

Unleashing American Ingenuity to Cut Climate Pollution

The case for carbon pricing – in plain English

In order to avoid the worst impacts of climate change, the best science says we must achieve net-zero climate pollution by 2050 – that is, adding no more carbon emissions to the atmosphere than we can remove. But what policies can achieve that ambitious goal quickly and efficiently?

Right now, it is free for companies to pollute the climate, which means there's no incentive for them to limit pollution. Taxpayers and consumers pay the costs through infrastructure damage, higher insurance rates, agricultural problems, health costs, security demands, and other ways.

We need to change the rules so that there's a financial incentive for companies to limit their pollution. When more pollution means less profit, industry will have an incentive to be cleaner. That will also prompt investors, inventors, and entrepreneurs to try to make money by developing the technology they'll need.

It's a way of leveraging the power of our whole economy toward our goal.

Using this economic incentive is critical because no one knows exactly which mix of technologies will move us to a cleaner future. Policymakers, politicians, and advocates all have ideas – solar power, fuel cells, new batteries, carbon removal technology – but *nobody* knows as much as *everybody*, and we must keep all options on the table.

That is to say, no one in government or industry knows better than the collective wisdom of millions of investors and thousands of companies scrambling for profit in a world where discovering ways to power our economy more cleanly means a bigger financial return. That should include developing ways to remove carbon pollution from the air – we'll need that, too.

What system should we use to ensure that companies pay for their pollution? The short answer is: Whatever works.

One option is to place a limit on emissions with a flexible system for trading that allows the market to find the cheapest ways to cut emissions. That's what's working in California and Europe and it's where China is going.

Others have suggested a fee on pollution, with the revenue going to households or into clean energy investment. And there may be other creative approaches, as well.

What matters is making sure that whatever policy we choose is designed to deliver results - guaranteed pollution reductions. After all, ending free pollution may be the means we use, but it is not the end we seek. **Less climate pollution, and fewer climate impacts, is the ultimate goal.**