

# Carbon Tax Silence, Overtaken by Events

By ROBERT H. FRANK

DON'T expect to hear much about [climate change](#) at the Republican and Democratic conventions.

Yes, there will be plenty of speeches about unemployment, budget deficits and other immediate problems. But the threats posed by global warming are decades away — or so we have been told repeatedly in recent years.



Many climate scientists, however, are now pointing to [evidence linking](#) rising global temperatures to the extreme weather we're seeing around the planet. The United States has just endured its hottest 12-month period on record. The

worst drought in a generation has parched the nation's crop belt. Floods that happened once a century now occur every few years.

With distressing images of weather-related disasters saturating the news media, climate change no longer seems such a distant and abstract worry — except, perhaps, in Washington. In 2009, President Obama persuaded House Democrats, then in the majority, to pass a bill aimed at curbing greenhouse gas emissions. Facing a Republican [filibuster](#) in the Senate, however, the legislation died. And its prospects dimmed further when Republicans took control of the House in 2010. Mr. Obama has remained relatively silent on the issue since then.

Mitt Romney, for his part, has been equivocal about whether rising temperatures are caused by human action. But he has been adamant that uncertainty about climate change rules out policy intervention. “What I’m not willing to do,” [he told an audience in New Hampshire last summer](#), “is spend trillions of dollars on something I don’t know the answer to.”

Climatologists are the first to acknowledge that theirs is a highly uncertain science. The future might be better than they think. Then again, it might be much worse. Given that risk, policy makers must weigh the potential cost of action against the potential cost of inaction. And even a cursory look at the numbers makes a compelling case for action.

According to the respected [M.I.T. global climate simulation model](#), there is a 10 percent chance that average surface temperatures will rise by more than 12 degrees Fahrenheit by 2100. Warming on that scale could end life as we know it. Smaller increases would be less catastrophic, but even the most optimistic projections imply enormous costs.

The good news is that we could insulate ourselves from catastrophic risk at relatively modest cost by enacting a steep carbon tax. Early studies by the [Intergovernmental Panel on Climate Change](#) estimated that a carbon tax of up to \$80 per metric ton of emissions — a tax that might raise gasoline prices by [70 cents a gallon](#) — would eventually result in climate stability. But because recent estimates about global warming have become more pessimistic, stabilization may require a much higher tax. How hard would it be to live with a tax of, say, \$300 a ton?

If such a tax were phased in, the prices of goods would rise gradually in proportion to the amount of carbon dioxide their production or use entailed. The price of gasoline, for example, would slowly rise by somewhat less than \$3 a gallon. Motorists in many countries already pay that much more than Americans do, and they seem to have adapted by driving substantially more efficient vehicles.

A carbon tax would also serve two other goals. First, it would help balance future budgets. Tens of millions of Americans

are set to retire in the next decades, and, as a result, many budget experts agree that federal budgets simply can't be balanced with spending cuts alone. We'll also need substantial additional revenue, most of which could be generated by a carbon tax.

If new taxes are unavoidable, why not adopt ones that not only help balance the budget but also help make the economy more efficient? By reducing harmful emissions, a carbon tax fits that description.

A second benefit would occur if a carbon tax were approved today but phased in gradually, only after the economy had returned to full employment. High unemployment persists in part because businesses, sitting on mountains of cash, aren't investing it because their current capacity already lets them produce more than people want to buy. News that a carbon tax was coming would create a stampede to develop energy-saving technologies. Hundreds of billions of dollars of private investment might be unleashed without adding a cent to the budget deficit.

SOME people argue that a carbon tax would do little good unless it were also adopted by China and other big polluters. It's a fair point. But access to the American market is a potent bargaining chip. The United States could seek approval to tax imported goods in proportion to their carbon dioxide emissions if exporting countries failed to enact

carbon taxes at home.

In short, global warming has a fairly simple and cheap technical solution. Extreme weather is already creating enormous human suffering. If it continues, politicians will have a hard time ignoring the problem when the 2016 conventions roll around. If the recent meteorological chaos drives home the threat of climate change and prompts action, it may ultimately be a blessing in disguise.

*Robert H. Frank is an economics professor at the Johnson Graduate School of Management at Cornell University.*