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President's Drive for Carbon Pricing Fails to Win at Home

By CORAL DAVENPORT SEPT. 27, 2014

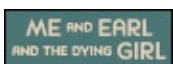
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[President Obama](#) stood in the chamber of the [United Nations](#) General Assembly last week and urged the world to follow his example and fight [global warming](#). But a major new declaration calling for a global price on carbon — signed by 74 countries and more than 1,000 businesses and investors — is missing a key signatory: the United States.

The declaration, released by the [World Bank](#) the day before Mr. Obama's speech at the United Nations Climate Summit, has been signed by China, Shell, Dow Chemical and Coca-Cola. It calls on all nations to enact laws forcing industries to pay for the



President Obama at the Climate Summit at the United Nations General Assembly.

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The United States, which is under growing international pressure to price carbon, is missing from the declaration for a key reason: conservative opposition to Mr. Obama's climate change proposals, specifically a carbon tax. The opposition will only intensify if Republicans win control of the Senate in November and the new majority leader is Senator Mitch McConnell of Kentucky, where coal — the world's largest source of carbon pollution — is the lifeblood of the state's economy.

"It's time for the global elites to face facts," Mr. McConnell said in a statement. "President Obama's war on coal won't have any meaningful impact on global carbon emissions. What it will do is ship American jobs overseas, raise the cost of living substantially for middle and working-class families and throw thousands more Kentuckians out of work."

Although the nonbinding World Bank declaration is meant largely as a show of resolve ahead of a 2015 climate summit in Paris, it signals the broadest, most explicit effort to date of world leaders and financial institutions to push all nations to enact new taxes on old forms of energy. The declaration notes that governments can either directly tax carbon pollution or create market-based [cap-and-trade](#) systems, which force companies to buy government-issued pollution permits.

"The most powerful move that a government can make in the fight against climate change is to put a price on carbon," said Rachel Kyte, the World Bank's vice president of sustainability.

To many Republicans on Capitol Hill, such statements are anathema. In 2010, after Mr. Obama tried but failed in the face of conservative opposition to push a national cap-and-trade bill through Congress, victorious Republicans galvanized against the idea and launched campaigns against politicians who support carbon pricing. Mr. Obama in turn circumvented Congress and in June released a new Environmental Protection Agency regulation [under his executive authority](#) that requires states to submit their own plans to cut emissions — but does not tell them explicitly how to do so. Nonetheless, California and nine Northeastern states have already enacted cap-and-trade programs, and

seven states — California, Maryland, Massachusetts, Oregon, Rhode Island, Vermont and Washington — signed on to the World Bank declaration.

In order to avoid more opposition from conservatives, Mr. Obama and other top administration officials no longer call publicly for a national price on carbon. But they have nonetheless signaled their support for international and state efforts. In his speech at the United Nations, Mr. Obama quoted the Democratic governor of Washington, Jay Inslee, who is urging other states to pass carbon pricing laws: “As one of America’s governors has said, ‘We are the first generation to feel the impact of climate change and the last generation that can do something about it.’ ”

The Obama administration has also enacted a policy signaling its readiness to price carbon should the politics of Congress ever shift: a metric it calls “the social cost of carbon,” designed to account for the cost of one ton of carbon dioxide pollution. Mr. Obama’s economists have determined the cost to be \$37 a ton. Secretary of State John Kerry, a longtime advocate of government policy to fight climate change — and the chief author of the failed 2010 cap-and-trade bill in the Senate — last week told a meeting of the Major Economies Forum that “when it comes to climate change, we know exactly what it takes to get the job done.”

But Mr. Kerry did not specifically mention carbon pricing at the forum, a gathering of foreign ministers of the world’s 20 largest economies, and said only, “It takes energy policy.”

About 40 countries have already implemented carbon pricing policy, while dozens of others are now exploring it. In 2005, the European Union enacted a cap-and-trade plan for carbon pollution, and at the United Nations last week, European leaders pushed hard for the rest of the world to sign on.

“We need to define a new economy of the world,” President François Hollande of France said in his remarks at the climate summit. “There will have to be a new pricing system for carbon.”

The weekend before the summit, more than 300,000 people protested at [a climate change demonstration](#) in the streets of New York, where marchers waved signs reading “Tax carbon!”

The new carbon pricing push comes as countries and institutions that once fought the idea are now embracing it.

“On carbon pricing, there’s a perfect storm taking place,” said Robert N. Stavins, director of the environmental economics program at Harvard. “There is increasing recognition that approaches that have been taken in the past haven’t worked, and that the only way one can affect the hundreds of millions of decisions is through price signals.”

Over the last year China has enacted seven pilot cap-and-trade programs in its provinces, although outside experts remain skeptical of Beijing’s plans as the nation’s carbon emissions continue to rise.

At the same time, the political power of the coal industry to fight such laws remains potent. Australia, a major coal-producing nation, offers a case study in the political dangers of supporting a carbon tax in a coal-heavy democracy. A former Australian prime minister, Julia Gillard, made tackling climate change a signature issue and enacted a carbon tax — a move that was seen as political suicide. Last year Australians voted her out of office and this past summer, the new prime minister, Tony Abbott, pushed through a bill to repeal the carbon price.

Correction: September 28, 2014

An earlier version of this article referred incorrectly to the location of nine of the states that have enacted cap-and-trade programs. They are in the Northeast, not in the Northwest.

A version of this news analysis appears in print on September 28, 2014, on page A12 of the New York edition with the headline: President’s Drive for Carbon Pricing Fails to Win at Home. [Order Reprints](#) | [Today's Paper](#) | [Subscribe](#)

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