



The arguments that convinced a libertarian to support aggressive action on climate

David Roberts

May 12, 2015

To the casual observer, the American right can appear an undifferentiated wall of denial and obstructionism on climate change, but behind the scenes there are signs of movement. A growing number of conservative leaders and intellectuals have come to terms with climate science and begun casting about for solutions. Led mainly by libertarians and libertarian-leaning economists, they've begun to [coalesce](#) behind a carbon tax, which they consider the most market-friendly of the available alternatives.

Jerry Taylor, a longtime veteran of the libertarian think tank Cato Institute who recently founded his own libertarian organization, the [Niskanen Center](#), is a vocal proponent of this perspective. About five or six years ago, he says, he was convinced by a series of discussions, mainly with other right-leaning thinkers, that he was wrong on climate policy. His position "fundamentally switched."

In March, he released a new policy brief, "[The Conservative Case for a Carbon Tax](#)," which argues for a steadily rising "revenue-neutral" fee on fossil fuel producers. Aside from a small portion set aside to cushion low-income households, all the revenue would be devoted to reducing other taxes.

Taylor has in mind a [deal](#) that would impose a carbon tax in exchange for the removal of other climate regulations, notably EPA carbon rules and state renewable energy mandates. He's been defending the proposal on [Niskanen's blog](#), mainly against attacks from skeptical conservatives.

On a hot DC day last week, I caught up with Taylor at Niskanen's office — housed, improbably, in a buzzing shared workspace filled with attractive millennials and their startups. The muggy weather had him in a natty seersucker suit, full of energy and eager to dig into wonky details.

Though it may not be obvious, our conversation has been edited for length. Part one covers the arguments that convinced Taylor aggressive climate policy is necessary, why the Tea Party still disagrees, and how he thinks the right base can be brought around to his way of thinking. Part two, tomorrow, will get into climate policy and how it squares with libertarian principles.

David Roberts: Tell me a little about your personal evolution on the issue of climate change.

Jerry Taylor: Well, I've been wrestling with climate issues ever since I was employed at Cato, back to 1991 — I initially started out editing [noted climate skeptic] [Pat Michaels's books](#). For most of my time at Cato, I took what is today the conservative orthodox line on climate, which is that it's unclear how big a problem it is, there's a lot of uncertainty, and there's probably more of a chance that it's going to be a relative non-problem than it will be a problem. Given that, the premiums associated with addressing it in the manner environmentalists wish to address it were so high, it was not worth the policy.

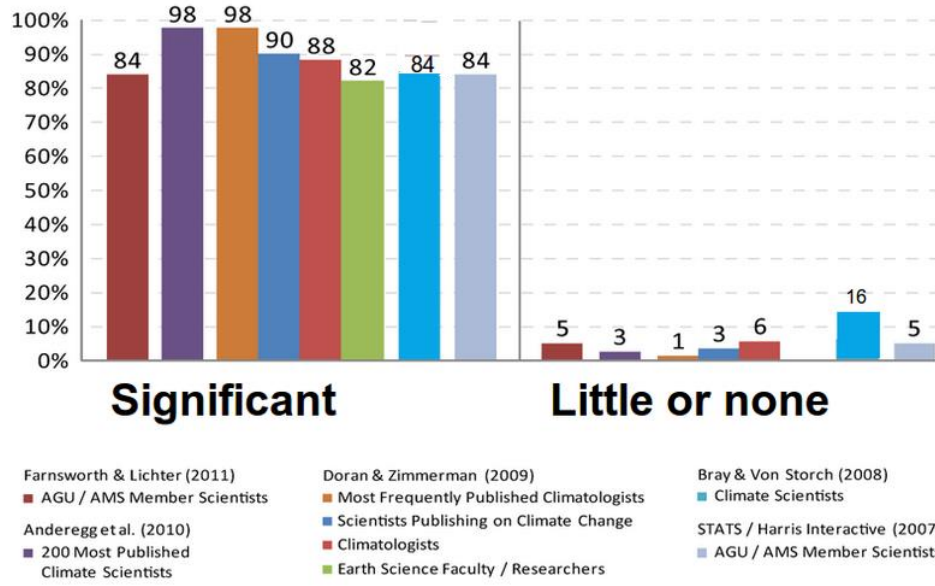
You can add to that what I call the [Bjorn Lomborg position](#), which is that if you put down a list of all the things plaguing mankind and putting people in body bags, you're going to find climate change pretty far down the list — there are a lot more worthy things to address if you're going to spend the kind of resources required to address climate change.

