

Conservative Organizations Working with the Citizens' Climate Lobby

- Niskanen Center
- Energy and Enterprise Initiative – republicEn
- Climate Leadership Council

The Niskanen Center

- Libertarian Think Tank
- Jerry Taylor, Founder & President
 - Formerly Vice-President at CATO
 - Departed because of disparate views on Climate Change Policy
 - Frequent Advisor and Speaker for CCL
- Advocates for a Revenue-Neutral Carbon Tax
 - Prefers Return of Revenue through Tax Reductions
 - Corporate, Personal Income, Payroll Tax
 - Can accept Return of Revenue through a Dividend
- No Explicit Legislative Proposal
- Not a Lobby Organization
- <https://niskanencenter.org>

Energy and Enterprise Initiative

republicEn

- Libertarian Think Tank
- Bob Inglis, Founder & CEO
 - Formerly Congressman from South Carolina
 - Lost Primary to a Tea Party Candidate because of his views on Climate Change Policy
 - Serves on the CCL Advisory Board
- Advocates for a Revenue-Neutral Carbon Tax
 - Prefers Return of Revenue through Tax Reductions
 - Personal Income Tax
 - Can accept Return of Revenue through a Dividend
- No Explicit Legislative Proposal
- Not a Lobby Organization
- <http://www.republicen.org>

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- Conservative Advocacy Organization
- Promoting a Revenue-Neutral Carbon Tax
- Revenue Returned as a Dividend
 - A Popular Idea that will garner Citizen Support
- *Carbon Dividends Plan*

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Co-Authors of *The Carbon Dividends Plan* (2/17)

- Original Founding Members and Co-Authors of *The Carbon Dividends Plan* (February 2017)
 - Ted Halstead
 - Founder and CEO, Climate Leadership Council
 - Co-author of *The Radical Center: The Future Of American Politics*
 - James A. Baker III
 - Secretary of State Under George H. W. Bush
 - Secretary of the Treasury under Ronald Reagan
 - White House chief of staff under both
 - George P. Shultz
 - Secretary of State under Ronald Reagan
 - Secretary of Treasury and Labor under President Nixon.
 - Thomas W. and Susan B. Ford Distinguished Fellow at the Hoover Institution.
 - Henry M. Paulson, Jr.
 - Secretary of the Treasury under George W. Bush
 - N. Gregory Mankiw
 - Chairman of the President's Council of Economic Advisers from 2003 to 2005 under George W. Bush.
 - Robert M. Beren Professor of Economics at Harvard University.
 - Martin Feldstein
 - Chairman of the President's Council of Economic Advisers from 1982 to 1984 under President Ronald Reagan.
 - George F. Baker Professor of Economics at Harvard University
 - President Emeritus of the National Bureau of Economic Research
 - Rob Walton
 - Chairman of the Board of Walmart from 1992 to 2015
 - Chairman of the Executive Committee of Conservation International
 - Thomas Stephenson
 - Partner at Sequoia Capital,
 - United States Ambassador to Portugal from 2007 to 2009 under George W. Bush.

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Additional 'Founding' Members (6/17)

- Michael Bloomberg
- Steven Chu
- Ray Dalio
- Stephen Hawking
- Vinod Khosla
- Gregory R. Page
- Laurene Powell Jobs
- Lawrence Summers
- Ratan Tata

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Founding Corporate Members

Energy Providers and Managers



ExxonMobil



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Founding Corporate Members

Energy Users



Johnson & Johnson



P&G



PEPSICO



Unilever

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Founding NGO Members

CONSERVATION
INTERNATIONAL



The Nature
Conservancy



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The Need for a Conservative Climate Solution

Mounting evidence of climate change is growing too strong to ignore. While the extent to which climate change is due to man-made causes can be questioned, the risks associated with future warming are too big and **should be hedged**. At least we need **an insurance policy**.

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The Four Pillars of *The Carbon Dividends Plan*

1. A Gradually Increasing Carbon Tax
 1. Significant Regulatory Rollback
1. Carbon Dividends For All Americans
1. Border Carbon Adjustments

Baker, et al., *The Conservative Case for Carbon Dividends*, 2017

<https://www.clcouncil.org/media/TheConservativeCaseforCarbonDividends.pdf>

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The Four Pillars of *The Carbon Dividends Plan*

1. A Gradually Increasing Carbon Tax

- Virtually Universally Accepted by Economists for Efficient Reduction of GHG Emissions
- Starting Small to Avoid Economic Shock (e.g. \$40)
- Increasing at a Rate for Required Emission Reduction (e.g. 2% above inflation)
- Sends **Predictable Market Signal** to Businesses and Individuals to Reduce Fossil Fuel Use
- Rewards Americans for Moving Away from Fossil Fuels

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The Four Pillars of *The Carbon Dividends Plan*

2. Carbon Dividends for All Americans

- All Proceeds are Returned to Americans on a Regular Basis (e.g. Quarterly)
- A Family of four would receive about \$2,000 in Carbon Dividend Payments in the First Year
- In this First Year, about 70% of American Families the Dividend would be more than the increased costs due to the increased price of fossil fuels
- This amount would grow over time as the carbon tax rate increases.

