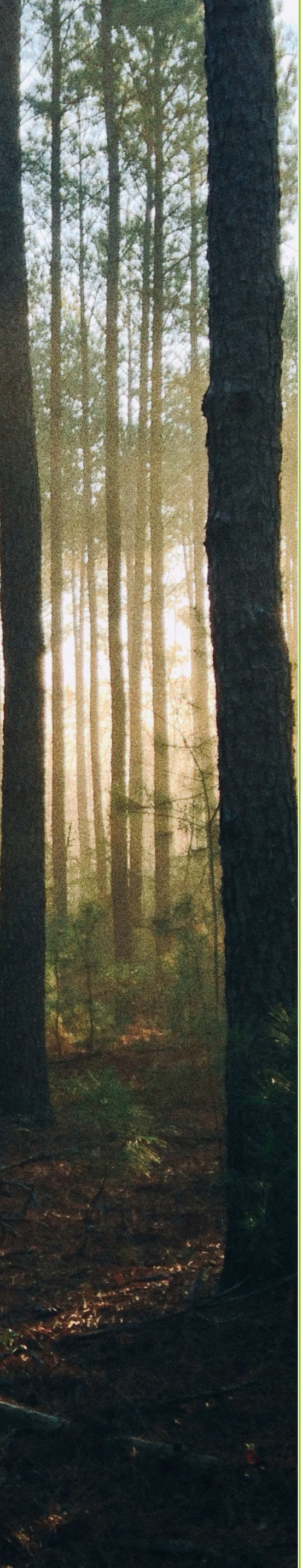
# 2024 CANDIDATE BRIEFING BOOK

## THE CLIMATE OPPORTUNITY

How climate and energy issues make the case for freedom.

CONSERVATIVE COALITION *for* CLIMATE SOLUTIONS



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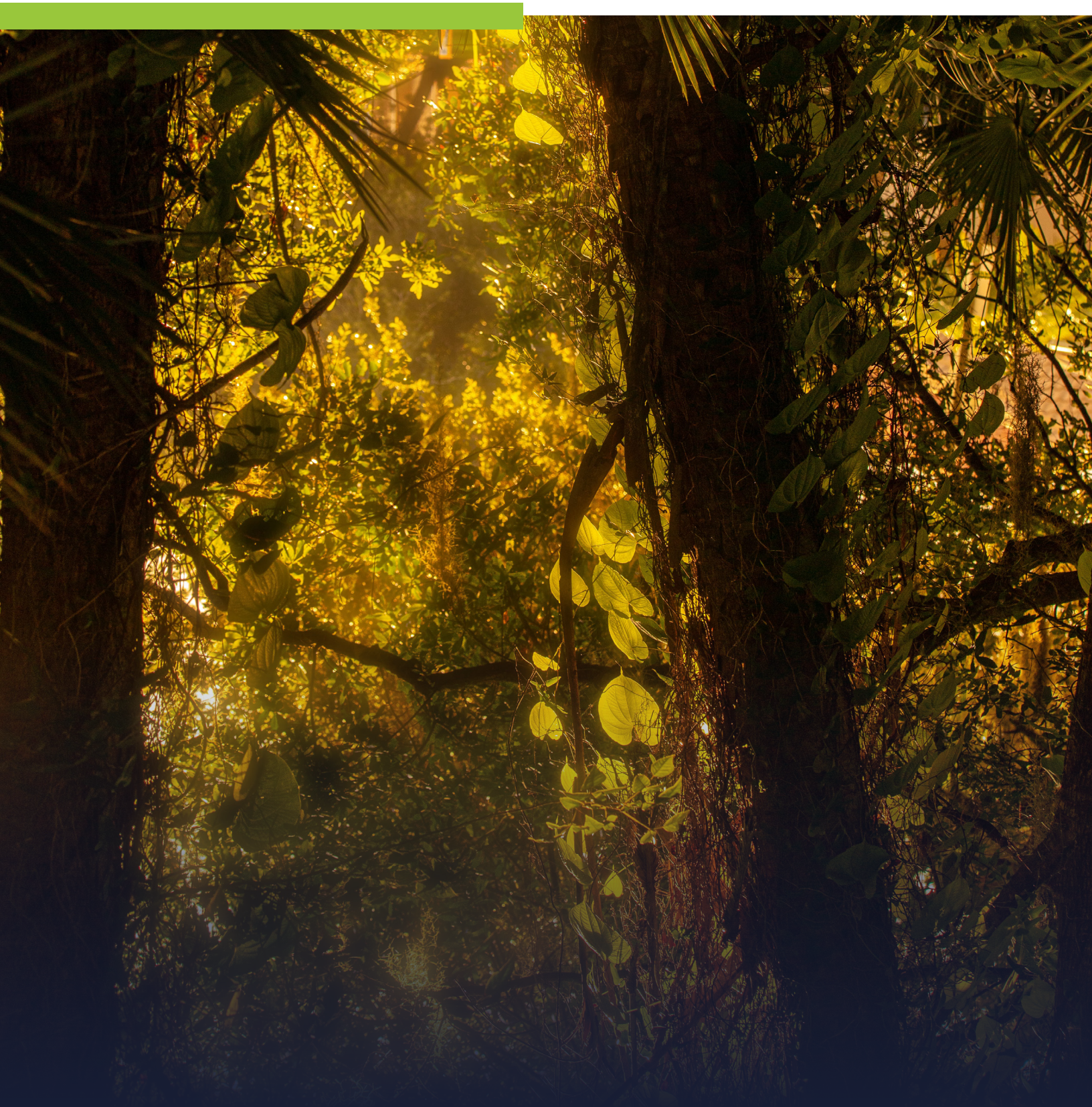
A LETTER FROM C3 SOLUTIONS

