

Opinion: Silver Lining in Global Warming Scandals?

(Feb. 18) — It's been a bad few months for advocates of action to address climate change.

Last week's discovery of typos and poor sourcing in the U.N. Intergovernmental Panel on Climate Change's 2007 report came just a few months after a reserve of stolen e-mails from East Anglia scientists showed that a few prominent climate researchers had tried to impede the publication of works by their detractors.

Naturally, global warming skeptics have seized on these so-called "Climategate" stories to raise doubts about the science of global warming and demand that Congress suspend all efforts to control greenhouse gas emissions.

There's no question that the East Anglia actions were scandalous misjudgments. But whatever these controversies might say about the judgment of a handful of individuals, they don't change the hard science.

In fact, they only reinforce the need for a transparent, straightforward policy to reduce greenhouse gas emissions. Washington should take this opportunity to reconsider not the need to reduce emissions but rather the best way to do so — seeking out alternative proposals

for a more effective and sustainable climate policy. That would mean scrapping the ill-fated "cap-and-trade" approach being debated in Congress and focusing instead on a straightforward and more effective carbon tax.

Under a cap-and-trade scheme, lawmakers would set a national cap on greenhouse gas emissions, and industries would be able to trade rights to emit greenhouse gases under that ceiling. It's supposed to leverage market mechanisms to achieve an environmental goal.

But like recent "Climategate" headlines, cap and trade is bedeviled by accounts of fraud and abuse in Europe — where it went into effect several years ago — and by accusations of secret deal-making in the United States on the way to its approval by the House of Representatives.

More importantly, early trials of cap and trade have shown that it can make energy prices even more volatile than they are today.

The reason is built into the approach. The price of the emission permits would be based on the relationship between energy demand and the supply of permits. But

energy demand moves up and down whenever economic growth is faster or slower than anticipated, when the weather is colder or hotter than expected, or when geopolitical tensions in the Middle East increase.

This built-in volatility in permit prices will weaken incentives for businesses to invest the billions of dollars needed to develop new climate-friendly fuels and technologies. It also will make trading emissions permits a prime object of financial speculation. If we'd had a cap-and-trade system in place today, for example, last week's breaking news about the IPCC report might have triggered a windfall for speculators and, perhaps, higher energy prices for U.S. households.

Fortunately, there's an alternative that would be better for the climate, better for the economy and better for average Americans: a straightforward carbon-based tax that recycles its revenues to households through reductions in payroll taxes.

A carbon tax would set a known and stable price on carbon, giving businesses and households incentives to develop and adopt new technologies and alternative fuels. The accompanying payroll tax cuts would preserve Americans' incomes and overall growth across the economy. That's why economists support the carbon tax and why Al Gore endorsed it in his Nobel lecture. So do more Americans. A national poll by Hart Research found that two out of every three U.S. voters

now favor a straight carbon tax over a cap-and-trade system.

And the record shows clearly that it works. Sweden adopted a carbon-based tax in 1990; today, the Swedish economy is about 50 percent larger (adjusted for inflation), and the nation's carbon emissions are 8 percent less than they were in 1990. By contrast, emissions have risen sharply across the European Union over the last five years, despite its adoption of a cap-and-trade program.

In the wake of the recent media frenzy, U.S. lawmakers have the responsibility and the opportunity to move to a better Plan B for the climate — a revenue-neutral carbon based tax.

All of the signs indicate the need for an immediate course correction in our climate policy debate. Despite the recent controversies, the undisputed data provided by scientific bodies around the world show that we already are very close to the greenhouse gas concentrations in the atmosphere that will increase temperatures by a critical amount.

Now is the time not to slow our efforts to stop global warming, but to accelerate and improve them.

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