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The Four Pillars of *The Carbon Dividends Plan*

3. Border Carbon Adjustments

- Border adjustments for the carbon content of both imports and exports
 - To Protect American Competitiveness
 - To Punish free-riding by other nations—Encouraging them to adopt carbon pricing of their own.
- Exporters to Countries without Comparable Carbon Pricing would receive rebates for carbon taxes paid
- Imports from such Countries would face Fees on the Carbon use in the Production of their Products.
- Other (unspecified) trade remedies could also be used to encourage our trading partners to adopt comparable carbon pricing.

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The Four Pillars of *The Carbon Dividends Plan*

4. Significant Regulatory Rollback

- To build and sustain a bipartisan consensus for a regulatory rollback of this magnitude
 - Elimination of Regulations that are no longer necessary upon the enactment of a Rising Carbon Tax
 - The Longevity of this tax is secured by the popularity of dividends.
 - Much of the EPA's regulatory authority over carbon dioxide emissions would be phased out
 - Including an outright repeal of the Clean Power Plan.
 - Robust carbon taxes would also make possible an end to federal and state tort liability for emitters.
 - The carbon tax rate should be set to exceed the emissions reductions of current regulations.

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Environmental and Economic Projections

- Cursory Environmental Policy Analysis by the CLC
 - Bailey & Bookbinder, *A Winning Trade*
 - https://www.clcouncil.org/media/A_Winning_Trade.pdf
- Based on Modeling Studies done by the Treasury Department Office of Tax Analysis (OTA) and Resources for the Future (RFF)
 - Horowitz, et al., *Methodology for Analyzing a Carbon Tax*, OTA Working Paper 115, 2017
 - <https://www.treasury.gov/resource-center/tax-policy/tax-analysis/Documents/WP-115.pdf>
 - Chen & Hafstead, *Using a Carbon Tax to meet U.S. International Carbon Pledges*, RFF Working Paper DP 16-48, 2016
 - <http://www.rff.org/files/document/file/RFF-DP-16-48.pdf>
 - Hafstead & Kopp, *Analysis of the American Opportunity Carbon Fee Act of 2015*, RFF Policy Brief 15-01-REV, 2016.
 - http://www.rff.org/files/document/file/RFF-PolicyBrief-15-01-REV_0.pdf

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Environmental and Economic Projections

	Trump Policies	Obama Policies	REMI \$10 + \$10/yr	RFF \$40/\$21 + 2%/yr	OTA \$49 + 2%/yr	RFF \$47 + 3%/yr
Projected U.S. CO ₂ (MillionTons)	6043	5607	5140	4837	4207	4194
Reduction from 2005 Base in 2025	-9.5%	-16%	-23%	-28%	-37%	-37%

With Tax starting in 2019

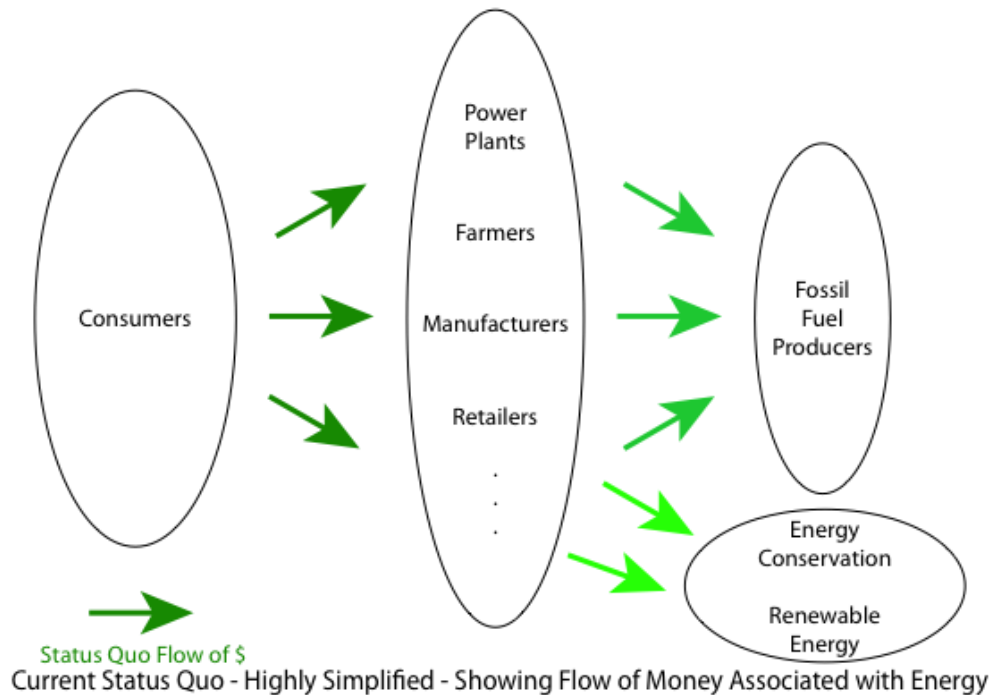
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Environmental and Economic Projections

