

# Action Institute Power Blog

Matthea Brandenburg on October 23, 2011

## EU Regulation Makes its Way to the US

The aggrandizement of the European Union's powers, particularly of its regulation, has had a steady growth within Europe, and is now looking to move outside European borders. Namely in one American industry, the airline industry, passengers may soon be paying higher air fares, not because of factors within the American financial market, but because of a carbon emissions tax that the EU will be imposing on American airlines which service flights to EU member countries.

For example, if an [American carrier](#) flies from New York to London, only a small percentage of the flight would be in the EU, but the U.S. carrier would be held responsible for the emissions from the entire flight. Just a few weeks ago, the European Court of Justice ruled that the EU is justified in levying fees on American flights that enter Europe. According to [Patrick Michaels](#), a senior fellow in environmental studies at the Cato Institute, "Starting next year, the EU will tote up all the miles a plane flies to or from any European city, factor in the fuel usage and charge a "carbon levy" for all emissions that are more than 85 percent of 2002 levels. No airline is going to eat that cost, so you'll get the bill, perhaps listed as an "environmental surcharge."

Even though some analysts are predicting a [steep decline](#) in airline profits next year, American carriers expect that the EU's carbon plan would cost them more than \$3 billion over eight years. Up until this point, Europeans have been content to go it alone with their climate taxes, thinking this will somehow serve to save the world. But now, Europe is seeking to force this mentality on other corners of the globe. These taxes are indeed costly, and even within Europe, their implementation is not gratefully accepted by all. In the UK, the Financial Times reports that there are concerns that the government is "in retreat from its green agenda."

Noting that the EU's Climate Action and Renewable Energy Package will cost the UK economy an exorbitant £ 20.2 billion by 2020, [Open Europe](#), an independent European think tank, argues that the EU could find a much more cost-effective way to address climate initiatives. It argues that a much more effective and righteous approach would be for the EU to set overall carbon emission targets and then allow for individual member states to decide how best to reach them. At least in this approach, the EU would not be imposing direct government regulation on its members.

Within the issue of climate taxes within the EU, and their proposed extension into the United States, it is important to note the role that the government should and should not play. The [main role of government](#) should be to promote the common good, that is, to maintain the rule of law, and to preserve basic duties and rights. Free actions should not be overtaken by the government. The principle of subsidiarity is violated when governments over reach, usurping the ability of perfectly capable human beings, by way of the market, to operate effectively. The EU's climate regulations on member states are indeed dubious, but it is particularly egregious when these regulations are allowed to extend to other countries.