



The Case for a Carbon Tax

- (1) "Government is bad at picking winners, and losers are good at picking governments."**
- (2) Economic efficiency and fair competition - there is a price signal at all stages of fossil fuel use**
- (3) Broader incentives to innovate. A broad price signal will ripple through the economy**
- (4) Deeper and steadier incentives to innovate**
- (5) Carbon taxes do not subsidize the formation of capital.**
- (6) Respect for federalism - a carbon tax is compatible with other methods of GHG control.**
- (7) Carbon taxes are administratively simpler.**
- (8) Carbon tax is more favourable than income tax**
- (9) International coordination**
- (10) Economic efficiency, again - a consistent carbon tax represents a long-term commitment.**

10 reasons to favor a carbon tax over government subsidies, environmental regulation & cap-and-trade.