

CLIMATE TALK

Cheers for Paris and the New Economy

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For those of us concerned about climate change, there's been a good deal to cheer about recently;

- In Paris, 195 countries—virtually all of the countries in the world—made a joint commitment to reducing their carbon emissions.
- 228 cities and 44 state and regional governments from around the world have set goals for the reduction of greenhouse gas emissions.
- 154 companies from across the American economy have pledged to support the Paris agreement and reduce their carbon emissions. They include: Alcoa, Amazon, AT&T, Bank of America, Best Buy, BNY Mellon, Cargill, Coca Cola, Dell, Disney, Du Pont, FaceBook, GE, General Mills, GM, Goldman Sachs, Google, Hershey's, HP, IBM, Johnson & Johnson, Kellogg's, Kohl's, Levi Strauss, McDonalds, Microsoft, Monsanto, Nestle, Nike, Pepsi, Proctor & Gamble, Staples, Starbucks, Target, UPS, Verizon, Walmart, Xerox, and a host of others.
- Bill Gates and other highly successful entrepreneurs have formed a multi-billion dollar clean technology research and development fund.
- Congress has extended the tax credits for new solar and wind power facilities, which in recent years have added more new generating capacity than fossil-fuel facilities.

These developments and others will undoubtedly add much needed momentum to our transition—already well underway—to a new, clean energy economy, and that is certainly cause to cheer. But as a number of experts have noted, in order to avoid the worst impacts of climate change, we need to take additional steps to accelerate the process.

One such step—endorsed by experts across the political spectrum and likely the most important one we can take—is to put a price on carbon, either directly by taxing it at the sources of fossil fuels or indirectly through a cap and trade system, such as has been used to reduce acid rain in the Northeast. The importance of this approach was recognized and highlighted in Paris, where 74 countries and over 1000 companies expressed their support for it.

Nearly 40 countries and over 40 city and regional governments already have some form of carbon pricing or plans to implement it. They include: China, Mexico, Chile, Ireland, Great Britain, Finland, Sweden, Switzerland, New Zealand, South Korea, British Columbia, Quebec, California, and Boulder, Colorado.

In the United States, though carbon pricing has yet to be enacted nationally, a number of major companies—including General Motors, ADM, Colgate Palmolive, Chevron, ConocoPhillips,

Enbridge, Exxon Mobil, Wells Fargo, Delta Airlines, Du Pont, Dow Chemical, Consolidated Edison, Duke Energy, Xcel Energy, and many more—already include an internal price on carbon in their financial planning.

Citizens' Climate Lobby—a national non-profit, non-partisan citizens' lobbying organization, with a local chapter right here in the Chequamegon Bay area— has a proposal for carbon pricing in the form of a revenue-neutral carbon tax, known as carbon fee and dividend. It would impose a gradually increasing fee on fossil fuels, at the mine, oil field, or port of importation, with a border adjustment fee assessed against fossil fuels, or products made from them, from countries without equivalent carbon pricing. All of the revenues would then be paid to American households, which would provide the financial means to adjust to increased prices of fossil fuels and goods and services using them.

Studies of the proposal have concluded that, due to the dividends to American households, both employment and our gross domestic product would increase more than under a business-as-usual scenario; that those on the lower two-thirds of the national income ladder would come out better off or no worse off financially; and that carbon emissions would be dramatically reduced. That would certainly be cause to cheer.

With carbon pricing, there will certainly be substantial adjustments to be made in how we spend our money and live our lives. That's what will substantially reduce carbon emissions. The good news is that such adjustments are well within our capabilities, and that we, and our children and grandchildren, will be better off for having made them. We have a readily available means of successfully addressing climate change. We just need to take advantage of it. As Rosie the Riveter said to another generation facing a great challenge:



Cheers!

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