

## Report from Pricing Carbon: The Wesleyan Conference November 19-21, 2010

*The Pricing Carbon Conference was a wonderful convergence of policy and grassroots activism. For those of you unable to attend, we offer this participant's eye-view.*

### **Friday Evening, November 19**

**Welcome/Intro:** The evening began with Laura welcoming the participants and exhorting them to get involved in the political process, supporting those elected officials who are willing to put a price on carbon. Next came our friends Laurie Williams and Allan Zabel, who gave us an update on the [Million Letter March <http://blog.pdamerica.org/2010/11/million-letter-march-on-congress/>]. Last, but not least, our own James Handley introduced the [Wesleyan Statement/Carbon Pricing Principles <http://www.pricingcarbon.org/principles.pdf>], the guiding principles for the gathering.

**Rep. John Larson (D, CT):** John Larson, author of the PDA-endorsed carbon tax bill [HR 1337 <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:H.R.1337:>], drew a huge round of applause when he spoke of his intention to re-introduce the bill in the upcoming 112<sup>th</sup> Congress.

He spoke of the importance of messaging, saying that carbon pricing gives certainty to the business community, creates jobs, and touches on economic, environmental, energy, and foreign policy issues. *He compellingly framed carbon pricing as a patriotic issue—ending our dependency on foreign oil, and developing the technology for cleaner air, while putting Americans back to work. He said that transitioning to a low-carbon economy would allow us to end the export of our dollars, which currently aids and abets those who attack our troops.*

**Bill McKibben (350.org):** Bill McKibben's main thrust was that we need to build a vibrant climate movement, akin to the Civil Rights Movement of the 1960s, in order to have any power in Washington. He recommended that we organize around three principles:

- Fast action—This is necessary to deal with the imminent threat; we're dealing with deadlines set by physics and chemistry
- Policy—This should be framed in terms that are attractive to the public; we need to be prepared to explain *what* carbon pricing is and *how* it works; simplicity and fairness are the watch words.
- Keep Your Eye on the Prize—We need to build **deep concern about global warming**.

Bill described some of the obstacles we face; one of the most startling facts he shared was that the average American uses more energy between midnight on New Year's Eve and dinner on January 2 than the average Tanzanian family uses in one year! As next steps, he urged us to defend EPA's authority to regulate GHGs and to defend climate science against the onslaught of climate change deniers.

## Saturday, November 20

**Tom Stokes:** Tom Stokes, director of the Climate Crisis Coalition, co-founder of the Price Carbon Campaign, and one of the conference organizers, spoke of his history of community organizing around the climate movement, with the motto *justice, equity, environment*.

### **Plenary Panel 1: Economic Rationale for Pricing Carbon**

**Gary Yohe (Wesleyan University, IPCC):** Gary Yohe, economics professor, and one of the lead authors of the IPCC report on climate change, contends that pricing carbon is necessary, but not sufficient to deal with global warming; research and development support is also needed, in his view. He recommended reading ["America's Climate Choices" <http://americasclimatechoices.org/panelinforming.shtml>]

Dr. Yohe pointed out that the effects we see from global warming are only transient—there's a latency period for GHGs released into the atmosphere, and once equilibrium is reached, the realized effects are much more severe. Like many other speakers, he emphasized educating the electorate about climate change, citing a June 2010 poll which divided the public into different categories, based upon their views of global warming. In order to build concern about global warming among the public, Dr. Yohe recommended that we be prepared to answer these questions:

- *What can the U.S. do to reduce global warming?* (Believers)
- *What harm will global warming cause?* (Asked by those open to persuasion; to convince this group, we need to show how global warming will affect them personally.)
- *How do you know that global warming is occurring?* (Skeptics—Keep explanations simple & understandable: e.g. *Envision the warmest summer you've seen in the last 20 years; this will be the norm under global warming...*)

**Frank Ackerman (Stockholm Environment Institute, Tufts Univ.):** Frank Ackerman, author of *Can We Afford the Future?* says the best reason to price carbon is to **change behavior**. Regulations (e.g., the Clean Air Act) are good for energy efficiency and public spending can help promote clean energies like wind power, according to Ackerman.

