

A Call to Paris Climate Negotiators: Tax Carbon.

Taxing carbon pollution will spur everyone — businesses, consumers and policymakers — to reduce climate-damaging emissions, invest in efficient energy systems and develop low-carbon energy sources.

This single policy change — explicitly using prices within existing markets to shift investment and behavior across all sectors — offers greater potential to combat global warming than any other policy, with minimal regulatory and enforcement costs.

We urge negotiators at the upcoming UN Climate Conference in Paris to pursue widespread implementation of national taxes on climate-damaging emissions.

We endorse these four principles for taxing carbon to fight climate change without undermining economic prosperity:

1. Carbon emissions should be taxed across fossil fuels in proportion to carbon content, with the tax imposed “upstream” in the distribution chain.
2. Carbon taxes should start low so individuals and institutions have time to adjust, but then rise substantially and briskly on a pre-set trajectory that imparts stable expectations to investors, consumers and governments.
3. Some carbon tax revenue should be used to offset unfair burdens to lower-income households.
4. Subsidies that reward extraction and use of carbon-intensive energy sources should be eliminated.

Signed,

Frank Ackerman

Kenneth J. Arrow

Jim Barrett

Alan S. Blinder

Dallas Burtraw

Steven Chu

Richard N. Cooper

Robert H. Frank

Shi-Ling Hsu

Charles Komanoff

N. Gregory Mankiw

Donald B. Marron Jr.

Aparna Mathur

Warwick McKibbin

Gilbert Metcalf

Adele C. Morris

Robert Reich

John Reilly

Mark Reynolds

Alice M. Rivlin

James Rydge

Thomas C. Schelling

Robert J. Shapiro

George P. Shultz

Joseph Stiglitz

Steven Stoff

Chad Stone

Jerry Taylor

Richard Thaler

Eric Toder

Martin Weitzman

Gary Yohe

Institutional affiliations listed are for identification purposes only, and do not connote any organizational approval.

Frank Ackerman, PhD

Principal Economist, Synapse Energy Economics

Kenneth J. Arrow, PhD

Nobel Prize in Economics, 1972

Joan Kenney Professor of Economics and Professor of Operations Research, Emeritus,
Stanford University

Convening Lead Author, Intergovernmental Panel on Climate Change

Jim Barrett, PhD

Chief Economist, American Council for an Energy-Efficient Economy

Former Senior Economist, Joint Economic Committee

Alan S. Blinder, PhD

Gordon S. Rentschler Memorial Professor of Economics and Public Affairs,
Princeton University

Vice Chairman, Board of Governors, Federal Reserve System, 1994-1996

Member, President's Council of Economic Advisers, 1993-1994

Dallas Burtraw, PhD

Darius Gaskins Senior Fellow, Resources for the Future

Steven Chu, PhD

Nobel Prize in Physics, 1997

U.S. Secretary of Energy, 2009-2013

Elected to Royal Society, 2014

William R. Keenan, Jr. Professor of Physics, Professor of Molecular and Cellular Physiology,
Stanford University

Richard N. Cooper, PhD

Maurits C. Boas Professor of International Economics, Harvard University

Deputy Assistant Secretary of State, 1977-1981

Former Senior Staff Economist, Council of Economic Advisers

Robert H. Frank, PhD

Henrietta Johnson Louis Professor of Management, Cornell University

Professor of Economics, Samuel Curtis Johnson Graduate School of Management,
Cornell University

Shi-Ling Hsu, PhD

John W. Larson Professor of Law and Associate Dean, Florida State University
College of Law

Institutional affiliations listed are for identification purposes only, and do not connote any organizational approval.

Charles Komanoff

Director, Carbon Tax Center

N. Gregory Mankiw, PhD

Robert M. Beren Professor of Economics, Harvard University
Chair, President's Council of Economic Advisers, 2003-2005

Donald B. Marron Jr., PhD

Director of Economic Policy Initiatives, Urban Institute
Member, President's Council of Economic Advisers, 2008-2009
Congressional Budget Office, Deputy Director 2005-2007, Acting Director 2006

Aparna Mathur, PhD

Resident Scholar in Economic Policy Studies, American Enterprise Institute

Warwick McKibbin, PhD

Non-resident Senior Fellow, The Brookings Institution
Professor of Economics, Australian National University and Centre for Applied
Macroeconomic Analysis

Gilbert Metcalf, PhD

Professor of Economics, Tufts University
Deputy Assistant Treasury Secretary for Environment and Energy, 2011-2012

Adele C. Morris, PhD

Senior Fellow and Policy Director, Climate and Energy Economics,
The Brookings Institution

Robert Reich, PhD

U.S. Secretary of Labor, 1993-1997
Chancellor's Professor of Public Policy, Goldman School of Public Policy,
University of California, Berkeley

John Reilly, PhD

Co-Director, MIT Joint Program on Science and Policy of Global Change
Senior Lecturer, MIT Sloan School of Management

Mark Reynolds

Executive Director, Citizens Climate Lobby

Institutional affiliations listed are for identification purposes only, and do not connote any organizational approval.

Alice M. Rivlin, PhD

Senior Fellow, The Brookings Institution
Visiting Professor, Georgetown University
Vice Chair, Board of Governors, Federal Reserve System, 1996-1999
Director, White House Office of Management and Budget, 1994-1996
Founding Director, Congressional Budget Office, 1975-1983

James Rydge, PhD

Lead Economist, Global Commission on Economy and Climate, New Climate Economy

Thomas C. Schelling, PhD

Nobel Prize in Economics, 2005
Lucius N. Littauer Professor of Political Economy, Harvard University (Emeritus)
Professor of Foreign Policy, National Security, Nuclear Strategy and Arms Control,
School of Public Policy, University of Maryland

Robert J. Shapiro, PhD

Chairman, Sonecon
Under Secretary of Commerce for Economic Affairs 1997-2001
Senior Fellow, Georgetown University School of Business

George P. Shultz, PhD

Thomas W. and Susan B. Ford Distinguished Fellow at the Hoover Institution at
Stanford University
Secretary of State, 1982-1989
Secretary of the Treasury, 1972-1974
Director, White House Office of Management and Budget, 1970-1972
Secretary of Labor, 1969-1970

Joseph Stiglitz, PhD

Nobel Prize in Economics, 2001
Elected to Royal Society, 2001
John Bates Clark Medal, 1979
Professor of Economics, Columbia University
Former Senior Vice President and Chief Economist, World Bank
Chair, President's Council of Economic Advisers, 1995-1997

Steven Stoff, PhD

Convenor, Global Carbon Pricing Symposium, Economics of Energy & Environmental Policy
Founder and Director, Global Energy Policy Center

Institutional affiliations listed are for identification purposes only, and do not connote any organizational approval.

Chad Stone, PhD

Chief Economist, Center on Budget and Policy Priorities
Council of Economic Advisers, Chief Economist 1999-2000, Senior Economist 1996-1998

Jerry Taylor

President and Founder, Niskanen Center
Vice President, Emeritus, Cato Institute
Task Force Director Emeritus for Energy, Environment and Natural Resources,
American Legislative Exchange Council

Richard Thaler, PhD

Ralph and Dorothy Keller Distinguished Service Professor of Behavioral Science and
Economics, Booth School of Business, University of Chicago

Eric Toder, PhD

Institute Fellow, Urban Institute
Co-director, Urban-Brookings Tax Policy Center

Martin Weitzman, PhD

Ernest E. Monrad Professor of Economics, Harvard University

Gary Yohe, PhD

Huffington Professor of Economics and Environmental Studies, Wesleyan University
Senior Member, UN Intergovernmental Panel on Climate Change