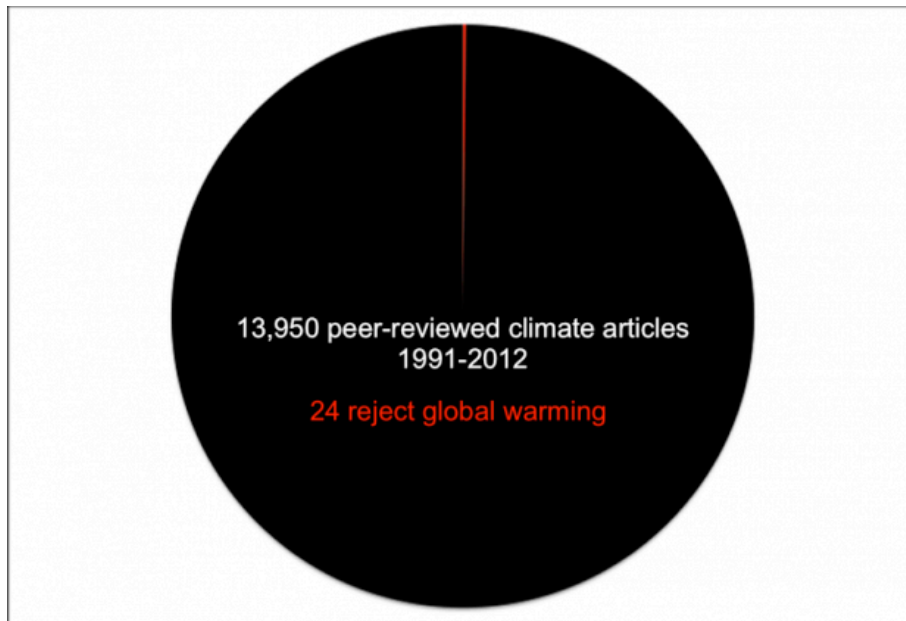


ST. LOUIS POST-DISPATCH

EDITORIAL, DECEMBER 27, 2012



Copyright Jim Powell, desmogblog.com

Save the planet. Save Social Security. Save Medicaid. Tax carbon.

By the Editorial Board of the St. Louis Post-Dispatch

If Congress and the president were more rational than political — admittedly, a very big if — they could kill a covey of birds with one stone. They could replace the payroll tax with a carbon tax.

Suddenly Social Security and Medicare funding would be secure, which means the rest of the fiscal crisis would be fixed. Plus, you might save the planet in the process.

Instead of paying combined Social Security and Medicare taxes of 7.65 percent through

payroll deduction (assuming the Social Security tax portion of it goes back to 6.2 percent next year), workers would keep that money.

They'd need at least part of it to pay for the carbon taxes on gasoline, natural gas and electricity produced by coal or gas plants. For example, if oil companies were taxed \$20 a ton for the carbon dioxide their products created, they'd pass along the cost to

consumers. The price of gasoline would go up about 20 cents a gallon.

Consumers, eager to save money, would look for ways to reduce their carbon use. Entrepreneurs, eager for ways to cash in, would look for ways to help them. Instead of a regressive flat tax on payroll, the carbon tax would be more efficient consumption tax.

Slowly, perhaps imperceptibly at first, carbon emissions into the atmosphere would be reduced. The temperature of the atmosphere would not go up so fast, perhaps stabilizing enough to avoid worldwide catastrophe. The Earth might be habitable for our grandchildren.

Liberal economists like the carbon tax. Conservative economists like the carbon tax. Environmentalists like the carbon tax. Even ExxonMobil and Royal Dutch Shell have had a few nice words about the carbon tax, though some people doubt their sincerity.

So why not do a carbon tax instead of fooling around with spending cuts, tax expenditures, payroll taxes, plan Bs, sequestration and all the rest of the fiscal cliff discussion?

Because the politics of it will be really, really hard. Because many politicians are still in hock to the fossil fuel industry. And because many people, Superstorm Sandy and Superdrought 2012 notwithstanding, would still rather pretend that global warming is not real.

The accompanying pie chart should be instructive. It was produced by James Lawrence Powell, a former member of the National Science Board under Presidents Ronald Reagan and George H.W. Bush. He did a broad search in scientific journals for every peer-reviewed study of climate change and/or global warming since 1991. He found 13,950 of them, the combined work of 33,690 scientists from around the world. Precisely 24 of the 13,950 studies rejected global warming.

That piece represents 17 hundredths of 1 percent of the pie. End of debate. Congress hasn't passed cap-and-trade legislation, a far less efficient solution. The carbon tax might have a better shot.

As Elizabeth Kolbert noted in the Dec. 10 edition of *The New Yorker*, the carbon tax is an almost perfect solution to what economists call a "Pigovian" problem created by carbon emissions. In 1920, the British economist Arthur Pigou noted that certain private investments impose costs on other people. You fill up your gas tank, you get the benefit of transportation. The gas station, its distributors and the oil company all make money. But the cost of the carbon emissions are borne by society in the form of climate change.

A bridge or highway toll is a classic Pigovian tax. Federal and state gasoline taxes that go to build and maintain roads and bridges are Pigovian. The Metropolitan Sewer District levies Pigovian taxes disguised as fees. The St. Louis city earnings tax is Pigovian.

A carbon tax would require those who use fossil fuels — which is everyone except a few people living way off the grid — to pay for the social costs of global warming up front.

Conservative doctrine is that taxing consumption is always preferable to taxing income. The most notable conservative advocate for the carbon tax is economist Gregory Mankiw of Harvard, chairman of the Council of Economic Advisers under President George W. Bush and economic adviser to Republican Mitt Romney's presidential campaign. He is joined by former Fed chairman Alan Greenspan and supply-side guru Arthur Laffer, among others.

Most believe a carbon tax should be revenue-neutral, that is whatever new revenue it produces should be offset by tax cuts elsewhere. Liberals, on the other hand, see not only environmental benefits in a carbon tax, but a source of new revenue needed to reduce benefits and balance the budget without cutting other spending programs.

This dispute — revenue-neutral vs. new revenue — will dominate carbon tax discussions should Congress ever get around to debating it. There will also be debate over how high the tax should be.

The Intergovernmental Panel on Climate Change has estimated that a carbon tax of \$80 per metric ton of emissions could keep disaster from happening by the end of the century. Other experts have said that's too low.

An \$80-a-ton tax would cause gasoline prices to go up 70 to 80 cents a gallon. In a rational world, that would be the goal, with the carbon tax offset by payroll tax cuts and perhaps tax rebates to low-income Americans. It would also have to be accompanied by carbon tariffs imposed on

goods imported from countries that are not addressing the problem.

The debate won't start at \$80 a ton; indeed, given the power of the fossil fuel lobby, it won't begin until several more years of killer storms, flood and drought. In a rational world, the debate would be well under way.

Kevin Horrigan is deputy editorial page editor of the Post-Dispatch. Follow him on Twitter at @oldsport.

WEB LINK http://www.stltoday.com/news/opinion/columns/the-platform/editorial-save-the-planet-save-social-security-save-medicaid-tax/article_296f43f0-aaef-5d24-84b5-cb5c2bedd224.html

CCL FILENAME 2012 12 27 StLPostDispatch Ed Board EDITORIAL Save the planet Save social security Save Medicaid Tax carbon

The Post-Dispatch editorial board decided to publish this opinion after a conversation with the Citizen Climate Lobby's media director and other CCL volunteers.