Dr. Ackerman quickly dispelled the arguments for inaction:

- *Is the science wrong?* (No.)
- *Isn't it too expensive to deal with global warming?* (**This implies that dealing with global warming is optional—it is not; this is like saying dealing with terrorists is optional.**)

In purely economic terms, the cost of inaction is much higher than dealing with the problem, according to Ackerman. Hurricanes, sea level rise, increased energy and water supply costs could amount to [5%-20% of the world's GDP <http://siteresources.worldbank.org/INTINDONESIA/Resources/226271-1170911056314/3428109-1174614780539/SternReviewEng.pdf>], vs. the cost of taking action—1% of the world's GDP—a fact that should make even the most doubting of Thomases sit up and take notice!

To close, Dr. Ackerman gave us a sense of what the different levels of carbon pricing would feel like, e.g.:

- \$75/ ton of CO<sub>2</sub> – needed for 17% reduction in emissions in U.S. (emissions target in Waxman – Markey Bill)
- \$300/ton of CO<sub>2</sub> – would make US gas prices match those of Europe

**Elaine Kamarck (US Climate Task Force; Harvard University):** Elaine Kamarck chronicled the influence of politics on environmental policy, noting that the pace of change in Washington is excruciatingly slow (e.g., national health care was first proposed by FDR in 1935, but did not become law until 2010). She cited Rachel Carson's book, *Silent Spring*, published in 1962, as the beginning of the non-partisan environmental movement of the 1960s, which was motivated by visible, palpable effects of man's interference in the environment. The environmental movement of the 1960s was in large part responsible for the establishment of the Environmental Protection Agency in 1970.

Dr. James Hansen's 1988 Congressional testimony on global warming marked the next milestone in the environmental movement and gave impetus to the nascent climate movement. Unlike the environmental issues of the 1960s, global warming represented an invisible threat, one that was more difficult for the public to visualize. The cap-and-trade program of 1991, used to deal with the problem of acid rain, represented a new paradigm in environmental policy. Al Gore's movie, *An Inconvenient Truth*, connected science to what the public saw happening all around them.

The Democratic majority in the 110<sup>th</sup> and 111th Congress has failed to produce comprehensive climate legislation; the third cap-and-trade bill to come along went nowhere.

Why did climate legislation fail? Dr. Kamarck offered these reasons:

- The recession
- Cap & trade--Why leave the future of the planet to Wall Street? Look at what they did with credit default derivatives.
- Coal state senators—These areas also tend to be those hardest hit by the recession.

What are the solutions?

- Give revenue from carbon pricing back to American households.
- **Expand the conversation:** engage others in the movement, using messaging tailored to their concerns, e.g., the cost of wars resulting from our dependence on oil; define carbon pricing as tax reform (i.e., carbon tax with revenue returned via tax shifting).

**Saturday Keynote Address: James Hansen (NASA Goddard Institute for Space Studies):** What an honor it was to see Dr. Hansen, the "Grandfather of Global Warming." It was a watershed moment for me back in 1988, when, as an environmental educator, I first heard him describe global warming. It became a required topic of study for my students each year thereafter.

Dr. Hansen spoke of carbon pricing as a moral, political, and legal issue. He noted that those who have caused global warming are not suffering the consequences, and he pointed out the huge knowledge gap between the scientific community and the public. He clearly defined **global warming as an emergency**.

Dr. Hansen and other experts are now speaking in terms of a huge **energy imbalance in Planet Earth** as a result of global warming. For those who deny man's role in this, he cited historic warming periods (e.g., the Cenozoic), where the rate of change of CO<sub>2</sub> in the atmosphere was .0001 ppm/year; the rate today is 2 ppm/year! At this rate we will lose all Arctic sea ice within decades, wreaking havoc on Earth's weather systems.

