

National Carbon Cap-and-Trade Policy

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WHAT IS “CAP-AND-TRADE?”

Carbon Cap-and-Trade policy allows companies to pollute a specified amount of carbon-dioxide (CO₂) annually. The government issues a limited number of pollution permits, creating a “cap” on CO₂ emissions (Coniff). Permit holders can pollute up to their full allowance or choose to “trade” with others. They can under-pollute and sell leftover permits or buy additional permits to emit additional tons of CO₂. The total number of permits, the overall “cap,” is reduced each year. This decreases annual CO₂ emissions as the “shrinking pool” of permits gets costlier.

HISTORICAL PRECEDENT: ACID RAIN

Cap-and-Trade was originally introduced as a 1990 amendment to the Clean Air Act, originally passed in 1963 (Coniff). This legislation sought to control air pollution. The amendment created a system of emissions trading that aimed to reduce sulfur-dioxide (SO₂) emissions from power plants (Coniff). These SO₂ emissions were falling back to earth as acid rain, harming lakes, forests, and buildings throughout America and Eastern Canada. Republicans and socially liberal environmentalists collaborated to create this successful policy.

THE YEAR THE CAP TOOK EFFECT:

Acid rain emissions fell by:

3

MIL . TONS

Costing utilities :

\$3

BIL . / YR

Creating benefits worth:

\$122

BIL . (Coniff)

INCREASED CO₂

CO₂ is a greenhouse gas (GHG), which means it absorbs infrared radiation from the sun. Increased levels of GHGs in the air trap additional heat and cause hotter global temperatures (Lallanilla).



Continued global warming will

- Impact atmospheric circulation
- Change rainfall patterns

And lead to

- Rising sea levels
- Ocean acidification
- Species extinction
- Migration crises, conflict over basic resources, and “unprecedented social upheaval” (Lallanilla)

IN 2016, the U.S. emitted:

6,511
Mil. metric tons
of CO₂
equivalents

Accounting for:

81%
of all human-
caused GHGs

(Lallanilla)

CHALLENGES OF CO₂ POLICY IMPLEMENTATION

PARTISANSHIP

Politicians often support their own party's policies and instinctively reject legislation from the "opposing party" (Van Boven 492). Public exaggeration of this partisanship has also created "false norms" that pressure politicians into acting along party lines (Van Boven 492). This makes cooperation and compromise a rarity.

DENIAL

The effects of climate change are often difficult to imagine (Van Boven 494). They do not directly impact most people in the present moment. Accepting the reality of climate change also "threatens beliefs in a just world" and forces leaders to "grapple . . . with previous inaction" (Van Boven 494). Passing legislation would require coming to terms with this reality.

INTEREST GROUPS

Republican narratives have been shaped by powerful oil & gas interest groups, such as the Exxon Mobil Corporation. (Van Boven 493). When politicians receive campaign contributions from groups that want to emit high levels of CO₂, they are less likely to support policies to combat emissions.

POLICY ALTERNATIVES

CARBON TAXES are the more heavy-handed alternative to Cap-and-Trade.

This legislation establishes a standard taxation rate per every ton of carbon emitted. Republicans and conservative groups usually oppose carbon taxes, asserting that they will harm the economy, increase utility bills, and threaten America's ability to compete on the global stage (Morabito).

Policies that promote increased **ENERGY EFFICIENCY** can also reduce CO₂ emissions. Increasing energy efficiency allows consumers to access "the same service" while using less energy (Duncan). This can be done by updating insulation, windows, appliances, lightbulbs, ventilation systems, and air conditioning. This alternative is less strongly associated with a single party.



ATTEMPTED LEGISLATION

By December 2008, **23 STATES** were participating in **REGIONAL CARBON CAP-AND-TRADE** programs (Rabe 103-4). More than half of the states dropped their formal commitments within five years. This was partially due to the 2010 state elections, which caused shifts in political power, the Great Recession, which led to various budget cuts, and the lack of incentivizing federal policy development. The **AMERICAN CLEAN ENERGY AND SECURITY ACT** (i.e. the Waxman-Markey Bill) would have established a **NATIONAL SYSTEM OF CARBON EMISSIONS TRADING** (Morabito). It passed in the House in 2009 but was not considered in the Senate.

THE HEALTHY CLIMATE AND FAMILY SECURITY ACT was introduced in early 2018 to create a national **CAP-AND-DIVIDEND SYSTEM** (Morabito). This is similar to cap-and-trade but also includes economic returns that would be divided equally among all residents with valid SSNs.

WHY CARBON CAP-AND-TRADE?

Carbon cap-and-trade allows for **bipartisan compromise**. CO₂ emissions can be reduced without abandoning traditional free-market principles. Additionally, unlike command-and-control regulation efforts, such as carbon taxes, marketplace solutions do not upset constituents by forcefully telling them what to do. Cap-and-trade allows them to **voluntarily "turn a profit" (Coniff)**. **The Clean Air Act amendments and the EU Emissions Trading System have also set a precedent of success.** The EU ETS was the world's 1st major carbon emissions trading system. As of 2020, the system will have reduced the CO₂ emissions of **31 countries by 21% of their 2005 value** (EU Emissions Trading System)

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