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What Role Should Carbon Pricing Play In Addressing Climate Change?



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Leadership Strategy



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As the U.S. and Europe are in the midst of unprecedented summer heatwaves, forcing the toll that climate change and carbon emissions take to the forefront, a carbon tax is one of the few devices for dealing with climate change that shows any sign of garnering bipartisan U.S. support. This is the simple idea that putting a price on carbon emission will illustrate the otherwise-intangible costs of carbon. But according to a new paper from the DC-based Center for Progressive Reform (CPR), market-driven approaches

should not be the only tool for addressing climate change; the brief says that carbon pricing is essential for addressing the climate crisis, but alone, it is “insufficient.”

This analysis comes at a time when even relatively mild climate measures are failing to pass muster with lawmakers. In June, a group of [Oregon state senators](#) fled the state until Democrats retreated on a cap and trade bill, and last fall, Washington State’s [ballot question on a carbon tax](#) failed, albeit narrowly. At the same time, the need for decisive action on the climate situation is increasingly urgent, as we approach the [Intergovernmental Panel on Climate Change’s 2030 deadline for slashing global emissions by 45%](#) in order to avoid irreversible environmental harms.

But approaches striving for bipartisan appeal, such as those in Oregon and Washington may actually not be the best way to garner support for climate policy, according to University of San Francisco Environmental Law Professor Alice Kaswan, the author of the recent CPR paper. Kaswan’s view is that such solutions should fall under broad-brush plans and overarching visions for a green transition, like the [Green New Deal](#), which calls for sweeping changes in U.S. energy sources and environmental protections.

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Market-driven approaches—such as cap and trade or a carbon tax—do have their place: Although the “invisible hand of the market” should not first among climate efforts, she says, “carbon pricing has a vital role to play in a clean energy transition.”

The CPR brief echoes that thought, noting that because carbon pricing deals only with the question of carbon reduction, it “misses the wide range of other considerations relevant to a clean transition.”

The answer, according to Kaswan, lies in a combination of both carbon pricing and broader policy solutions: “You have the tax humming along in the background, but then you have the policies that are going to help you move in the direction of reducing the payments [imposed by a tax or cap and trade],” she said.

“We need to have reductions and requirements,” Kaswan adds, “but we also need to provide some assistance to industries that may face significant transition costs.”

While these initiatives such as carbon pricing are important, according to Kaswan, it is most effective to group them with a broad outline for tackling climate change across sectors: “If we look at the public, people are more attracted to a vision of green transition,” she says. “It is more inspiring—it gives more of a sense that we are moving toward something.”



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