One of the most compelling facts that Dr. Hansen shared was that historically, a change of just 5-6 degrees Celsius has resulted in extinction of species. He pointed out that 350 ppm of CO<sub>2</sub> was the target we should be aiming for, and that if we stopped burning coal today, the level will shoot to 425 ppm for centuries before it returned to 350 ppm...a call for action, if ever there was one!

Speaking of action, here's Dr. Hansen's plans for pricing carbon:

- As long as fossil fuels are the cheapest form of energy, global warming will continue.
- Accordingly, we have to have the fossil fuels pay for their true cost to society (wars, pollution, human health hazards, etc.) by levying an upstream carbon fee/tax, with 100% of the revenue from the fee returned to the public.
- The government can't choose winning technologies, and we can't have Wall Street millionaires at the public's expense (as in cap-and-trade).
- Taking action via this carbon fee and dividend approach is the only way to get global agreement.

Is there cause for optimism? Dr. Hansen seems to think so. He cited China's enormous investments in carbon-free energy, and proposed taking action through the judicial branch, which is more isolated from fossil fuel money, as a means to initiate government action. He described Atmospheric Trust Litigation, built upon these principles:

- Our atmosphere is a public trust asset.
- Courts can exert enforcement powers through injunction.
- Legal action could force governments at all levels to deal with climate change.

In closing, Dr. Hansen called upon environmental groups everywhere to support a carbon tax with revenue return. Climate activists everywhere would do well to choose this "best approach," and present it simply, he said.

**Saturday Morning Workshops:** The topics covered included EPA regulation, learning from abroad (failed cap-and-trade vs. carbon tax), the moral & religious imperative of pricing CO<sub>2</sub> pollution, and citizen organizing/building political will. I attended the workshop on citizen organizing.

**Citizen Organizing/Building Political Will:** This panel featured our own Laura Bonham, Brent Blackwelder, Ted Glick, Marshall Saunders, and Daphne Wysham. Here are some highlights of their presentations:

- **Laura Bonham (PDA Deputy Director/Communications Director)**-- Building relationships and coalition building are critical elements in building the climate movement. We need to get students involved.
- **Ted Glick (Chesapeake Climate Action Network)**—A “back to basics” approach is the key to success. This involves face-to-face contact, canvassing neighborhoods, tabling at events, visibility, and an international as well as a national presence.
- **Brent Blackwelder (President Emeritus, Friends of the Earth)**—The single most productive activity is voting. We’re competing with big money from lobbyists; in 1990, alone, a member of Congress had to raise \$10,000 for re-election—imagine what that figure must be today! Brent urged support for a constitutional amendment to fight the recent *Citizens United* court decision, and local action.
- **Marshall Saunders (Founder, Citizens Climate Lobby)**—CCL’s mission is to build the political will for a sustainable climate and empower people to take action. Citizen lobbying is crucial to bringing about effective climate legislation. The RESULTS model was used as an inspiration for CCL’s efforts.
- **Daphne Wysham (Institute for Policy Studies)**—Building the climate movement around the mantra of “clean jobs” will help ensure success. The Department of Defense is the single largest energy user in the world—why not approach military bases with our message of “clean jobs?” The U.S. Army aims to be use 50% green energy by 2020--we can capitalize on that.

### **Plenary Panel 2: Members of U.S. Congress—Politics and Other Realities**

**Jim McDermott (D, WA):** Rep. McDermott was overwhelmed by the tremendous response to the Pricing Carbon Conference, especially by the students. He received thunderous applause when he recommended that we hold conferences like this at college campuses all across the U.S.

He called for a carbon tax, lauding it as a simple, and transparent way to deal with global warming, noting that Wall Street, who would be involved in any cap-and-trade program, is not motivated by environmental concerns. He cited public support in California and his own state of Washington as evidence that the political will is out there to deal with climate change.

**Bob Inglis (R, SC):** Rep. Inglis, author of one of the carbon tax bills in the House of Representatives, recently lost his bid for re-election in South Carolina’s Republican primary. He argued that “true conservatives” should embrace dealing with climate change as a natural extension of their values:

- Heritage (e.g., national parks, etc.)