- Economic Analyses
 - Resources for the Future (RFF)
 - Treasury Department Office of Tax Analysis (OTA)
 - Regional Economic Models Inc (REMI)
- Results
 - Generally GDP is within a few percent of business as usual base line
 - REMI is slightly better
 - RFF and OTA are slightly worse
 - Tax Revenue can be returned in ways other than a Dividend
 - Reduced Corporate Taxes
 - Reduced Payroll Taxes
 - Reduced Personal Income Taxes
 - Dividend
 - Policy is more progressive going down the list
 - GDP gets better going up the list

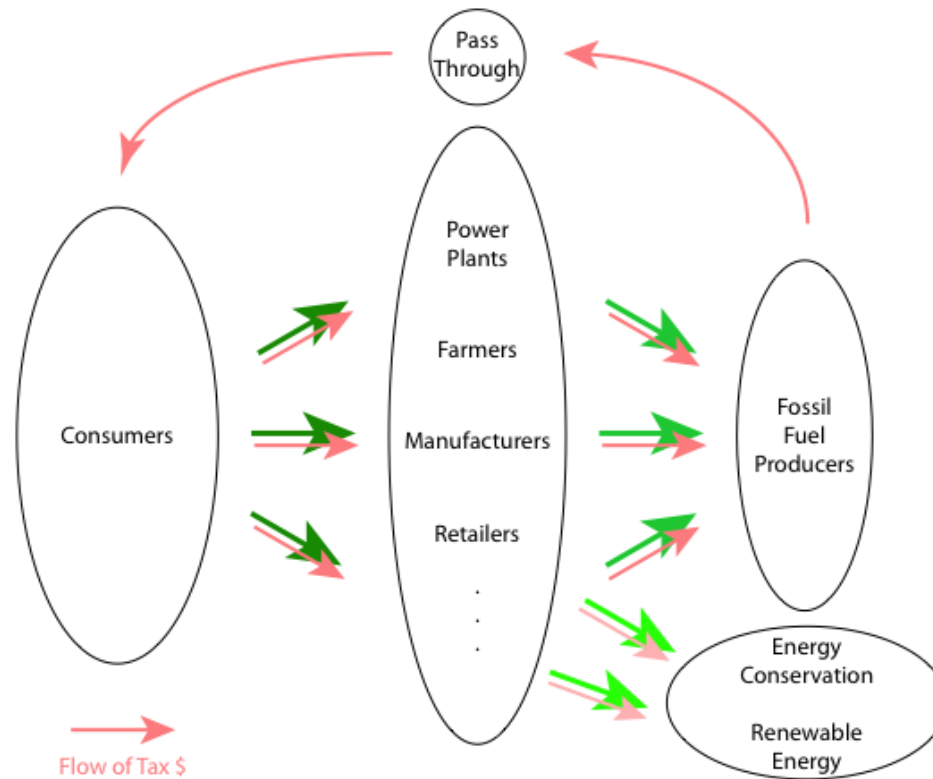
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Environmental and Economic Projections



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Environmental and Economic Projections



