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The Upshot

Shattering Myths to Help the Climate

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Economic View

By **ROBERT H. FRANK**

Each new climate-change study seems more pessimistic than the last. This May and June, for example, were the hottest ones on record for the planet. Storms and droughts occur with increasing frequency. Glaciers are rapidly retreating, portending rising seas that could eventually displace hundreds of millions of people.

Effective countermeasures now could actually ward off many of these threats at relatively modest cost. Yet despite a robust scientific consensus that greenhouse gas emissions are at the root of the problem, legislation to curb them has gone nowhere in Congress. In response, President Obama has proposed stricter regulations on electric utilities, which some scientists warn may be too little, too late.

Why aren't we demanding more forceful action? One reason may be the frequent incantation of a motley collection of myths, each one rooted in bad economics:

Myth 1: The enormous uncertainty of climate science argues for a wait-and-see strategy.

The claim here is that reducing greenhouse gases would be a wasted expense if climate change ends up causing only minor problems. But uncertainty cuts two ways. Things might not be as bad as expected, but they could also be much worse.

In other domains, uncertainty doesn't counsel inaction. Few people, for example, recommend disbanding the military simply because adversaries might not invade. In any event, many scientists now believe that storms and droughts caused by climate change are already causing enormous damage, so all that remains uncertain is how much worse things will get. And as Robert Shiller has written in this space, when the risk is as high as it now seems, economics tells us that insuring against worst-case calamities is prudent.

Myth 2: Slowing the pace of climate change would be prohibitively difficult.

Reducing CO₂ emissions would actually be surprisingly easy. The most effective remedy would be a carbon tax, which would raise the after-tax price of goods in rough proportion to the size of their carbon footprint. Gasoline would become more expensive, piano lessons would not.

The functional equivalent of that — a cap-and-trade system — worked spectacularly well when Congress required marketable permits for discharging sulfur dioxide (SO₂) in 1995. Acid rain caused by SO₂ emissions quickly plummeted, at about one-sixth the cost predicted. Once people have to pay for their emissions, they find ingenious ways of reducing them.

Myth 3: A carbon tax would destroy jobs.

If a carbon tax were scheduled to be gradually phased in once the economy recovered, its mere announcement would create jobs right away. As with any policy change, there would be winners and losers. But because an impending carbon tax would render many existing energy-using processes obsolete, it would create strong incentives for corporations to put their mountains of idle cash to work. Spending on development of more efficient processes, with attendant hiring, would be expected to begin immediately.

Myth 4: The cost of reducing CO₂ emissions would be prohibitively high.

Because a steep tax on emissions would generate hundreds of billions of dollars in annual revenue, you might assume the policy would entail big costs for ordinary people. But every dollar raised by a carbon tax is a dollar by which other taxes can be reduced. The actual cost of reducing CO₂ emissions would be only those costs associated with the cleaner processes we're led to adopt, and they promise to be low. Experience in other countries, for example, suggests that a carbon tax that doubled the price of gasoline would result in cars that are more than twice as efficient as today's.

The cost objection is further undermined by evidence that we're already bearing high costs because of our failure to limit carbon emissions, as the White House declared in a report last week. The net cost of reducing emissions would properly include an adjustment for the corresponding reduction in weather damage.

Myth 5: It's pointless for Americans to reduce CO₂ emissions, since unilateral action won't solve global warming.

Although an effective solution will take global coordination, America's inaction has been a major barrier to progress. If the United States and Europe each adopted a steep carbon tax, they could elicit broader cooperation through heavy tariffs on goods produced in countries that failed to do likewise. India and China need access to our markets, giving us enormous leverage.

Myth 6: Penalizing greenhouse gas emissions would violate people's freedom.

As John Stuart Mill, the British political economist, argued, people should be free to do as they please, provided they don't cause undue harm to others. But greenhouse gases have already caused great harm and threaten much worse. Mill's cost-benefit framework provides no reason for thinking that someone's freedom to escape the small burden of CO₂ taxation should trump other, vastly more important freedoms. To the contrary, he said, restrictions on individual liberty are needed when the health and safety of the great mass of people and the purity of the natural environment are at stake.

In 2009, the respected M.I.T. global climate simulation model estimated that if we do nothing to curb greenhouse emissions, there's a 10 percent chance that temperatures will rise by more than 12 degrees Fahrenheit by century's end, causing wholesale destruction of life as we know it.

There's still time to eliminate this catastrophic risk at surprisingly modest cost. If we fail to act, future historians may wonder from behind high sea walls why we allowed the more effective responses we could have pursued to be blocked by an easily debunked collection of myths.

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