So that was my line. But I began to change, maybe five or six years ago, for several reasons.

One, the scientific evidence became stronger and stronger over time. A lot of conservatives think of climate change as similar to the population issue. You have to remember, in the '60s and '70s people were frantic about population growth. And it just peeled away as an issue, simply because it was wrong — or the projections were. And so I would say the same thing: [climate change] is just one in the endless parade of environmental apocalypse stories.

But in this particular case, the concern has been with us for over 30 years, and the case isn't getting weaker. It seems to get stronger. And while one can do some gymnastics to continue to defend the "there's nothing to see here, folks" argument, it became harder and harder. It's not irrelevant that the smart skeptics still remain a tiny, tiny minority [in the scientific community], even to this day.

Opinions of Climate and Earth Scientists on Human Role in Global Warming



(Dragons flight/Wikipedia)

There's one of three reasons for that. You can argue, one, that most scientists happen to be left-of-center activists. I don't agree with that. Second, you can argue that there are public choice dynamics that explain why environmental scientists, atmospheric physicists, and others embrace alarmism. There's probably *some* truth to that, but nowhere near as much as a lot of people on the right believe. Or third, [skeptics] just don't have a strong case. And I increasingly began to worry that it was the latter.

But what really changed things for me ... it began with an essay by [Jon Adler](#), a friend of mine who now teaches at Case Western Reserve University. He wrote [an essay](#) on free-market environmentalism and why, if you take it seriously, it's pretty hard to be as cavalier as libertarians are when it comes to climate change.

Libertarians tend to compare the cost side of climate change [mitigation] to the benefits. They say, when [person or company] A harms [person or company] B, if the gains to A are greater than the harms to B, then fare thee well. No! If you believe in property rights and individual liberty, it simply *does not matter* if aggression from A gains more than is lost by the victim.

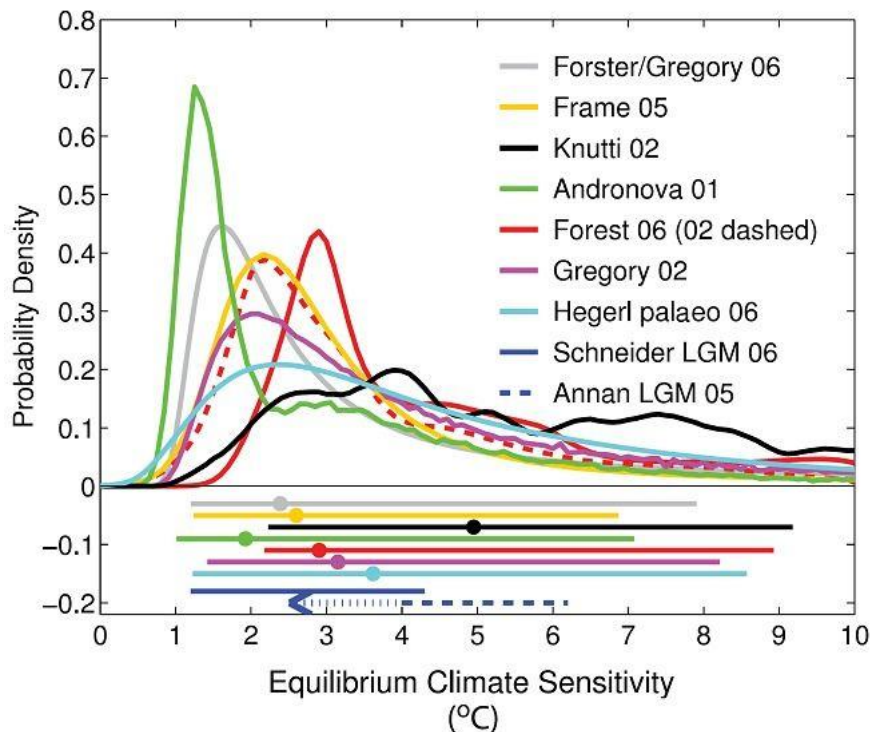
I just never thought of it that way. And I thought he was exactly right. So that was the first thing that changed for me.

Then [Bob Litterman](#) comes along. He is pretty well-known in the environmental community; he's on the World Wildlife Fund board of directors; he's on the Resources for the Future board of directors. He's also — prior to and separate from these activities — a partner at Goldman Sachs. He started their quant operation and is one of the top risk analysts in the world.

