

Back to the Future

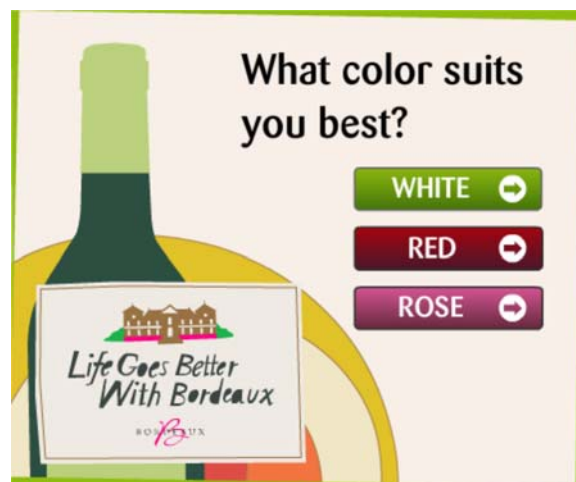
The idea of a carbon tax, proposed by Al Gore 17 years ago, is winning new converts.

By **Eleanor Clift** | Newsweek Web Exclusive

As world leaders gather in Copenhagen to pursue a reasonable set of targets to cap greenhouse gases, there is a growing realization in Washington that the Senate bill designed to address climate change is doomed. Republican Sen. James Inhofe, a global-warming denier, says the bill passed by chairman Barbara Boxer's Senate Environment and Public Works Committee could get only 29 votes, an assessment shared across the political spectrum. "The Boxer bill is ancient history," says the Sierra Club's chief climate counsel, David Bookbinder. ([Click here to follow Eleanor](#)).

At the same time, there is a new sense of urgency that action must be taken to address what the weight of scientific evidence suggests is a deadly warming caused by human greenhouse-gas emissions, primarily carbon. The legislation currently before the Senate would cap overall carbon output and allow various business interests to trade permits to pollute like so many shares of stock. Wall Street loves cap-and-trade because permits could be securitized just like credit-default-swap schemes, but few others are wild about it, or even understand how it works, and it seems too heavy a lift for Senate Democrats facing reelection.

Against this backdrop, another idea is gaining momentum, one that seems even more improbable: a carbon tax. Its proponents call it "Plan B," and it is predicated on the anticipated failure of cap-and-trade, along with a determination to press ahead and not let the naysayers win. Pushing a tax in the middle of an economic downturn seems counterintuitive, but Sarah Palin and the tea-party activists are already calling cap-and-trade "cap-and-tax." Elaine Kamarck, a former Gore adviser and co-chair of the **Climate Task Force**, which is promoting the tax, says her side decided it might as well tackle the issue head-on.



Kamarck and economist Rob Shapiro, another refugee from the Al Gore era, have gone back to the future to resurrect the idea of a carbon tax, which the former vice president wrote about in the last chapter of his seminal 1992 book, *Earth in the Balance*. The reason they think its time has come has a lot to do with the economic meltdown that began in 2008, and the resulting distrust of Wall Street and its complex trading systems. Kamarck's "aha" moment occurred this summer in a focus group examining voter perceptions of a carbon tax versus cap-and-trade, when a woman exclaimed, "You mean we're supposed to trust the fate of the planet to the people on Wall Street?!"

The **Hart Research poll** that followed bore out the woman's reaction: it found that voters prefer a carbon tax to cap-and-trade by a 2-to-1 margin, which convinced Kamarck and her compatriots that the zeitgeist had changed. "I always thought [a carbon tax] was good policy, but it could end up being good politics," she says. "To our surprise, 'tax' is not a dirty word." Kamarck is well aware that she wouldn't be saying that if the public's confidence in markets hadn't been shaken. And in another counterintuitive piece of good timing, the recession makes the politics easier, because any tax on carbon would have to be offset by a tax cut elsewhere.

The Climate Task Force plan would couple a carbon tax with a cut in the payroll tax. As Kamarck explains it, the goal is to reduce greenhouse gases, not make the government richer or the people poorer. And since the payroll tax is regressive, and rich people have an infinitely bigger carbon footprint, they would end up paying more, which seems only fair if you compare people with several cars and a speedboat to those who ride the bus to work.

Either cap-and-trade or a carbon tax would be subject to political manipulation, of course, and for the hard-core naysayers who think global warming is something Gore cooked up, neither plan will satisfy them. The right, emboldened by a stash of hacked e-mails questioning the legitimacy of climate statistics, will trash whatever is proposed. But a portion of the Republican Party recognizes the danger global warming poses and may be open to a tax that takes into account short-term economic damage and is paired with a tax cut.

The **Environmental Protection Agency announcement** this week that greenhouse gases are damaging to human health provides fair warning to Congress that if it doesn't take action, the agency might. And a regulatory regime is everybody's second choice.

"All my old buddies are salivating at the idea of a U.S. carbon market," says Bookbinder, who spent several years on Wall Street before joining the Sierra Club. He prefers the predictability of a tax, but says it will take political leadership from the president and the business community, along with a tax cut sweet enough to make the medicine go down.

*Eleanor Clift is also the author of **Two Weeks of Life: A Memoir of Love, Death, and Politics and Woman, Child for Sale: The New Slave Trade in the 21st Century**.*

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