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Report on carbon tax-related work

Fall 2017 – March 2018

Research

* One major research project has been the large multi-model study of U.S. carbon tax policies I co-chaired for the Stanford Energy Modeling Forum (EMF).  In the fall of 2017, we completed the final round of modeling runs, and I coordinated the preparation and peer review of ten papers by individual modeling teams and five crosscutting analyses that synthesize results across the models. For example, there is a paper on distributional results (by income and region) and sector-specific outcomes. The issue includes a non-technical paper with insights for policymakers.  I am a co-author on four of those fifteen papers:

**Introduction to the EMF 32 Study on U.S. Carbon Tax Scenarios.** (2018) with Fawcett, A., J. McFarland, and J. Weyant (2018). *Climate Change Economics*, 9(1)

**Overview of economy-wide U.S. carbon tax strategies: Results from EMF 32.** (2018) with McFarland, J., A. Fawcett, J. Reilly, and P. Wilcoxen (2018). *Climate Change Economics*, 9(1)

**Policy insights from the EMF 32 study on U.S. carbon tax scenarios,** with A. Barron, A. Fawcett, M. Hafstead, and J. McFarland (2018). *Climate Change Economics*, 9(1)

**The Role of Border Adjustments in a U.S. Carbon Tax,** with W. McKibbin, Wilcoxen P., and W. Liu (2018). The role of border carbon adjustments in a U.S. carbon tax. *Climate Change Economics*, 9(1)

* It was a big lift to get everything done and through peer review. We secured open access to the journal issue so you can read all the papers without a paywall. Here’s a link to the special issue and all the papers from the project: <https://www.worldscientific.com/toc/cce/09/01>
* We are also working on a longer-range project on modeling the Paris climate agreement.
* In December, we released our new paper on the linkages between climate change and monetary policy. Here's the link to the paper: <https://www.brookings.edu/research/climate-change-and-monetary-policy-dealing-with-disruption/> . In the paper, we argue that the frequency and characteristics of supply shocks that will arise in a disrupted climate, along with the price effects of climate policy, warrant the attention of central bankers and adoption of monetary policy responses that take proper account of these shocks. Likewise, the design of climate policy can make it harder or easier for monetary policy authorities to accommodate. In particular, we argue that from a central banking standpoint, a predictable carbon price trajectory is preferable to the potentially volatile carbon prices in a cap-and-trade program or the opaque price and output effects of a regulatory program.
* I presented our monetary policy paper at the World Bank in February, and there and elsewhere the reception has been excellent.  It is in submission at a major European journal.
* I held a workshop on the design of border carbon adjustments on February 28, 2018.  Attendees included Hill staff, economists, trade law scholars, and representatives from corporate and labor groups. I am now writing a policy brief that will synthesize my findings on how to make a border carbon adjustment actually work in practice, incorporating the input from the workshop.
* With my co-author from AEI, I wrote a blog post suggesting a link between a carbon tax and plugging the deficit created by the tax bill and funding expansion of the Earned Income Tax Credit: <https://www.brookings.edu/blog/planetpolicy/2017/12/08/fill-the-gaps-in-the-tax-bill-with-a-carbon-tax-and-expanded-benefits-for-working-families/>  Our joint research paper is under review at a journal.
* I organized a session on U.S. carbon pricing that was accepted for presentation at the World Congress of Environmental and Resource Economics, to be held in Sweden in June 2018. The paper that my co-author will present is our paper, funded by the Walker Foundation, that compares a tradeable performance standard with a carbon tax. <https://www.brookings.edu/research/controlling-carbon-emissions-from-u-s-power-plants-how-a-tradable-performance-standard-compares-to-a-carbon-tax/>

Other activities and updates:

* I spoke (remotely) at an event at the Hoover Institute in August 2017. I presented some of the findings from our modeling paper on border carbon adjustments from earlier that year. <https://www.brookings.edu/research/nobody-knew-border-carbon-adjustments-could-be-so-complicated/>
* I helped Congressman Larson’s staff with his new carbon tax bill, which he talked about at our event on November 28.  <https://larson.house.gov/issues/america-wins-act>. Here's the link to the event video: <https://www.brookings.edu/events/can-tax-reform-include-a-carbon-tax/>
* The carbon tax approach I helped devise when I was in Vermont last year is getting some traction: [http://www.benningtonbanner.com/stories/proponents-carbon-tax-would-cut-electric-bills,524452](http://www.benningtonbanner.com/stories/proponents-carbon-tax-would-cut-electric-bills%2C524452)
* I spent a fair amount of time talking with reporters, including about coal workers.  Here’s an example: <http://www.roanoke.com/townnews/economics/virginia-coal-is-rebounding-but-is-donald-trump-to-thank/article_c330c251-9108-536d-8c48-f1c17ec602fa.html>
* I advised Hill staff on the design of a potential bipartisan carbon tax bill.
* I advised a campaign advisor to a state gubernatorial candidate on how the candidate could support a carbon tax in the state.
* I spoke at the Financial Times Climate Finance Summit in New York City and talked about the critical role of a price on carbon to steer investment. <https://live.ft.com/Events/2018/FT-Climate-Finance-Summit>
* I spoke at an event to comment on a new OECD report on climate policy. [https://www.keepeek.com//Digital-Asset-Management/oecd/economics/investing-in-climate-investing-in-growth\_9789264273528-en#.WqsHvOjwaUk](https://www.keepeek.com/Digital-Asset-Management/oecd/economics/investing-in-climate-investing-in-growth_9789264273528-en#.WqsHvOjwaUk)
* I joined the scientific committee for an international carbon pricing research conference. Here's our call for papers: <https://www.carbonpricingleadership.org/cplc-research-conference-call-for-papers/>
* I spoke about my work to a group of aspiring women interested in environmental public policy careers.
* My proposal was the Judges’ Choice Winner for the MIT Center for Collective Intelligence Carbon Pricing Policy Proposal Contest in 2018. <https://www.climatecolab.org/contests/2017/carbon-pricing/c/proposal/1334008>
* I gave testimony on a state carbon tax bill, *Maryland House Bill 939, A Regional Cost Collection Initiative*, before the Committee on Economic Matters, Maryland House of Delegates, on March 5, 2018.