

Sooner or later, the Democrats will take control of Congress and the White House, just like the Republicans right now. That's not a political prediction so much as a recognition that the wheel is bound to turn around at some point. At that point, they should give very serious consideration to the possibility of a carbon tax. Recent experience with the GOP's massive tax cut has made the carbon tax more appealing for three reasons: (1) the government will need extra revenue, (2) we've learned about the benefits of the reconciliation procedure in Congress, and (3) the carbon tax can be portrayed as a correction for the severe recent cuts to corporate taxes.

It's certainly open to question whether a carbon tax is the ideal policy tool. It has some policy strengths, especially its simplicity, but there are also arguments for using cap and trade. Either one would be regressive in the absence of some mechanism for redistributing the proceeds. As a [recent paper](#) by an international team of economists shows, however, the carbon taxes already in effect in nearly twenty jurisdictions generally have cut carbon emissions as promised, and have been more effective than cap-and-trade systems.

The biggest problem has been the public's aversion to imposing new taxes or raising existing ones. But a carbon tax has some advantages that may outweigh that political difficulty.

First, the Democrats are going to need a source of money. The government already has a large deficit, and virtually every expert thinks the tax bill will add at least another trillion dollars to the deficit over a decade. Eventually, whoever is in power is going to have to address the deficit issue. And the Democrats are going to want to increase spending on infrastructure and social programs, increasing the need for revenue. The great thing about a carbon tax from this perspective is simply that it will bring in money. It's also helpful that it's a tax paid by businesses, not individuals.

Second, a carbon tax would face an easier procedural path than a regulatory law or a cap-and-trade scheme. As the GOP amply proved with their tax cut bill, reconciliation bills provide a viable way around the 60-vote requirement in the Senate. It was that requirement that sunk the Waxman-Markey cap-and-trade bill. It's conceivable that a cap-and-trade bill with auctioned allowances could qualify for reconciliation. But a pure tax measure would be more likely to pass muster with the Senate Parliamentarian as a revenue measure.

Third, a key part of the GOP bill was a huge cut in the corporate tax. That's not very popular with the public. The carbon tax could be pitched as a replacement for part of the lost corporate tax levels. Instead of calling it a carbon tax, it could be call corporate emissions tax and sold that way.

Tax increases have been a taboo subject in American politics, but that could be changing. Consider the example of Kansas, where Sam Brownback pioneered the massive tax cut approach that has now become national. Eventually, the situation became bad enough that even Republicans voted to raise taxes. And if we're going to need a tax increase of some kind, a corporate carbon tax would be a win-win — good for the budget and good for the planet.