

A sensible path toward curbing carbon emissions

By **GARRETT GRUENER** and **DANIEL M. KAMMEN**, Special to the Los Angeles Times

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It's become painfully obvious that the oil-addicted United States must take action to stop global warming – and equally obvious that sensible energy action will have to come from Congress, business and the American people. Piecemeal approaches won't work. What we need – and quickly – are market-based incentives to make it attractive to stop emitting the carbon that causes global warming.

The longer we wait to take action on global warming, the more it will cost us in the long run. So it makes sense to adopt a tax on carbon emissions now. The trick is to design a "global cooling tax" that a majority of Americans will want to pay. We propose a tax that will hit energy hogs hardest. But under our scheme, whether you use a little or a lot, you would be able to invest your tax dollars directly in clean technologies that would lower your energy bills.

Americans consume 300 billion gallons of gasoline a year, and staggering quantities of coal and natural gas. What can we do to stop drastic climate change while we wait for viable alternative sources of energy? Plenty – if we are willing to pay and make our investments work for us.

We can reduce carbon emissions by installing scrubbers on power plants, switching to hybrid and then plug-in hybrid cars, planting trees and building wind farms and the most energy-efficient buildings on the planet. By many estimates, a tax of about 27 cents for each gallon of fuel consumed and \$30 per ton of carbon dioxide from electricity generated would be enough to turn an economy in which pollution is essentially rewarded into one that rewards clean technologies. This amounts to about \$180 billion a year, less than 1 percent of the \$17 trillion U.S. economy.

Our carbon tax proposal is based on the principle that every consumer of fossil-fuel energy should have to pay the price of getting rid of the carbon generated by burning it. So the owner of a gasoline-powered Hummer who drives it 10,000 miles a year would pay \$200 a year, and a Prius driver would pay \$50.

The carbon tax also would be imposed on gas or oil used to heat homes. But energy sources that don't generate carbon (such as wind, solar and other renewable resources) would not be taxed; instead, producers could sell emissions credits to carbon polluters.

Voters on the American political left might be content to stop there and let the federal government spend the tax proceeds to fight global warming as it sees fit. Voters on the right would likely object on grounds that taxes are already too high, that market solutions to the energy problem are preferable or that government investment in clean-energy technologies will only spawn inefficient bureaucracies. But because taxes are a third rail of U.S. politics – touch it and you die – politicians might never get around to making us pay for the solutions we all know we need.

The alternative is to place the authority to spend the tax money directly in the hands of the American people. This approach would make a carbon tax more palatable, equitable and efficient at reducing greenhouse gases. The average American would pay roughly \$555 a year for all of the carbon used in his gasoline, electricity and home heating.

But instead of going to the Treasury, the tax money would be credited into individual "energy savings accounts." Each taxpayer could decide how best to spend it to reduce carbon emissions, to benefit himself and the planet. You could use your \$555 toward installing solar panels on your roof, cutting your electricity bill to zero. Or you could direct your tax money to a charity that plants fast-growing trees at the equator, or to a private company that would suck up the carbon in the atmosphere and sequester it under the ocean floor. You could pool your "cooling tax" money with your neighbors and build a windmill to supply your town with electricity or a plant to supply you with a non-carbon alternative to gasoline.

Any plan that produces energy without emitting carbon, or gets rid of carbon already in the atmosphere, would qualify. Companies would compete for your business, and more would surely develop to serve the burgeoning clean-energy market.



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If you don't want to be bothered with this scheme, or if you believe the government is the best "decider" for how to solve global warming, you can do nothing.  **22** forecast... would collect unallocated funds from energy savings accounts and put them to use in fighting global warming as it deemed best. Poor people could apply for tax rebates, so that the tax would not be regressive. And better market choices would presumably reduce the tax bill for most people each subsequent year.

The results would be transformative. The U.S. would no longer be a net generator of greenhouse gases. Instead, its companies would lead in creating new markets in environmentally sound technologies funded by the investment choices of individual Americans. It's in our national interest to invest in our energy future – and within our power to innovate our way out of this crisis.

Garrett Gruener is a venture capitalist and the founder of Ask Jeeves (now Ask.com). Daniel M. Kammen is co-director of the Berkeley Institute of the Environment at the University of California, Berkeley.

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