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Fall 12-19-2016

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Palamim, Lucas, "Trump is right, except for a “small” detail" (2016). *Op-Eds from ENSC230 Energy and the Environment: Economics and Policies*. 66.

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Trump is right, except for a “small” detail

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It is known that the elected President of the United States, Donald Trump, does not believe that human activities are causing climate change. Also, it is known that he wants to “Make America great again” by supporting the industries in the country and by investing in fossil fuel and coal energy.

Trump is a supporter of the pipelines being constructed and is against the monitoring role of the Environmental Protection Agency. The Clean Power Plan, considered President Obama’s top climate achievement, is not supported by Trump and other Republicans. It is seen as a heavy-handed rule that increases energy prices and interferes in the states’ choices.

Environmental groups are concerned that government investments are going to shift toward fossil fuel research and development instead of for renewable energy. He thinks that the regulations of the energy sector must be reevaluated, from the limits to emission to taxation of oil and coal companies.

If President-elect Trump thinks that these actions are going to make the energy sector stronger, raise employments rate and make the economy healthier, well, he is right. Indeed, less taxation in general implies a decrease in “deadweight loss” and an increase in society’s welfare.

The government would receive less money, but the population would benefit from more resources available and hence boost development of the country, as the energy sector is related to almost all other sectors of the economy.

In fact, we do not know what decisions the next President will take. But there is a potential carbon tax that should be considered and that most probably President-elect Trump will not.

The key point is that it is necessary to consider a tremendously important and hard-to-measure factor which impacts the lives of millions of people in this generation and generations to come.

This factor is known as the Social Cost of Carbon and it is an estimate of the economic damages associated with an increase in CO₂ emissions. It is the monetary value of damages that are being avoided due to emission reductions.

Taxes in the energy sector should be calculated considering the Social Cost of Carbon and have as main objective the reduction in energy consumption and therefore a reduction in the negative impacts to the human health, the environment, agricultural productivity, property damages from increased flood risk, and many more not limited only to these factors. These unintended consequences are also called externalities.

According to a Social Cost of Carbon interagency research, which brought together groups as the Department of Agriculture, the Department of Commerce, the Department of Energy, the Department of Transportation, the National Economic Council and so on, the estimated value for a metric ton of carbon dioxide emitted in 2015 was \$37, it will be \$80 in 2040. Different models were used to obtain this estimate that increases over time because the effects of climate change intensify as more carbon fuels are used and more carbon is emitted.

The U.S. energy-related CO₂ emissions in 2015 were around 5,200 million metric tons, 12% below the 2005 levels, which can be attributed to the changes in the electric power sector. The Clean Power Plan intends to reduce greenhouse gas emissions in the next years, to understand the effects of these emissions on the climate system and to measure the impacts in economic values.

The carbon tax should be calculated based on the social cost of carbon and it has as objective to offset the disadvantages created by the CO₂ emissions. The price of \$30 per metric ton of carbon dioxide is considered optimal to induce a significant reduction in carbon pollution, without imposing a high cost in terms of global economic growth. It is equivalent to a tax of 24.4 cents per gallon of gasoline.

Also, if the United States, the biggest economy and most influent nation in the world, is not on board in terms of carbon reducing policies, if it scratches up its commitments and plans and withdraws from the Paris accord, the whole world would suffer as the accord would probably collapse. It would be a very big step back for humanity.

All of the U.S. decisions have impacts in other countries and these decisions impact even more when it is about CO₂ emissions, since it is one of the biggest emitters. This problem can only be solved if all nations take the decision to decrease emissions together, as our atmosphere is a global common.

Back to President-elect Trump's case, reducing taxes from the energy sector can have some economic benefits, at least in the short term, but it brings long term negative ones in the form of negative externalities. Not only they hurt Americans, for the whole world environment and natural resources.

We need to have in mind that taxes have a logical reason to be and that they are not enforced by the government exclusively for revenue's purposes. Taxes can truly

impact positively the outcomes of human decisions regarding their effects on the environment, as they build a collective set of actions and establish conditions that shape society to work towards the common good. Most of our sources of energy are scarce, prioritizing the renewable ones means to prioritize a better life in the future, for us and for our descendants.