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ICYMI, by Irwin Stelzer:

Weaponizing Access to U.S. Markets to Control China's Contribution to Climate Change

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Attempting to produce Hamlet without the Prince of Denmark would be foolish. Attempting to contain global warming without the cooperation of China would be equally foolish. Unless President Biden can find some way to enlist China in the effort to reduce the rise in the planet's temperature, it is doomed to failure. Fortunately, there is a way: economic coercion.

China's Pollution

The Union of Concerned Scientists identifies China as the world's largest producer of CO_2 emissions, accounting for 28% of the global total, almost twice America's 15%, and roughly the same as the three next largest emitters combined – the U.S., the EU and India. According to economic researchers at the Rhodium Group, China was the only major economy to increase its greenhouse gas emissions last year, and those emissions are "the equivalent of the total annual emissions of nearly 180 of the world's lowest emitting nations combined."

In addition, China is building 300 coal plants around the world estimates Edward Cunningham, Director of the Asia Energy and Sustainability Initiative at Harvard's Kennedy School – 23 in Vietnam alone according to Nguyen Thi Hang with a Hanoi-based environmental group. It is, in effect, exporting its pollution by investing in plants that will be contributing to global CO_2 emissions for a long time, which emissions will be charged to other countries. "When you put money down and steel into the ground for a coal-fired power plant, it's a 40- or 50-year commitment," Cunningham told a Belt and Road Forum convened in Beijing by Xi Jinping.

China's Promises

Xi is an enthusiastic signatory of the Paris climate accord, the 198-nation pact that the U.S. has re-entered. As well he should be, since it requires America to continue reducing emissions while allowing the People's Republic to continue increasing its output of greenhouse gasses, with only a promise to reduce emissions, some day but not yet, to borrow from St. Augustine. A promise about as valuable as China's 1997 promise to preserve the independence of Hong Kong ("one country, two systems"), its 2001 promise to abide by WTO rules, its 2015 promise not militarize the islands it constructed in the South China Sea, and most recently, Xi's surprise promise in a speech at the UN to have the People's Republic reach net carbon neutrality by 2060.[2] China granted more permits for the construction of coal-fired power plants in the first half of last year than in all of 2018 and 2019.

All of which means that exacting new promises from China in the upcoming negotiations will not represent meaningful progress in substantially reducing CO_2 emissions, especially if those new pledges are as one-sided as those negotiated in Paris in 2015 and signed by John Kerry, Biden's cabinet-level climate czar with his two-year old granddaughter seated on his lap. Kerry will face off against his Paris sparring partner, Xie Zhenhua, brought out from mothballs although at 71 beyond official retirement age – a Communist Party restriction from which president-for-life Xi Jinping allows few exceptions -- because of Xie's good relations with Kerry and his team. All well and good, maybe, but in the end amiable negotiations ending with the pop of champagne corks are no substitute for realistic, enforceable deals that will reduce emissions, especially since those deals will inevitably be affected by the cycles in other aspects of the relations between China and America. Instead, America must find a way to coerce China into replacing promises with verifiable policies to cut its emissions.

America's Big Weapon

Fortunately, the U.S. has a weapon that is up to that task: access to our massive markets. America can impose border charges on the carbon content of imports. Nothing revolutionary here: the EU is about to impose such levies on imports. If we do the same, China would be faced with heavy charges on the carbon content of goods it hopes to sell into its two largest markets, including those relying on power from China-financed coal plants. To retain his hold, Xi must deliver improving living standards; making his nation's exports more expensive would make accomplishing that more difficult.

China would, of course, retaliate, which would create an incentive for America's manufacturers to reduce the carbon content of the goods they are hoping to peddle in the vast Chinese market. A tariff war might be a threat to global living standards; an anti-carbon border tax war would contribute to improving those standards.

Pricing Carbon

The frosting on that policy cake would be a domestic carbon tax, or pollution charge. Biden has promised to increase taxes to finance his Infrastructure/Recovery program. To reduce the increased burden on investment, jobs, and growth he can pass some of that burden onto carbon emissions, in the process correcting a serious imperfection in the capitalist-market system.

At present, consumers make decisions based on the prices they confront in the marketplace. But some of those prices, most especially those for products with high carbon content, do not include all the costs of their consumption, costs now passed on to society in the form of global warming. A pollution levy would confront consumers with the real, total, complete cost of their decisions so that they can make decisions about how to heat and cool their homes, and what sort of vehicle to buy and drive, without direction from bureaucrats whose elitist preferences have led to showerheads that dribble rather than spout, dishwashers that are intermediate stops before manual washing finishes the job, and de facto restrictions on the size and type of vehicles we are allowed to drive.

Get the prices right, and consumers will be led as if by an invisible hand to do what is best for themselves and others. Get a border tax right, and Xi Jinping will be forced to rein in his manufacturers who are using cheap, carbon-intensive technologies – almost twice the carbon emissions to produce a GDP one-third smaller – to the disadvantage of cleaner, U.S. companies, just as China uses forced labor and cheap, subsidized capital to dominate targeted markets.

Read the full article here.

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The carbon tax policy we support is consistent with a pro-growth conservative agenda. It would replace costly regulations and prevent new regulations from burdening families and job creators. And it would eliminate economically harmful taxes on investment and family incomes.

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