- Stewardship (taking care of God’s creation)
- Economics (sustainability is making a profit; jobs, etc.)
- National security concerns

Rep. Inglis pointed out the beauty of a carbon tax in leveling the playing field for clean energy alternatives, decrying the government subsidies for the fossil fuel industry. He emphasized the non-partisan nature of climate change, saying if Art Laffer (economist on Pres. Reagan’s Economic Advisory Board) and Al Gore can agree on a carbon tax, elected officials of all stripes should be able to do the same.

**Bob Filner (D, CA):** Rep. Filner exhorted conference participants to build a movement, reminding us that the many of the landmark legislative accomplishments in our nation’s history (Voting Rights Act, etc.) were the result of pressure from grassroots movements (e.g., the Civil Rights Movement). He urged us to develop antennae for public opinion to help us design our message, and encouraged us to develop alliances with community groups like the Lions Club.

Once again addressing messaging, Filner suggested we substitute the term “carbon tax” with another term that would avoid the negative connotation of a tax. He also said to worry about people whom our policies would disproportionately affect (e.g., miners). Rep. Filner concluded by encouraging us to perform not only private actions, such as writing letters, but to gain visibility for our movement through public actions; he pointed out that there are many free public venues for our message, including TV stations, which are mandated by law to furnish PSA time to groups.

**Saturday Afternoon Workshops:** These included building Republican support for a price on carbon; offsets, environmental justice, & emissions trading; revenue treatment: tax shifting or green checks; media & messaging; and Students for a Just and Stable Future. I attended the workshop on revenue treatment.

**Revenue Treatment: Tax Shifting or Green Checks?** Panelists included PDA’s own James Handley, Peter Barnes, and Elaine Kamarck.

- **James Handley (PDA Global Warming Team; Carbon Tax Center):** James introduced the session by explaining that currently experts recommend three main avenues for returning the revenue from a carbon tax:
  - Tax shifting (i.e., reducing other taxes, such as payroll taxes)
  - Clean energy subsidies
  - A green check to American households

James recommended against energy subsidies, pointing to the misguided ethanol subsidies of recent years as responsible for promoting yet another energy-intensive fuel. He pointed out the need to return the majority of the carbon tax revenue to American households to help offset

rising energy costs. James advocated returning the carbon tax revenue via tax shifting via a reduction in payroll taxes; not only would this help ameliorate the effects of the payroll tax, one of the most regressive of taxes, but it would spur economic growth, he said.

- **Peter Barnes (Sky Trust):** Peter favored returning the revenue from carbon pricing through a green check, sent to every U.S. resident with a Social Security card. He proposed making it a monthly electronic deposit into bank accounts; a debit card could be used for those without bank accounts.

Peter preferred the green check over a tax shift, saying that the green check could build public support for increasing the carbon tax over time. He said tax shifting posed several challenges, including the challenge of returning revenue to jobless and young people, and that tax shifting wasn't as visible to the population as a monthly green check (e.g. Pres. Obama's middle class tax cuts were unfamiliar to many); he said there was no guarantee that employers would reinvest their share of the returned payroll tax in the economy.

Peter recommended using the green check within the context of a cap-and-dividend approach, like that proposed in Senator Cantwell's [CLEAR Act (S. 2877) <http://thomas.loc.gov/cgi-bin/bdquery/D?d111:14:./temp/~bdujE6:./home/LegislativeData.php>].

- **Elaine Kamarck (U.S. Climate Task Force; Harvard University):** Dr. Kamarck began by responding to some of Peter's questions about tax shifting, saying that young people would, in a sense, be covered by tax shifting since they were under their parents' care. She also raised concerns about the CLEAR Act's volatility in pricing (supply/demand); this failure to send a clear price signal on carbon would impede efforts to transition to a low-carbon economy.

