**Higher Education Carbon Pricing Endorsement Initiative**

Climate change is happening, imperiling the hopes and dreams of students today. Our Climate, a millennial climate advocacy organization, calls on leaders in higher education to support a solution that has the power to reduce pollution and avert catastrophic global warming: a price on carbon. Carbon pricing creates a powerful incentive for individuals, communities, investors, and businesses to reduce greenhouse gas emissions and transition to a clean energy economy.

**Carbon Pricing**

Emitting carbon imposes a cost on society in the form of climate change, with the poorest and most vulnerable in society being the worst affected. Carbon pricing imposes a monetary value on carbon emissions to address this pervasive externality. A carbon price would make carbon intensive goods and activities more expensive, while making energy efficiency and renewable energy more competitive.

Carbon pricing can be implemented in two ways: cap-and-trade or a carbon tax. Cap-and-trade works by setting a cap on the amount of carbon emissions industries are allowed to emit and letting the market determine the price of emissions. Carbon tax works by setting a price on carbon and letting the market reach emissions reductions. A carbon tax where all the collected revenue is given back to households minus administration costs is called revenue neutral. Both mechanisms as well as hybrid approaches have been implemented in states and countries, including Canada, California, the nine Northeast states that belong to the Regional Greenhouse Gas Initiative, and Europe. The conclusion is that all carbon pricing methods, if implemented correctly, are effective at reducing emissions, but a carbon tax is simpler to administer than cap-and-trade, and a revenue neutral carbon tax has more support among conservatives because the revenue goes back to households instead of to government.   
 Studies have shown that putting a price on carbon would reduce greenhouse gas emissions, improve public health, and grow the economy. In British Columbia, where a carbon tax rose from $10 to $30 Canadian dollars, carbon emissions were reduced 5-15% while the economy grew at the same rate as the rest of Canada.[[1]](#footnote-1) In the United States, a 2013 study by the Congressional Budget Office found that a $20 per ton carbon fee would result in an 8% reduction in national emissions.[[2]](#footnote-2) Another 2013 study by Regional Economic Models, Inc. found that a revenue-neutral carbon price on the American economy beginning at $10 per ton and increasing $10 every year over twenty years would lead to a 50% reduction of carbon emissions below 1990 levels, the addition of 2.8 million jobs above baseline, and the avoidance of 230,000 premature deaths due to reduction in air pollutants that often accompany carbon emissions. [[3]](#footnote-3)

For more resources on carbon pricing, please visit <http://yearsoflivingdangerously.com/learn/news/handy-guide-carbon-pricing-resources/>

1. https://www.nytimes.com/2016/03/02/business/does-a-carbon-tax-work-ask-british-columbia.html [↑](#footnote-ref-1)
2. http://citizensclimatelobby.org/remi-report/ [↑](#footnote-ref-2)
3. http://citizensclimatelobby.org/remi-report/ [↑](#footnote-ref-3)