

Ed Gillespie's anti-carbon-tax politics are “seductively simple”

Ed Gillespie wrote a “seductively simple” pseudo-rationale for why a carbon tax would not work, and would doom his party's nominee. First he simplistically claims that carbon-intensive businesses will just pay the tax, pass it on to consumers, and not cut their emissions. They might do this at the start, but if they know that a carbon tax will gradually rise over a decade or more, and will be a long-term stable policy, they will do what all good capitalists do—they'll spend some money on research and development to find cheaper, non-emitting technologies to implement instead of their high carbon methods. Innovators will fund their research to make money on the next high-tech battery or efficiency device.

Simplistically Gillespie says, “A better route to reducing carbon emissions runs through technological innovations that are adopted uniformly by all industries in all countries.” Really? Who is going to make all industries in all countries adopt new technological innovations and where will those innovations come from? Does Gillespie think GOP candidates should start calling on Congress to ratify all UN agreements requiring the uniform adoption of new technologies? Will that fly with their conservative base? Who will fund all the research

that leads to new technology? Why isn't he promoting capitalistic, free-market-based policies to motivate all industries equally to find the best innovations for their specific needs?

The most simplistic part of Gillespie's argument is that he compares a carbon tax to Obamacare! Last week, Mitt Romney was interviewed by the Boston Globe. Romney boasted about the universal health insurance program he promoted, and signed into law when he was Massachusetts' governor: "Without Romneycare, we wouldn't have had Obamacare" and therefore "a lot of people wouldn't have health insurance." However, what Mitt Romney didn't mention in that interview is that when he was Massachusetts' governor, he and his staff spent years working on a market-based carbon-pricing system (Regional Greenhouse Gas Initiative, RGGI) to lower our carbon emissions. He was a strong advocate and even "architect" for what turned into a very successful carbon-pricing program. Eventually, Romney withdrew his support for RGGI because he decided to run for president. He didn't think concerns about climate change and carbon emissions would appeal to Americans nationwide. But RGGI has been so successful that members of RGGI will have no trouble meeting EPA regulations to cut carbon emissions from power plants—we have had a good headstart. And it has been so successful that Republican Senator Kelly Ayotte, running for re-election, publicly announced her support for the EPA's CPP regulations.

As for carbon tax being a job-killer, that's just nonsense. It will kill jobs in industries that are high-

carbon emitters but will create many more jobs in other industries than it kills in dirty industries. Studies of the economic impact of a revenue-neutral carbon tax demonstrate that rebating the revenue to the public stimulates the economy creating more jobs than are lost. In addition, a rebate to households can protect low income households from higher energy costs (Gillespie's claim that it will amount to a 10% tax is just a scare tactic). Gillespie should know that even Exxon's website states they support a revenue-neutral carbon tax as the best way to cut emissions efficiently and effectively, and they think the revenue should be rebated to the public to prevent it from being regressive.

Furthermore, more than 400 local chambers of commerce nationwide support the EPA CPP regulations to cut emissions from producing electricity because they know that cutting emissions and increasing efficiency creates local jobs. A national carbon tax, applied upstream, would have a similar effect but would be much simpler to administer, cheaper to run, and more efficient. A gradually increasing national carbon tax would also give businesses and investors the type of government policy they value most—it would give them long term stable policy. EPA regulations have to be updated every few years. Moreover, court cases over the regulations drag on creating needless uncertainty instead of stability and reliability.

Nicholas Stern (economics professor and HSBC climate change advisor) writes in his book "Why Are We Waiting?", that the best climate change policy is stable, reliable, long term policy that allows

businesses and investors to plan into the future with assurance that policies will remain in effect. With Republicans in control of Congress, we have not seen Congress provide business, investors, and consumers with stability. A gradually increasing, long term carbon tax will offer stability, rationality and opportunity for growth. Indeed, Stern calls a carbon tax—a pro-market policy, and anyone who opposes carbon taxes or carbon pricing is taking an anti-market policy.

As for Gillespie's simple statement that a Republican presidential nominee who endorses a carbon tax could not win Virginia or Colorado and therefore it's a losing proposition—this is circular reasoning. If Republican voters are leery of a national revenue-neutral carbon tax, it's because Republican leadership has told their base for too long that climate change isn't serious and policies aren't needed. Lack of interest in Republican voters is not a reason to dismiss first-best policy. It's a reason to walk back their previous denials and re-educate their base. It's time for Republican politicians to educate themselves adequately on climate change and policy, and then educate their base about why revenue-neutral carbon taxes are a great solution, so they can run for office without minimizing the issue and sounding like simpletons.

Nicholas Stern's book is the best climate change book I read in 2015— no one, neither Republican nor Democrate, should run for president without having read it.

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