She then went on to explain how revenue return via tax shifting would work. FICA, the Social Security payroll tax, would be the vehicle for the tax shift. Dr. Kamarck couched the tax shift as a progressive policy: payroll taxes disproportionately affect the poor, who usually have a small carbon footprint.

Washington would have to demonstrate leadership in order for a payroll tax revenue return to be successful—our leaders would have to advertise the new program, and urge people to keep the tax savings for use on increased energy costs. Dr. Kamarck suggested advertising the tax shifting as tax reform, which has wide appeal. She said the tax shift opens up three boxes—the global warming box, the tax reform box, and the Social Security box.

### **Plenary Panel 3: Debate: How Best to Price Carbon**

**Dan Lashof (National Resources Defense Council):** Dan spoke of the political realities in Washington, D.C in discussing NRDC's role in the [Waxman-Markey cap-and-trade bill (HR 2454) <http://thomas.loc.gov/cgi-bin/bdquery/z?d111:h.r.02454:>], which passed the House of Representatives

in the 111<sup>th</sup> Congress. He urged coalition building among environmental groups and climate activists, citing the success of the coalition that recently defeated California's Proposition 23, an attempt by the fossil fuel industry to gut California's climate bill, AB 32. He said the success of the coalition was due to three main principles: identifying a villain, identifying a victim, and having an opportunity. Dan pointed out that Prop. 23 was defeated without even mentioning the term "global warming."

Dan said there were three ways to cut greenhouse gases 80% by 2050:

- Overcome non-price market barriers to energy efficiency.
- Stimulate research and development.
- Put a price on carbon.

**Peter Barnes (Sky Trust):** The Senate will probably initiate the next climate bill, according to Peter. Accordingly, he urged the environmental community to get behind Senator Cantwell's [CLEAR Act (S. 2877) <http://thomas.loc.gov/cgi-bin/bdquery/D?d111:14:./temp/~bdujE6:./home/LegislativeData.php>], which relies on a cap and dividend mechanism. Peter thought the CLEAR Act would be re-introduced in the 112<sup>th</sup> Congress, and said we must address regional disparities in our efforts to price carbon.

**Charles Komanoff (Carbon Tax Center Founder):** Charles chronicled his history with the carbon tax, citing his op-ed promoting the revenue-neutral carbon tax back in 1989.

He lauded the price predictability of the carbon tax, and brought up the disadvantages of a cap-and-trade approach, like that in the 1200 page Waxman-Markey Bill:

- In cap-and-trade, the market sets the price of carbon.
- Accordingly, the price of carbon fluctuates with economic growth, price elasticity, and speculation.
- Cap-and-trade sets up a vast carbon trading market, complete with hedging and "quants" (financial analysts who design & implement mathematical models for pricing).

Charles pointed out that under a cap-and-trade system, individual action was actually discouraged—i.e., when emissions are curtailed by individuals, it leads to a decrease in the price of emissions permits, de-incentivizing cutting back on carbon emissions by industry/utilities, which cancels out individual action.

The solution? A revenue neutral carbon tax.

**Sunday, November 21**

**Plenary Panel 4: Moving Beyond the Traditional Environmental Movement:** This is where the rubber met the road—How do we apply the lessons we've learned from the conference? How do we turn

words into actions? The panel offered up their advice to us; I was amazed to see so many people in the auditorium early on a Sunday morning!

**Brent Blackwelder (Friends of the Earth):** Brent urged us to be good role models in the climate movement, saying “It’s hard to preach temperance from a barstool.”

He stressed the importance of building coalitions that were diverse and large, with an emphasis on continuing outreach. Brent spoke of having allies in unlikely places, such as the coalition he worked with in which a Birch Society group joined with liberals in successfully opposing an Army Corps of Engineers dam; their motivations were different (the Birch Society group was concerned about the waste of tax dollars and the liberal groups were concerned about environmental degradation), but they were united by their common cause.

Brent’s parting advice for successful activism? Focus on the objective.

