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## Guest opinion: Carbon border adjustment: the tool that moves international climate action

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In order to solve climate change, all of the nations of the world must act together.

We could regulate here and hope that other countries follow our lead, but that seems unlikely. Besides, regulations aren't the best answer.

Better, we could continue to incentivize clean energy through tax credits here in America, and hope that early adoption here brings down the cost of the new technology. But will it bring down the cost enough for the rest of the world to afford it? If not, we'll be cleaning up local air, but we won't be solving climate change.

The third approach is to bring simple accountability for the side effects of burning fossil fuels. If we were to put an end to the free dumping into the trash dump of the sky, all products would carry their full costs onto store shelves and into showrooms. Consumers would see the true, "all-in" cost of products. At that point, cleaner products would be cheaper relative to dirty products that had been made accountable. Products made by cleaner natural gas would be less expensive than products made with dirtier coal. Nuclear power might have a renaissance. Free enterprise competition would deliver innovation — faster than regulations and more reliably than fickle tax credits.

The world would follow our lead to this third solution if we imposed all-in accountability on the products that they import into America. This could be done by a "carbon border adjustment," a carbon-content-tax imposed on goods coming from countries that don't make their manufacturers responsible for the side effects of burning fossil fuels. Essentially, we'd be saying to the rest of the world, "You can charge/tax your manufacturers for those side effects (and keep the tax money in your own country) or we'll collect it for you (and use the tax money here in the USA). Oh, yes, we see, you want to collect it yourselves. Well, that would make sense."

A bold move by the United States would unleash worldwide innovation. Seven billion people would begin to see the true cost of “dirty.” They’d choose cleaner because it would be cheaper than accountable dirty. There would be little need for an international agreement. There would be no need for bowing and scraping at the United Nations or for protracted negotiations. The United States would be using the power of access to our market to make it in the interest of our trading partners to join us in bringing accountability for the side effects of burning fossil fuels.

Therein lies the rub. We’d first have to make ourselves accountable. We’d have to transparently price-in those side effects through a carbon tax on fossil fuels burned in America. We could try to argue that the clean air regulations that we have in place constitute, essentially, a carbon-pricing system, but that’s a weak argument at the World Trade Organization.

Admittedly, the politics of a carbon tax are hard. Who wants to be the conservative member of Congress who argues for accountability? We’re for lack of accountability, right? No, we’re for accountability — at city council, for example, where we charge a tipping fee for trash haulers bringing trash to the city dump. Might conservative members of Congress suggest a tipping fee into the trash dump of the sky? Or do they want to remain solution-less while the country drifts toward a regulatory solution that doesn’t solve the problem? Or do they want to tinker around with tax incentives that fail at worldwide innovation?

In order to be truly conservative, the carbon tax revenue would need to be returned to the citizenry through offsetting cuts of existing taxes or a quarterly dividend. If we were to cut payroll (FICA) taxes or do quarterly dividends to the citizenry, we’d prove that we care about poor people as much as we care about wealthy people.

If we’re going to lead the world to climate solutions through a carbon border adjustment, we’ll need to move quickly. The European Union is talking about adopting a carbon border adjustment in 2023. If they do, we’ll be paying a European Union carbon tax on goods that we export to them. If we’re not careful, we may end up following rather than leading, and that’s an unusual place for us to be.

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