

Mass. Needs A New Tool Against Climate Change

By State Senator Mike Barrett June 14, 2015

Imagine global warming as the sum of all the calamities we know -- hotter temperatures, rising oceans, melting glaciers, shrinking species, wilder storms, worsening droughts -- plus a new discovery: we find that terrorists are behind the scenes, master-minding the entire process.

Whoa! Blue state and red state, Elizabeth Warren backers and Ted Cruz boosters, working people and wealthy people -- everyone would be outraged. We Americans would certainly go after the terrorists. But above all we'd formulate plans to roll back the damage done to Mother Nature, the country and the planet. We'd fix this thing.

In the real world, of course, no galvanizing evil underlies the human activity that causes climate change. Credit for best analysis goes to the comics character Pogo: We have met the enemy and he is us. Each one of us relies on coal, oil and natural gas, the three "fossil fuels" responsible for the problem. The data on climate change is piling up, but it documents a warming trend just slow enough to leave us sitting placidly at the bottom of the frying pan.

Thankfully, a growing number of people take exception to the world being slow-cooked. Here in Massachusetts, they applaud the emergence of alternative energy and support the closing of dirty electric plants. Still, they will be interested to know that the state is falling short of reaching the carbon pollution reduction targets it's set for itself.

Time to take our game to the next level. We need to move against climate change in a way that is effective (ramps down on greenhouse gases), practical (light on bureaucracy), flexible (adjusts to new circumstances) and fair (tolerable for people who don't have a lot of money).

An Act Combating Climate Change, legislation I've drafted, satisfies these criteria. Revenue neutral carbon pricing charges us upfront for heating oil and gasoline (politically dicey), then returns all the money (politically popular), and still chops away at climate change (environmentally very cool).

Revenue neutral carbon pricing isn't about growing the size of government. Nor does it involve direct regulation. The idea is so "market-based," so respectful of individual choice, it's won the support of Greg Mankiw, chair of the Council of Economic Advisers under President George W. Bush and advisor to Mitt Romney during his 2012 presidential campaign.

Remember the basic problem: over-use of fossil fuels triggers long-term climate change and near-term air pollution. These impacts are the social costs of carbon. In a twist economists call a “market failure,” social costs aren’t included in the fuel prices Americans pay. Selling below cost tempts everyone to use more than we otherwise would. Later on, in the form of sky-high health expenses and taxpayer-funded environmental cleanup, we get stuck with the tab anyway.

By building health and environmental effects into the rates we pay at the pump, carbon fees bring honest pricing to dirty fuels that are both mortal dangers to the planet and inescapable parts of modern life. With honest pricing, the market will do the rest. We humans are “price-sensitive.” Ask us to pay more for anything, and we’ll cut back. Not always overnight -- in the short term we may be locked in -- but eventually.

To conservatives and libertarians, the flexibility implied by “eventually” has special appeal. Many people and businesses will adjust easily, using less and polluting less. Yet as an individual I’ll remain free to burn as much fuel as ever. Later, on my own schedule, maybe I too will trim back. Or maybe I won’t. Because carbon pricing motivates so many of us to conserve, it can get the job done without winning over everybody, safeguarding personal choice.

What about the fee proceeds? At the appearance of any cash flow, elected officials may be tempted to dig out their to-do lists. But carbon fees are different. Once these charges nudge us to use less and pollute less, their job is done. So send the money back. Carbon charges are regressive, too, collected without regard to income. How to remedy the impact on the poor and middle class? Send the money back. Need to get a Republican governor onboard? Send the money back.

Final point: Models of the state’s economy show that when we spend less money on energy imports like gasoline, we’re left with more to spend locally on eating out and entertainment. Which leads to net increases in local employment. Bottom line: a policy rooted in the fight against climate change promotes jobs in Massachusetts. Sweet.