**Juliet Schor (Boston College; Center for a New American Dream):** Dr. Schor discussed the relationship between quality of life and carbon pricing. Presently, because fossil fuel prices are artificially low, we have an economy that has grown too fast, with Americans having to work more hours than ever; in fact, the average American works 400 hours more than the average German to finance America’s fast-paced, overly-commercialized, carbon-intensive lifestyle.

Pricing carbon would have tremendous quality of life benefits, in addition to its impact on global warming. Putting a price on carbon would spur efficiency, resulting in a decrease in hours worked, more fuel economy, and less consumption. The new lifestyle would not only result in a smaller carbon footprint, but it would also be less stressful, with more time available for family and community. Talk about a win-win!

**Bill Shireman (Future 500):** It’s important to understand the business dynamic, according to Bill Shireman, and to look for allies in strange places. He highlighted the working relationship between Mitsubishi, and the Rainforest Action Network, which prodded Mitsubishi to adopt environmentally responsible forestry practices. As a result of this relationship, Mitsubishi agreed to stop harvesting old growth timber. Because of the supply chain, 400 other companies that Mitsubishi did business with were impacted by the new policy, and they, too, are now supporting sustainable forestry.

Many of today’s top companies not connected to the coal industry would be willing to support a carbon tax; it’s up to us as climate activists, Bill said, to approach these companies with a uniform ask—we need to get them to come out in support of the carbon tax, which will drive the companies in their supply chain to do the same. He encouraged us to ask businesses to declare their support for a carbon tax by signing the [Future 500 principles <http://www.future500.org/climate-principles-endorsement/>].

**Katie MacDonald (Students for a Just and Stable Future):** Katie gave a brief history of SJSF, which began in 2008 in Massachusetts, and now has chapters in Maine, Connecticut, Rhode Island, and New Hampshire.

The group is focused on bold, aggressive, science-based action. She decried the crisis in disbelief that exists in the public, and encouraged climate activists to form coalitions and to act now!

**Marshall Saunders (Citizens Climate Lobby):** Marshall emphasized the importance of citizen lobbying in promoting effective climate policy. He encouraged climate activists to lobby their members of Congress, and to use new media to spread the word.

**Tim DeChristopher (Peaceful Uprising):** Tim described Peaceful Uprising as a climate group that was focused on civil disobedience (i.e., direct action). He described the climate movement as a social movement, and pointed out that historically, the great social movements in our country don't usually have majority support, but can have tremendous impact in bringing about change.

He urged activists to "create a crisis" in order to be heard by members of Congress; e.g., when Tim's congressman failed to vote in an environmentally responsible way, Peaceful Uprising ran an ad on Craig's list to recruit a more progressive candidate to run against him in the primary, splitting the vote. He held this up as a model for other groups to use.

**Cecil Corbin-Mark (West Harlem Action for Environmental Justice—WEACT):** Diversity must be one of the cornerstones of any just and successful environmental movement, Cecil reminded us. He pointed out that community-led coalitions have been successful in advancing environmental justice (e.g., Richmond, CA).

To organize in support of a people-centered climate policy in Washington, D.C., he urged us to build alliances with urban communities. The key to gaining a foothold in those communities, Cecil said, is to find out where the communication network is.

**Town Hall Meeting:** This was a great forum for sharing what we had learned, and how to put it to work in building the climate movement. Ideas included forming a Price Carbon Google Group, replicating these conferences at college campuses throughout the U.S., and staying focused on our [message <http://www.pricingcarbon.org/principles.pdf>].

**Summary:** The conference was a wonderful coming together of science, policy, and grassroots activism. The common themes seemed to be:

- **We are experiencing a climate crisis.**
- **We need to put a price on carbon to deal with that crisis.**

- **We must build a climate movement akin to the Civil Rights movement of the 1960s to gain power with Congress.**
- **Coalition building and smart messaging are essential to building our movement.**

Judging from the camaraderie, optimism, and activist spirit of the conference participants, I'd say, we're well on our way to building that movement!

*Kathy Callan*

*PDA's Global Warming Issues Organizing Team*