So [Litterman] came in to talk to me and my then-colleague, Peter Van Dorn, and laid out what I thought a very powerful argument. In brief it [went like this](#): the issues associated with climate change are not that different from the risk issues we deal with in the financial markets every day. We know there's a risk — we don't know how big the risk is, we're not entirely sure about all of the parameters, but we know it's there. And we know it's a low-probability, high-impact risk. So what do we do about that in our financial markets? Well, if it's a nondiversifiable risk, we know that people pay plenty of money to avoid it.

[Litterman's] point was that if this sort of risk were to arise in any other context in the private markets, people would pay real money to hedge against it. He did it every day for his clients. Even if Pat Michaels and Dick Lindzen and the rest [of the climate-skeptic scientists] are absolutely correct about the modest impacts of climate change as the most likely outcome, it's not the most likely outcome that counts here. Nobody would manage risk based on the most likely outcome in a world of great uncertainty. If that were the case, we'd have all our money in equities. No one would spend money on anything else. But we don't act that way.

I thought that was a very powerful argument. At this time, it was nagging at me what [economist] [Marty Weitzman](#) had come up with. This was another big intellectual development, his [long-tail \[risk\] argument](#), how these long-tail risks are accounted for in cost-benefit calculations. And as each rebuttal was issued to Weitzman, they were just shredded.



Look at all these long tails. (IPCC AR4)

And then Litterman comes along and marries that analysis to the financial markets. That was very powerful stuff. So my position fundamentally switched at that point.

And about that same time was [Mass v. EPA](#) [the case in which the Supreme Court authorized EPA to regulate carbon emissions] — the baseline was no longer non-intervention. It was no longer a conversation about whether we should do something, but a conversation about *how* we should do something. And with the [endangerment finding](#) at EPA, and the [Clean Power Plan](#) going forward, the regulatory drumbeat is banging. It's pretty hard to argue that a carbon tax is a less attractive answer than, say, EPA regulation.

DR: Lots of people thought the threat of EPA regulations was going to be the killer argument to help get cap-and-trade through in 2009. But it didn't. Nobody bought it.

JT: There are probably a couple reasons. My conversations with friends on the right suggested that they didn't think EPA had the ability to execute a plan like this. And if it did, it wouldn't want to take ownership of the costs associated with it. The Obama administration needed a political green light from Congress to take policy in this direction. Even though in theory [Obama] could [on his own], in practice he really couldn't. And that even if they were wrong, they'd fight it — that's what lawsuits are for, that's what presidential elections are for.

So that threat never moved anybody's needle even a [centile](#) on the right. It probably should've, but it didn't.

DR: The intellectual evolution you've described makes a lot of sense to me. Yet you remain among the very few on the right to have gone through that evolution. From the outside, at least, the right still looks like a giant lump of "no" on climate. Is there more going on beneath the surface?

JT: I think so. The libertarian world is inscrutable enough to a non-libertarian. But even within the libertarian world, it's divided into factions. When outsiders look at the right-of-center world, what they tend to look at is people in Washington. The people who make a living arguing about, say, environmental policy, sure, they're a giant voice of "no." And the organizations they work for tend to be that way, as well.

But if you put together a roster of the smartest right-of-center or libertarian thought leaders, whether they're economists or lawyers or philosophers or what have you — I mean libertarians or thoughtful right-of-center libertarian-ish people like Greg Mankiw and Glenn Hubbard — you'll find a very different picture. You see far more support for doing something in a market-oriented direction to address climate change than you see denial. In fact, you see very little denial.

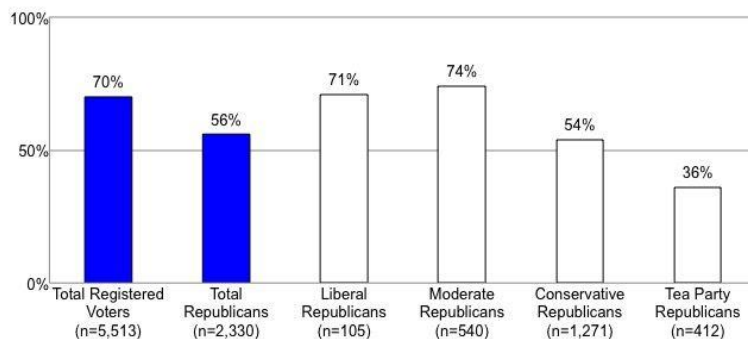
So it's a very different picture outside of Washington. If you look at the [Pew research](#), you find that the libertarian world outside of Washington is heterodox. They believe in action. They are already on the other side of where the DC establishment is. And then a lot of the people I know in libertarian and right-of-center organizations who are not engaged in the climate debate but are in some other policy area, there's a not-insubstantial amount of lingering and, in my opinion, growing skepticism about the direction of the libertarian world on this issue. So it's a little more complicated than it might look from the outside.

