Name:____

Editorials: Source A

"A Carbon Tax that America Could Live With"
by N. Gregory Mankiw

Published in *The New York Times*, August 2013.

N. Gregory Mankiw is a professor of economics at Harvard University. He was an advisor to former U.S. President George W. Bush.

Every day, we all make lifestyle choices that affect how much carbon is emitted. These decisions are personal but have global impact. Economists call the effects of our personal decisions on others "externalities."

The main question is how we, as a society, ensure that we all make the right decisions, taking into account both the personal impact of our actions and the externalities. There are three approaches.

One approach is to appeal to individuals' sense of social responsibility. This is what President Jimmy Carter did during the energy crisis of the 1970s. He encouraged Americans to adjust their thermostats and insulate their homes. I can still picture Mr. Carter sitting in the chilly White House, wearing his cardigan sweater.... But expecting most people to act this way is unrealistic. Life is busy, everyone has his or her own priorities, and even knowing the global impact of one's own actions is a daunting task.

The second approach is to use government regulation to change the decisions that people make. An example is the Corporate Average Fuel Economy, or CAFE, standards that regulate the emissions of cars sold. The President's Climate Action Plan is filled with small regulatory changes aimed at making Americans live more carbon-efficient lives.

Yet this regulatory approach is fraught with problems. One is that it creates an inevitable tension between the products that consumers want to buy and the products that companies are allowed to sell. Robert A. Lutz, the former General Motors executive...says, "CAFE is like trying to cure obesity by requiring clothing manufacturers to make smaller sizes."...

Fortunately, a policy broader in scope is possible, which brings us to the third approach to dealing with climate externalities: putting a price on carbon emissions. If the government charged a fee for each emission of carbon, that fee would be built into the prices of products and lifestyles. When making everyday decisions, people would naturally look at the prices they face and, in effect, take into account the global impact of their choices. In economics jargon, a price on carbon would induce people to "internalize the externality."...

Among economists, the issue is largely a no-brainer. In December 2011, the IGM forum asked a panel of forty-one prominent economists about this statement: "A tax on the carbon content of fuels would be a less expensive way to reduce carbon-dioxide emissions than would a collection of policies such as 'corporate average fuel economy' requirements for automobiles." 90 percent of the panelists agreed.

Editorials: Source B

"Paying for It"
by Elizabeth Kolbert

Published in *The New Yorker*, December 2012.

Elizabeth Kolbert has been a staff writer at The New Yorker *since 1999. Her works include political profiles, book reviews, comment essays, and extensive writing on climate change.*

It's been almost a century since the British economist Arthur Pigou floated the idea that turned his name into an adjective. In "The Economics of Welfare," published in 1920, Pigou pointed out that private investments often impose costs on other people. Consider this example: A man walks into a bar. He orders several rounds, downs them, and staggers out. The man has got plastered, the bar owner has got the man's money, and the public will get stuck with the tab for the cops who have to fish the man out of the gutter. In Pigou's honor, taxes that attempt to correct for this are known as Pigovian, or, if you prefer, Pigouvian (the spelling remains wobbly). Alcohol taxes are Pigovian; so are taxes on cigarettes. The idea is to incorporate into the cost of what might seem a purely personal choice the expenses it foists on the rest of society.

One way to think about global warming is as a vast, planet-wide Pigovian problem. In this case, the man pulls up to a gas pump. He sticks his BP or Sunoco card into the slot, fills up, and drives off. He's got a full tank; the gas station and the oil company share in the profits. Meanwhile, the carbon that spills out of his tailpipe lingers in the atmosphere, trapping heat and contributing to higher sea levels. As the oceans rise, coastal roads erode, beachfront homes wash away, and, finally, major cities flood. Once again, it's the public at large that gets left with the bill. The logical, which is to say the fair, way to address this situation would be to make the driver absorb the cost for his slice of the damage. This could be achieved by a new Pigovian tax, on carbon....

Perhaps because a carbon tax makes so much sense—researchers at M.I.T. recently described it as a possible "win-win-win" response to several of the country's most pressing problems—economists on both ends of the political spectrum have championed it. Liberals like Robert Frank, of Cornell, and Paul Krugman, of Princeton, support the idea, as do conservatives like Gary Becker, at the University of Chicago, and Greg Mankiw, of Harvard.... A few weeks ago, more than a hundred major corporations, including Royal Dutch Shell and Unilever, issued a joint statement calling on lawmakers around the globe to impose a "clear, transparent and unambiguous price on carbon emissions," which, while not an explicit endorsement of a carbon tax, certainly comes close. Even ExxonMobil, once a leading sponsor of climate-change denial, has expressed support for a carbon tax....

Several countries...already have a carbon tax. Were the United States to impose one, it would have global significance. It would show that Americans are ready to acknowledge, finally, that we are part of the problem. There is a price to be paid for living as we do, and everyone is going to get stuck with the bill.

Name:____

Editorials: Source C

"California Drivers Brace for Costly New Gas Tax"

by William La Jeunesse and Laura Prabucki

Published on FOX News website, August 2014.

William La Jeunesse and Laura Prabucki are correspondents for FOX News Channel, a U.S. news television channel.

Californians already pay the nation's second highest gas tax at sixty-eight cents a gallon—and now it will go up again in January to pay for a first-in-the-nation climate change law.

