

Libertarian proposes climate swap — get rid of Clean Power Plan and enact carbon tax instead

Evan Lehmann, E&E reporter

The leader of a new libertarian think tank is challenging conservatives to support a carbon tax in exchange for a bucket of Republican victories, including a repeal of regulations limiting greenhouse gas emissions from power plants.

The plan, outlined in a white paper yesterday by Jerry Taylor, president of the Niskanen Center, objects to common Republican strategies for halting the Obama administration's executive action on climate, like defunding the rules or stopping them in court. That's hopeless, he says, so pursuing those means Republicans implicitly support the onerous regulations.

"The right has a choice. They can complain about the regulations and have no agenda to do anything about them. Or they can offer a trade," Taylor said in an interview.

Taylor, who spent 23 years at the Cato Institute before opening his own shop last year, endorses the idea that human industrial activity is driving temperature increases.

But that's not why he's calling for a carbon tax. The main reason is to avoid the clunky and expensive EPA regulations on the power sector, he said. It could also achieve lower income taxes, end energy efficiency and vehicle fuel economy standards, and perhaps even repeal some state renewable portfolio standards.

"Given that the political choice today is between carbon taxation and command-and-control regulation, conservatives betray their market principles by rejecting the former and, consequently, locking in the latter," the 28-page paper says.

The paper is coming out as a minor debate is flaring up. Republican Sens. John Thune of South Dakota and Roy Blunt of Missouri are drafting an amendment opposing carbon taxes, according to Myron Ebell, director of the Center for Energy and Environment at the Competitive Enterprise Institute. The measure could be offered during the budget debate this week. Taylor seems to expect those type of obstacles.

His main audience isn't lawmakers. He's aiming the paper at the network of conservative groups shaping public policy. In his view, groups like the Heritage Foundation, the U.S. Chamber of Commerce, the National Association of Manufacturers and "even the coal sector" can influence Congress -- if they see the benefits of taxing carbon.

"These people have to be moved, I think, before conservative Republicans on the Hill embrace this idea," Taylor said. "I think there's a real fear out there that no matter what the merits of this might be, Republicans don't want to entertain the risk of a tea party challenge or enrage conservative activists who declare that they're betraying principle by embracing a deal like this.

"Until that fear is addressed, I don't think this bill is going to go anywhere," he added.

A White House option, or 'fringe of the fringe'?

Ebell isn't eager to help. He and others who question if people are changing the climate began an early campaign, in 2002, to discredit carbon cap-and-trade measures. Republicans like Sen. John McCain of Arizona were among those leading the effort to reduce emissions at the time, but Ebell portrayed the policy as an expensive "cap and tax."

Now Taylor is representing the conservative "fringe of the fringe," Ebell said, claiming that climate change is losing scientific momentum.

"One of the problems with Jerry's analysis is he's way behind on the science," Ebell said, adding that "history has passed this global crisis" by.

"It seems to me Jerry is kind of fighting the last battle," he added.

That position is the opposite of the conclusion found by most scientists researching the climbing presence of carbon dioxide. Other observers saw Taylor's paper as a new voice in the small bipartisan group of advocates for a carbon tax. And they said it could have merit with the White House, which is scheduled to

release its climate regulations under the Clean Power Plan this summer.

"I would imagine they would be receptive," said Billy Pizer, a professor at Duke University who served as a senior climate adviser to the Obama administration until 2011. "You could certainly imagine eliminating the current Clean Power Plan if you had a suitable carbon tax on the table."

Robert Stavins, an economist who studies climate change at Harvard University, said replacing the regulations with a national carbon tax could "make a great deal of sense." But he said the tax would have to be large enough to reduce the same amount of emissions as the Clean Power Plan, at least.

Taylor's idea to also repeal the standards around energy efficiency and fuel economy in vehicles might be more problematic. That's because a carbon tax wouldn't address other "market failures" that lead to wasted energy. As an example, Stavins pointed to the problem with rented office and apartment buildings, in which tenants pay for electricity. Neither they nor the owners have an incentive to retrofit the building to save energy.

For now, Taylor says his aim is to convince the conservative groups orbiting Congress that a carbon tax is "politically imaginable." He addresses a list of arguments used by conservative opponents of taxing carbon, and picks apart each one.

He also tries to persuade conservatives that a carbon tax could protect the economy from a reactionary response from Congress if the public mood swings markedly in favor of addressing rising temperatures.

"It also hedges against panic-driven government responses to catastrophic global warming that could do tremendous harm to social and economic liberty," the paper says. "Conservatives are risking a great deal by embracing a policy of militant denial regarding climate risks. If conservatives are found to be wrong, the political response would likely prove devastating."