

Carbon Pricing: A Useful Cautionary Tale

28 October 2016

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A few weeks ago a friend sent an e-mail asking my opinion about I-732, a proposed Washington State carbon tax that would use most of the funds to reduce the sales tax. My opinion, in brief, is that it would be the best approach in the world so far. It is better than the British Columbia tax swap (BC uses the carbon tax money to reduce the payroll tax, but half of the people are not on a payroll, so its effect is uneven, being favorable mainly to middle-income employed people). However, it falls short of the simple carbon fee-and-dividend that I have proposed, which is now championed by CitizensClimateLobby.org.

Unfortunately, a danger of today's rapid-fire electronic correspondence reared its head: there was some confusion between my strong support of the legal case brought by Our Children's Trust against the state of Washington and the Washington ballot initiative I-732. I have been very involved in the legal case, but had not previously been involved in I-732. Upon being informed about I-732, I agreed to write an op-ed giving my strong but qualified support of I-732.

My op-ed was published in the Seattle Times, but the editors made two seemingly innocuous edits that dramatically altered my intended meaning. I wrote a [2-page explanation](#), but you may prefer a [2-minute video](#) featuring Cosmos and my grandchild Sophie.

A remarkable grassroots campaign has generated enough support for I-732 that it has a chance of passing. Thus for the past several days my friend has tried to generate support of people who may be able to influence undecided voters. This led to an hour-long telecom yesterday with Van Jones, who spoke with me, my friend and a colleague, none of us from Washington. I got in only a few sentences, my usual statements about the crucial need to make the price of fossil fuels honest by including their (human health, environmental, and climate change) costs to society, and specifically the merits of a revenue neutral carbon fee with no money to the government.

In my 75 years, to the best of my knowledge, I was never previously accused of condescension and racism. However, I understand our responsibility to try to make amends, to the extent that is even possible, for our past and continuing injustices. I am sure the condemnation was not meant to be personal, and I have great respect for the intellect, communication abilities, and obvious humanity of Van Jones. My concern is my own failure to communicate the merits of a simple honest carbon fee-and-dividend to accomplish much of the social justice that Van Jones and many others so passionately desire.

Van Jones vowed to go on Bill Maher's program to sink I-732 and carbon fee-and-dividend. He said that the community concerned about actions to slow human-made climate change needs to start over, work together with communities of color, and come up with a better plan that better compensates all communities. I believe that we have failed to communicate the situation well, because, I suggest, what we propose is in the best interests of disadvantaged communities.

I will try to be brief:

Benefits of the carbon fee-and-dividend (in which an across-the-board rising carbon fee is collected from fossil fuel companies at the domestic mine or port—of-entry, with 100% of the money given to the public, an equal amount to each citizen) include the following:

(1) Economic studies show this to be, by far, the fastest way to phase down fossil fuel emissions, much superior to cap-and-trade or regulations on emissions, but fee-and-dividend can be applied effectively on top of any existing efforts to reduce emissions.

(2) It spurs the economy, increases GNP, creates millions of jobs, in contrast to taxes (including cap-and-trade), which depress the economy.

(3) Carbon fee-and-dividend helps reduce income inequality, as, on average, low income people have a smaller carbon footprint than wealthy people.

(4) Rapid phase-out of fossil fuels benefits low-income disadvantaged people in another way, because fossil fuel pollution has a disproportionate effect on those communities.

Bottom line: In every country and state where I have tried to make the case for a simple, honest carbon fee-and-dividend the politicians respond that they want part of the money to spend on “this and that” (Sophie’s words) or any politically-favored programs. However, when the government grabs the money, rather than returning 100% to the public, it becomes a tax. That renders the measure toxic to conservatives, who do not want to see larger government and higher taxes. It depresses the economy. It loses the economic benefits that would accrue especially to low income people. And it prevents us from achieving the most rapid reductions of fossil fuels and associated pollution.

Perhaps the most crucial lesson in the cautionary tale is this: if you open up the funds from the carbon fee to one special interest group, the game may be lost. You will be descended upon by many special interests, each demanding a share. It becomes a tax, just another tax.

I-732 is not perfect, but it would be the best approach so far. I strongly urge Washington residents to vote yes for I-732, for the sake of our young people and nature.