicaps the US economy.”

While there may be some positive short-term economic effects, Trump’s decision to pull out of the Paris agreement and not fight to address climate change would most likely have devastating long-term economic consequences for the US and the world.

In a paper published in Nature attempting to bring together previous findings of climate change on the economy, researchers at the University of California at Berkley and Stanford estimated that there would be serious consequences on the global economy if climate change continues at its current pace.

“If future adaptation mimics past adaptation, unmitigated warming is expected to reshape the global economy by reducing average global incomes roughly 23% by 2100 and widening global income inequality, relative to scenarios without climate change,” said [the paper from Marshall Burke, Solomon M. Hsiang, and Edward Miguel](#).

While these effects would be different in various countries around the world, the researchers [estimated that US GDP between 2016 and 2099](#) will be 36% lower

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if current climate trends continue compared to a world with more stable temperatures.

This isn't to say that the other nations in the Paris agreement couldn't mitigate these effects somewhat, or that Trump couldn't undertake other measures to decrease carbon emissions.

In addition to macroeconomic impacts, Trump also said that the move would help to preserve jobs at power plants, coal mines, and other fossil fuel generating industries.

While there are still a large number of workers in the traditional fossil fuel industries [according to the Department of Energy](#), the number of Americans employed in energy efficient and renewable energy jobs is also huge.

For instance 1.1 million Americans work in electric power generation through traditional fossil fuels, but renewables follow closely with 880,000 employees.

Additionally, the renewable sector is booming with solar employment growing by 25% and wind generation employment growing by 32% in 2016.

Add on the fact that 2.2 million people are employed in the “the design, installation, and manufacture of Energy Efficiency



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products and services” and it’s clear that combatting climate change is a big employment driver for the US.

Given much of this research, a large number of business leaders spoke out against Trump’s rumoured decision prior to his announcement.

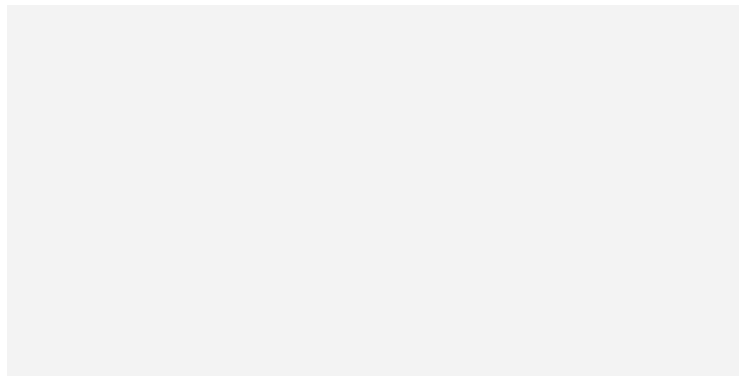
28 major US companies including Apple, Gap, Facebook, Google, Microsoft, and Morgan Stanley took out a full page ad in the New York Times [asking Trump to stay in the Paris agreement](#).

Both ExxonMobil and ConocoPhillips, two of the largest energy companies in the world, have also [expressed support for the Paris agreement](#).

General Electric CEO Jeff Immelt also tweeted his displeasure after Trump’s announcement on Thursday.

“Disappointed with today’s decision on the Paris Agreement,” [Immelt said](#). “Climate change is real. Industry must now lead and not depend on government.”

NOW WATCH: Economist: Climate change won’t be the only major concern if Trump pulls out of the Paris Accord



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