

Why the Democrats and Republicans are Both Right on Climate

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Over the past two years, two thoughtful, innovative, and dramatically different plans to address global warming have been presented to the American public by the Democratic and the Republican Parties. Both plans would move the nation significantly toward a sustainable future.

The first, the Clean Power Plan¹ (CPP), introduced by President Obama, calls on states to reduce carbon pollution from the power sector by 32 percent below the 2005 baseline by 2030. The CPP further makes \$8 billion available to retrain and aid coal-workers and their families. This is a sizeable transition fund for an industry now valued in total at less than \$50 billion, a tenth of what it was just a few decades ago.

The second is the Carbon Dividend Plan² (CDP) which was recently proposed by the Climate Leadership Council which is headlined by former Republican Secretaries of State James Baker and George Shultz, as well as former Treasury Secretary Paulson, two former Chairmen of the President's Council of Economic Advisers, and a Chairman of the Board of Walmart. The CDP calls for a modestly rising carbon tax, with dividends paid directly back to American families amounting to roughly \$2,000 *per year* for a family of four.

Both plans have a great deal to like. The home run strategy for American job creation and industrial leadership is to implement both the CPP and the CDP.

The federal government estimates that the CPP will yield climate benefits to the U. S. economy of \$20 billion, and health benefits of \$14 – \$34 billion, and to *each year* avoid 3,600 premature deaths, 1,700 heart attacks, 90,000 asthma attacks, and 300,000 missed work and school days³. With so many of these illnesses in lower-income areas and in minority communities, the CPP is of tremendous benefit to poorer Americans and to the national budget as well. To be fair, some, but not all, of these benefits would also come from the CDP, although they are less clear-cut because emissions reductions could come from other sectors of the economy beyond electricity.

The CDP includes a provision for border taxes on foreign imports from nations that do not implement some form of carbon pricing, presumably with a dispensation for the world's poorest nations.

Together the CPP and the CDP build a vibrant, intensely job-creating energy sector that would be far larger than either plan accomplishes alone. The CPP does not pit one state against each other, but pushes each state to develop its own carbon reduction plan. Both red and blue

¹ <https://www.epa.gov/cleanpowerplan/fact-sheet-overview-clean-power-plan>

² <https://www.clcouncil.org/wp-content/uploads/2017/02/TheConservativeCaseforCarbonDividends.pdf>

³ <https://www.epa.gov/cleanpowerplan/fact-sheet-overview-clean-power-plan>

states are finding this easier and more profitable than previously imagined. The power sector reduced its carbon emissions 21 percent between 2005-2015, primarily by switching from coal to gas. It is well on the way to complying with the Clean Power Plan.

The CPP will accelerate the transition to money-saving energy efficiency, and to a job-rich renewable energy sector⁴. Countries such as China, Bangladesh, Denmark, Germany Kenya, Korea, and Portugal have seen tremendous manufacturing and job growth as they made their electricity sectors more diverse, clean, and job-producing.

As innovations spread in the energy sector, the benefits of the CDP come into play. The carbon dividend to U. S. families is estimated by the U. S. Treasury to directly benefit financially the poorest 70 percent (some 223 million people) of Americans. A federal infrastructure investment would further stimulate this deal, bringing jobs to the capital-intensive energy sector across the country.

Of equal or greater importance, however, is the fact that the U. S. and EU energy sectors are growing by less than 1% per year, but in many other nations energy demand is growing by 5% per year or more. The CDP pushes other countries to adopt carbon policies, making them ready-markets for the products that the invigorated U. S. energy sector will deliver.

Because the energy industry is about systems integration, not simply individual technology components, countries need company partners that are expert and trusted to deliver integrated packages. This is a hallmark of the U. S. energy sector, from the complex and extensive oil and gas industry, to companies like Bechtel and Johnson Controls, to the fastest growing part of the U. S. economy, the clean energy innovators.

The real beauty of the two proposals is how well they can work together for the benefit of all Americans, and at the same time, the global environment.

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⁴ <http://rael.berkeley.edu/greenjobs>