

Issue

Climate change is one of the greatest threats to economic and physical well-being worldwide. The rapid accumulation of carbon in the atmosphere has and will continue to cause rising global temperatures, increased sea levels, and [intense weather patterns](#). As a result, transportation, agriculture, infrastructure, and people's livelihoods are at risk of damage. The effects of climate change have [reduced U.S. revenue and forced added government spending](#), negatively impacting the economy. New fiscal and financial adaptation methods are needed to address these worsening problems. It is of utmost importance to achieve net-zero carbon emissions as early as possible to keep the best interests of the U.S. and the global community into account.

Policy Recommendations

Carbon Tax and Carbon Border: A phased-in carbon tax tied [to oil price per barrel](#), measured per cubic ton of carbon, would help reduce the U.S. emissions. The tax will work as an automatic stabilizer and is estimated to bring in an [annual revenue of around \\$100 billion](#), depending on the oil price trends each year. This approach incentivizes companies to adopt eco-friendly practices while also holding the nation's largest emitters responsible. In addition, the revenue from this policy can be earmarked toward strengthening U.S. social infrastructure, helping lower-income families that may be affected by the policy change. Ideally, a carbon border adjustment would accompany the carbon tax to disincentivize companies from moving to countries without carbon taxes. The carbon border adjustment, already with [bipartisan support](#), will [include a tariff on competing products](#) from countries that do not have a carbon tax. To minimize possible trade tensions, the [U.S. could work with allies](#) such as the EU to create a common, effective policy agreement.

Green Technology Subsidies and Infrastructure: Green technology subsidies are a significant part of the [2022 Inflation Reduction Act](#), aimed at addressing and reducing U.S. carbon emissions. It has [pushed private and public investment](#) into eco-friendly technology alternatives and research and allocated funds toward [carbon capture, sequestration](#), and [retrofitting](#). However, the federal government needs to continue to drive research and development of green technology and alternatives. To do this, the government should look to the nearly [\\$5.9 trillion in subsidies](#) provided for fossil fuel industries. The transportation sector is responsible for around [27% of greenhouse gas emissions](#) in the U.S., making it the largest contributor to carbon emissions. Instead of this substantial amount given to fossil fuel industries, the U.S. should [re-evaluate production and consumption subsidies](#) and redirect funds. Portions should be earmarked for companies that capture their own carbon, [biological](#) and [geological carbon sequestration](#), and for [green retrofitting efforts](#).

Benefits

Implementing these policy changes will help reduce carbon emissions and make the U.S. more sustainable. Transitioning to cleaner energy is estimated to [create 10.3 million jobs by 2030](#). A carbon tax would hold companies [accountable for the negative externalities](#) and their emission pledges while stimulating the economy through revenue invested in social infrastructure improvements. Tying the tax rate to the cost of oil per barrel, creating an automatic stabilizer, will eliminate the need for Congressional action. In addition, a carbon border adjustment would [incentivize global competition](#) and [emission reductions](#) if it were to be implemented with global coordination. Finally, these policies encourage private and public investment in affordable green technology and practices. The results of reducing greenhouse gas emissions will not be seen immediately in certain areas, but action taken now will help our future generations by reducing the social costs of carbon. The co-benefits include enhancing [air quality](#), [reducing global temperatures](#), preventing land loss from rising sea levels, reducing federal spending on damages, and other benefits for U.S. citizens.