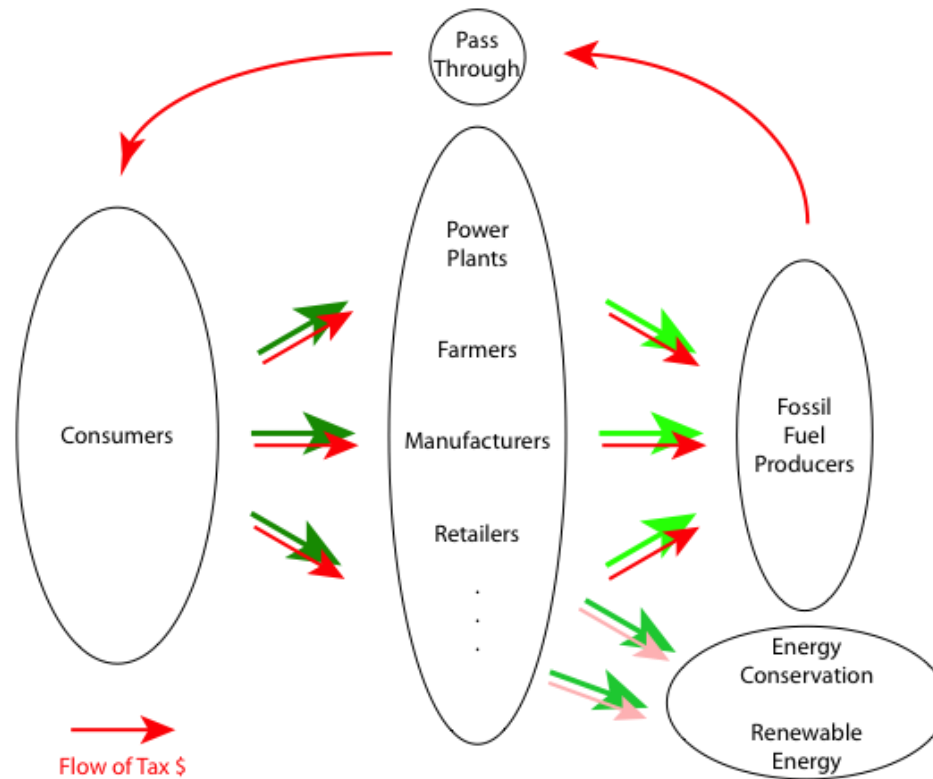
Revenue-Neutral Tax Model - Funds Flow Back to the Economy

Notes

- Fossil Fuel Producers Pass Tax to Business
- Business Pass Additional Cost to Consumers
- Consumers Pay Additional Costs But Have Additional Funds to Afford This
- Tax Starts Small to not Shock the Economy

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Environmental and Economic Projections



Revenue-Neutral Tax Model - Funds Flow Back to the Economy

Notes

- Increases in Fossil Fuel Prices Will Move the Economy Toward Renewables and Conservation
- This is an "All of the Above" Energy Policy that Includes the Currently External Cost of Pollution from Fossil Fuels
- Uses Market Forces Rather than Regulation to Reduce Pollution from Fossil Fuels
- Virtually Eliminates the Need for Regulation of Fossil Fuels

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Properties of a Well-Designed Carbon Tax

1. Initial Tax is Small

- To avoid shock to the economy and allow business to adjust to the tax

2. Well-Defined and Gradual Increase in the Tax

- Predictability is important for business planning

3. Tax is Returned to the Economy

- To use markets and innovation to move us to a reduced CO2 emission economy

4. Border Adjustment

- So American businesses remain competitive in the World Market

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Non-Technical Resources

- TED Talk given by Ted Halstead on the Carbon Dividends Plan
 - Most lucid presentation I have seen regarding any revenue-neutral tax on carbon
 - The presentation short—only about 13 minutes, including comments and questions from Chris Anderson, the TED CEO.
 - Halstead got a standing ovation at the end of his talk that Chris Anderson commented on by saying, "I'm actually not sure I've seen a conservative get a standing O at TED before that. That's pretty cool."
 - https://www.ted.com/talks/ted_halstead_a_climate_solution_where_all_sides_can_win
- *Carbon Dividends: A Consensus Climate Solution* featuring Ted Halstead as part of a panel at the Aspen Institute
 - Panel included a representatives from Exxon-Mobile and Nature Conservancy
 - <https://www.aspenideas.org/session/carbon-dividends-consensus-climate-solution>
- A slightly different point-of-view of the CLC policy proposal is found in a presentation by James A. Baker III at The Global Energy Transition Summit 2017
 - https://www.youtube.com/watch?time_continue=6&v=rATXtLVqpA8
 - A summary of the presentation can be found at Forbes Magazine
 - <https://www.forbes.com/sites/jeffmcmahon/2017/11/02/james-a-baker-iii-what-if-al-gore-is-right/#51eb98a3a154>
- An interview of Greg Mankiw, Conservative Harvard Economist, in Grist
 - <https://grist.org/climate-energy/this-conservative-economist-makes-the-case-for-a-carbon-tax/>