DR: But then you look at the Republican base ... one [recent poll](#) of early primary states found that [in Iowa and South Carolina] belief in climate change was the least acceptable position among Republican voters. It seems to have become an identity issue. Does anyone know how to unwind that?

JT: John McCain knew how to unwind that. Climate change is low salience, not just for voters in general, but even for activists. Yeah, if you ask people in the Tea Party movement, "What do you think about climate change?" they'll get very militant about the topic. (I notice they're like that about a lot of topics.) But back in 2008, they sure hated Barack Obama a lot more than they hated a cap-and-trade project. It didn't get in the way of their votes for John McCain.

There are a couple of things the polling tells us. The first is, outside of the self-identified Tea Party voter, even Republicans are [more inclined](#) to vote for a candidate who is in favor of some proactive measures on climate than one who is against it. That even goes for self-identified conservative Republicans. It's only the Tea Party where you see the huge opposition.

Majority of Republicans Support Regulation of Carbon Dioxide as a Pollutant - % strongly/somewhat support the policy -



Question: How much do you support or oppose the following policies - Regulate carbon dioxide (the primary greenhouse gas) as a pollutant?

Base: Americans 18+ who are registered to vote.
Data collected from six tracking studies conducted from March 2012 to October 2014.



George Mason University
Center for Climate Change Communication

[\(Yale Project on Climate Change Communication\)](#)

The second thing to note is there's a real difference between Republican primary voters in red states versus blue states. There was a [very interesting article](#) in the New York Times a few months ago that looked at a path to the Republican nomination. All the commentary says you have to kowtow to the Tea Party, the activists and the anti-tax groups. [The article] said, nonsense. How many Republican nominees have done that? Lots of people *trying* to get the nomination do that, but all the [successful] nominees tend to be establishment Republicans.

How could that be? It turns out the road to the GOP nominations still runs primarily through blue states. And Republican voters in New Hampshire do not look like Republican voters in South

Carolina, even in the primaries. So for that reason, I think you can make more of the surveys you're talking about than maybe you ought to.

That's not to say [the Tea Party] is unimportant. The main thing that keeps a lot of elected Republicans from entertaining the ideas I'm for is the fear that were they to do so, they would soon be working at [republicEn](#) with [Bob Inglis](#) [who lost his South Carolina House seat to a Tea Party challenger in 2010, in part due to his support for a carbon tax], because they won't have a job. They don't want to be Bob Inglis. And until they see some real reason they won't, they're going to hold their fire.

DR: It does seem that there's [some effort](#) from the Republican establishment to mute the science denial, but they don't really know how. They've unleashed a beast they can't control.

JT: That's exactly right. I mean, the thing I try to play up when I'm engaging with the right on this topic is that if you look at surveys, you find a majority of the people in the opposition camp will tell you they don't buy [climate change]. They take the James Inhofe line: "It's a hoax" or "It's a fraud" or "It's all natural, there's no way man can affect the climate, this is hubris."

Whereas the scientists they point to to justify that position don't agree with that. For the most part, the credible climate scientists — Dick Lindzen, [Pat] Michaels, Judith Curry, Bob Balling — all dismiss that argument. They believe anthropogenic emissions are indeed changing climate at the margins.

So you're right, a beast was unleashed. A lot of it comes from talk radio, a lot of it comes from Fox, and that's where a lot of the conservative base gets their information.

The discussion about how public policy changes — there's no real orthodox view on that. There are lots of different theories. None of them are proven.

But when it comes to public opinion, there *are* academic orthodoxies. They survive the test. And those orthodoxies suggest that public opinion follows elite opinion, pure and simple. If elite opinion changes, public opinion changes — it can change fast and it can change dramatically.

Beliefs about climate change — whether it's happening, whether we should do anything — have been pretty stable. What moves around is right-wing opinion. And it tends to follow the leader. So when Newt Gingrich and John McCain were talking about the need to do something about climate change, what do you know? Republican support for doing something about climate change, including conservative support, shot up. When they were out of the game and the messages were more uniform on the other side, Republican support dropped.

DR: This suggests that the smart thing for people like you to do is to go after elite opinion.

JT: Yes. If the objective is to change public opinion, then changing elite opinion is a necessary prerequisite. In fact, I would say necessary and sufficient. I don't think you need to win a war on talk radio to have your impact on right-of-center opinion.