"I didn't know that," said Los Angeles motorist Tyler Rich. "It's ridiculous."

"I think it's terrible," added Lupe Sanchez, pumping $4.09-a-gallon gas at a Chevron near Santa Monica. "The economy, the way it is right now with jobs and everything, it's just crazy."

When gas prices go up, motorists typically blame oil companies, Arab sheiks, and Wall Street speculators. This time they can blame Sacramento and former Gov. Arnold Schwarzenegger for passing a bill requiring California to reduce carbon emissions to 1990 levels by 2020.

The tax on carbon already raised about $1 billion in revenue by requiring manufacturers and utilities to buy credits for each ton of carbon emitted into the atmosphere. At the beginning of next year, the law will also apply to oil and gas. Refiners and distributors say they will pass another $2 billion in costs on—largely to consumers.

"Ultimately it hurts the consumer," said California Independent Oil and Marketing Association spokesman Mike Rohrer. "It is going to affect anyone who has a vehicle. Be it a motorist that is commuting back and forth to work or a trucker just moving goods throughout the state of California, the cost is immediately going to increase because whatever we have to pay for in carbon credits ultimately we have to pass through to the consumer."

Estimates of the cost of the tax vary. The California Air Resources Board, the Golden State's premier anti-pollution agency, predicts the new tax will raise gasoline prices [by] twenty cents to $1.30 per gallon. A prominent state senator who helped author the bill estimated the cost at forty cents a gallon. Environmental activists downplay the cost, but hail the impact....

By the end of the decade, the state is expected to collect $5 billion in revenue by charging businesses and consumers for the right to pollute. So far the state collected $833 billion by selling "carbon credits" to polluters.

"They have generated close to a billion dollars in revenue just from the carbon tax credit auctions that have been going on for over a year. Where has that money gone?" asked Rohrer.

"And why do we have to tax the consumer to make this happen for clean air? Everyone is for clean air but let's not hurt the consumer in the process and not giving them a full explanation of how this exactly works and why."

Name:____

Editorials: Source D

"Bring in Carbon Taxes"

by the Dhaka Tribune editorial team

Published in the *Dhaka Tribune*, August 2014.

The Dhaka Tribune *is a Bangladeshi English-language daily newspaper published nationwide from Bangladesh's capital, Dhaka.*

Satellite observations indicate that the rate of loss of the planet's two largest ice sheets in Antarctica and Greenland has more than doubled since 2009.

With evidence growing of the speed of climate change, it is more important than ever for Bangladesh as a nation on the frontline to integrate addressing climate change into all aspects of policy.

The government should move to taxing carbon emissions through levies on the production, distribution, and import of fossil fuels. The main aim will be to reduce the growth of greenhouse gas emissions and bring related benefits by stimulating investment in efficiency and renewable energy.

Income-generated or, just as importantly, taxpayer funds saved from reducing or even eliminating subsidies on fossil fuels could be allocated to improving living standards and supporting adaptation and mitigation projects.

Many existing carbon offset and trading schemes in the leading industrialised nations, which are historically responsible for man-made climate change, are currently being used to subsidise forests within those nations, rather than generating funds to help poorer people in more vulnerable countries. We need to be more pro-active ourselves in addressing the challenges ourselves, rather than waiting for more international support.

Care needs to be taken not to jeopardize living standards for people in rural areas who rely more directly on diesel fuel for their livelihoods.

One way to do this would be to divert subsidies to people affected. Alternatively the tax could be phased in a revenue neutral manner by simultaneously reducing other import duties or levies so that total taxation on consumption does not increase.

Name:____

Editorials: Source E

"Statement on the State of the Union Address"
by Peabody Energy

Published on Peabody Energy's website, January 2014.

Peabody Energy is the world's largest private-sector coal company. It primarily deals with the mining, sale, and distribution of coal for electricity generation and steelmaking.

Following U.S. President Obama's State of the Union address, Peabody Energy urges the Administration to adopt energy policies that help families and businesses by capitalizing on greater use of coal, America's true all-of-the-above energy advantage.

Coal is the nation's lowest-cost and most abundant energy resource. This past year, coal generation rebounded 5 percent due to its lower costs, while gas generation fell 11 percent.

Affordable energy access is especially important at a time when a record 115 million Americans qualify for energy assistance, 48 million Americans suffer in poverty, and more than half of Americans have said a $20 increase in their utility bills would create hardship.

Peabody also encourages the Administration to rethink its plan around carbon to avoid policies that will further drive up energy costs and create a regressive tax that will hurt those with low and fixed incomes the most.

The path to achieve our economic and environmental goals is continued use of advanced "supercritical" generation. This is the best technology available off-the-shelf and the standard supported by 78 percent of the American people, according to a recent Harris omnibus poll conducted on behalf of Peabody. Every large, new, advanced coal plant delivers the equivalent carbon benefit of removing 1 million cars from the road.

The United States should join leading nations such as Japan and Australia in recognizing the importance of low-cost electricity and the punishing effects of flawed carbon targets on families, businesses, and the economy.

The U.S. carbon-based economy also benefits dramatically from coal, which fuels both the essentials and conveniences of modern society, improving health, longevity, and quality of life. A recent study on the social cost of carbon concludes that the benefits from fossil fuel energy outweigh the so-called cost of carbon by a magnitude of fifty to five hundred times, based on empirical data, not modeled predictions.