A GROUP of prominent politicians, economists and corporate executives is renewing its push in Congress for a plan that would tax carbon and refund all the monies every year in payments of approximately $2,000 a year for a family of four.

As congressional Republicans work to come up with climate change, and Democratic primary voters are flagging climate as a top issue, the Climate Leadership Council believes it has a chance to win supporters from both sides of the aisle by seeking deep emissions cuts, relying on markets and eschewing regulations.

There is widespread agreement among economists that this is the most effective and market-friendly way to reduce carbon emissions, former Federal Reserve chair Janet L. Yellen said in an interview.

Carbon dioxide emissions represent a large percentage of the greenhouse gases trap heat in the atmosphere, warming the planet.

Leaders of the council met over dinner Monday with nine of the 12 members of the Senate Climate Solutions Caucus, a bipartisan group of senators trying to come up with policies that will curb climate change, said Sen. Thomas R. Carper (D-Del.), the top Democrat member of the Senate Environment and Public Works Committee.

The council's leaders say that the fee-and-dividend plan needed to get enough greenhouse gas reductions to win over supporters from both sides of the aisle. They believe it has an opportunity to win over lawmakers support on the Hill.

While the fees collected would go to the Treasury, the plan would impose what it calls a “carbon dividend” to American families.

Dividends change that distribution, Baker said that “70 percent of American families would get more money from the carbon dividend than they would pay in higher energy costs.”

Yellen said that “a core feature of this plan is protecting American households, particularly those most vulnerable to the warming of our economy.”

The council’s leaders say that the fee-and-dividend plan also addresses other economic problems. Many lawmakers support big spending programs for research and development, and many, including supporters of the Green New Deal, say that deficit spending is justified and should be seen as investments.

“We know that innovation and long-term investments are going to be critically important to solve this problem,” Yellen said. “This is the best way to incent those investments.”

She also said that the plan works “without ballooning the deficit.”

Stiglitz, now teaching economics at Columbia University, said in an email that he opposes the idea of a dividend because “we need pricing of environmental regulations + public investment, such as public transportation and research and development.”

That means we’ll need to spend at least one-fifth of the revenue on the carbon fee for public investment, he said, adding that it was “more efficient,” than refunding the carbon fee and “then trying to tax it back.”

By STEVEN MUFSON

The fastest way to cut carbon emissions is a ‘fee’ and a dividend, top leaders say

The Energy Innovation and Carbon Dividend Act, including a carbon tax that would start at $15 a ton and rise by $10 a year, has won the backing of 79 House members, only one of whom, co-sponsor Rep. Francis Rooney (Fla.), is a Republican. All revenues would be returned to taxpayers.

On Tuesday, Sen. Thomas R. Carper (D-Del.), the top Democrat member of the Senate Environment and Public Works Committee, introduced the Clean Economy Act that would aim to achieve a net-zero-emissions economy by 2050. It would leave the setting of interim targets to the Environmental Protection Agency.

Nathaniel Keohane, senior vice president of the Environmental Defense Fund, said that the carbon-free dividend plan needed to get enough greenhouse gas reductions. But Keohane said that EDF would still favor “an enforceable limit” set by regulation to make certain the targets are achieved.

Led by President Ronald Reagan’s treasury secretary James A. Baker and secretary of state George P. Shultz, the Climate Leadership Council proposal has plenty of high-powered backing. More than 3,500 U.S. economists, four former Federal Reserve chairs, 27 Nobel laureates in economics, and 15 of 16 living former chairs of the presidential Council of Economic Advisers (Joseph Stiglitz, who was head of President Bill Clinton’s council, is the exception.)

More than a dozen senior executives from companies that support the tax-and-dividend plan recently joined the council and attended the dinner with the senators. The corporate officials included the chief operating officer of ConocoPhillips, the chief executive of utility giant Exelon and the chief executive of Procter & Gamble’s largest division.

Other recent additions include Christiana Figueres, former executive secretary of the United Nations Framework Convention on Climate Change and one of the architects of the Paris climate agreement; Jamie Dimon, chief executive of JPMorgan Chase; and Ernest Moniz, Obama’s energy secretary and now a professor at MIT. Retired general Jim Mattis, Trump’s former defense secretary, also endorsed the plan.

“We will never solve our climate problem unless environmentalists work together with Big Business and Big Oil,” Figueres said in a prepared statement.

Ted Halstead, chairman of the Climate Leadership Council, said that this was “a Republican jail break moment” that would “lead to ever more Republicans coming on board.”

But the carbon-fee-and-dividend plan has not caught fire in Congress, with members expressing worry about potential backlash from voters opposed to new taxes.

Rep. Garret Graves (La.), the top Republican on the Select Committee on the Climate Crisis, said, “Democrats like sticks, and we like carrots.”

Graves added later in a statement Wednesday night that “House Republicans stand united against carbon taxes and burdensome regulations.”

Baker, in a prepared statement, said that Democrats would get a carbon fee, and Republicans would get “rid” of regulations and taxes that stifle our economy.

Most taxes on consumption are regressive, falling more heavily on the nation’s lowest-income earners. Dividends change that distribution, Baker said that “70 percent of American families would get more money from the carbon dividend than they would pay in higher energy costs.”

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