CLIMATE TALK

**America at its best when she shows leadership**
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When it comes to tackling climate change, bold steps are needed among many nations. America, usually the country providing innovation and a "can do" spirit, now seems to be turning back the clock on several fronts. When it comes to energy policy, we are now taking steps to return to a past of coal and oil. But history shows that our best days occur when we harness creativity, science and determination to forge a way forward with confidence and optimism. This has been proven to be successful, as history demonstrates, from the space race to our breakthroughs in technology and medicine born from inspiration that sparked advancements across many frontiers. As we now begin a national debate about tax reform, let's consider climate change as part of making us competitive again.

One strategy many economists agree is critical to address climate change is to place a tax on carbon at its source – when it is extracted from the earth – and refund those taxes each year as a rebate to consumers amounting to an estimated $2,000 a year for the average family of four. The tax is gradually eliminated as the use of fossil fuels decreases. This concept is called a carbon tax and dividend. The value added benefit of better products and services replacing carbon based products means consumers will save and new jobs will be created.

This concept may sound like a risky, untested policy, but in fact, many governments have already implemented this plan without economic injury. These plans vary in the details, but all are aimed at reducing carbon dioxide from the atmosphere.

Finland was the first country to adopt a carbon tax in 1990. Sweden followed suit and enacted a tax on carbon emissions in 1991. No tax is applied to fuels used for electricity generation. As a result the tax led to heavy expansion of the use of biomass for heating and industry. Other Scandinavian countries have followed.

The United Kingdom has had a carbon tax since 2013. The lion's share of the drop in U.K. carbon emissions has occurred in the electric sector where 2016 emissions were down more than 45 percent from 2013.

For all sectors — transport, residential, industry and so forth, in addition to power stations — carbon dioxide emissions in 2016 were down 19 percent from 2013. The carbon tax is credited for much of the drop in coal use. Coal use has fallen 74 percent since 2006 and is now 12 times below the record used in 1956. Many factors, not just the carbon tax, are responsible for these results. Coal demand has fallen because of cheaper natural gas, the expansion of renewables, falling demand for energy and the closure of a large steelworks operation.

In October 2014, Chile enacted the first climate pollution tax in South America to begin in 2018 as part of a broader economic package. It's a modest levy — a mere $5 per metric ton of $CO_2$ — that applies to only 55 percent of emissions. Chile's tax targets large factories and the electricity sector. Still, these are helpful first steps.

Closer to home in North America, Canada's western province, British Columbia, introduced a carbon tax in 2008. British Columbia's system is designed to be revenue neutral, meaning the government will take in no extra money from the tax and instead return it through tax cuts and credits. Most academic studies find that this tax has reduced carbon emissions from 5 to 15 percent without hurting economic growth. Canada plans to have all provinces implementing a carbon tax and dividend by next year.

A group of Republican elder statesmen is calling for the U.S. to adopt the carbon tax and rebate. The group, led by former Secretary of State James Baker, with former Secretary of State George Shultz and Henry Paulson, a former CEO of Goldman Sachs and former secretary of the Treasury, says that taxing carbon is "a conservative climate solution" based on free-market principles.

The Baker proposal would substitute the carbon tax for the Obama administration's Clean Power Plan, which President Trump has pledged to repeal. At an initial price of $40 per ton of carbon dioxide produced, the tax would raise an estimated $200 billion to $300 billion a year, with the rate scheduled to rise over time.

The plan would also incorporate what are known as "border adjustments" to increase the costs for products from other countries that do not have a similar system in place. This element would address the problem of other nations getting a price advantage over carbon-taxed domestic goods. The proposal would also insulate fossil fuel companies against possible lawsuits over the damage their products have caused to the environment.

The value added benefit of better products and services replacing carbon based products means consumers will save and new jobs will be created. Like LED bulbs, technologies create long term savings. An electric car could save $6000 - $8000 in fuel costs per year replacing a pickup or SUV.

With a tax on carbon, the market would choose other less carbon intensive options. This is happening already in response to market forces. Wind and solar have grown dramatically, and the expansion of natural gas power plants led to the closing of more than 90 coal fired power plants in 2015. The net effect has been an increase in efficiency, not monthly bills.

Whatever the fate of the plan, it is important because respected leaders of the Republican and Democratic Parties are on the record as favoring action on climate change. By forging a bipartisan approach, and learning from other countries' years of experience, America may again take its place as a creative innovator leading by example, rather than being a spectator. That's not been the American way.

(Mark Peterson lives in Bayfield and is a wannabe weatherman. He is concerned about the climate future for his two children, Cassia and Chad, and their children.)