# Introduction



# Dear Candidate,

When right-leaning candidates run for office, few list tackling "climate change" as a top-tier priority. When pressed, many candidates look for a pivot, a way to talk about some other topic, like the economy, they believe voters care about more than climate. Others look to diminish or downplay the risks of climate change while some are afraid of saying climate change is real.

We founded this organization to help the right chart a new course and help candidates and policymakers see climate change as an issue they should run toward, not from.

We're convinced this task is not about diluting or moderating conservatism but amplifying conservatism. Our mission is to help candidates and policymakers connect the dots between their existing beliefs and principles and then offer a compelling and integrated narrative backed up with rigorous and innovative climate and energy solutions.

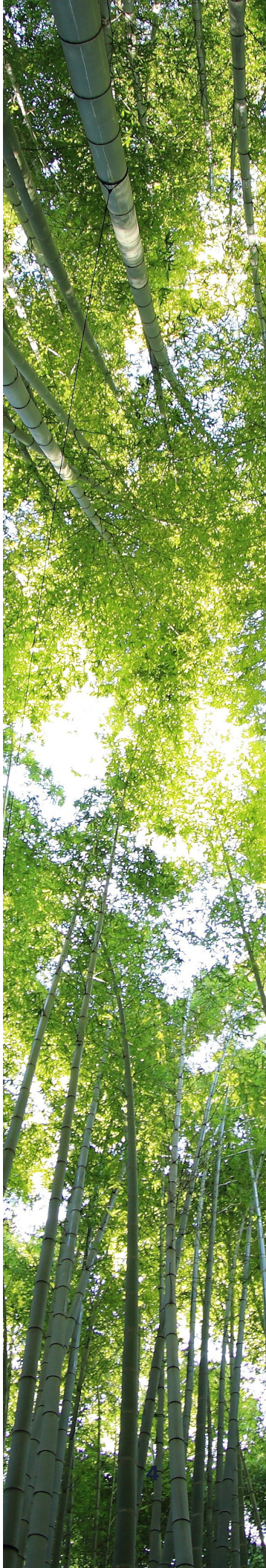
Long before Al Gore, AOC, and Greta Thunberg polarized the climate debate, conservatives had a vision, which is more relevant today than ever.

In 1983, President Reagan's National Security Council argued in a now-declassified memo that environmental issues were an opportunity for the United States to undermine confidence in authoritarian command-and-control states like the Soviet Union. The NSC argued:

"The considerable successes … of American industry in environmental protection should be contrasted with the sorry record of the Soviet Union."

In 1986, following the Chernobyl disaster, the NSC argued that environmental issues presented "fertile ground for dissident activity," especially among young leaders. In other words, igniting a passion for freedom among young people was a shrewd way to undermine totalitarianism. That was true then. And it's still true today.

In 2023, political dysfunction isn't hard to find but there are notable examples of functionality that are worth celebrating. One such example is the House



Conservative Climate Caucus. The caucus, launched just two years ago in 2021, is among the largest in Congress with 84 members, one-third of the GOP caucus.

This caucus has been instrumental in developing what we describe as a Climate and Freedom Agenda, outlined in the second half of this book. Unlike in other debates, such as health care, a substantial bloc of conservatives is not merely united against a policy, but is for a coherent, compelling, and detailed agenda.

Caucus Chairman and Representative John Curtis (R-UT) rightly notes, "The same policy that is best for our environment is the same policy that is also best for national security, energy independence, agriculture and our economy."

This candidate briefing book aims to prove Curtis right by giving candidates the words and policies they need to win a generational argument for freedom.

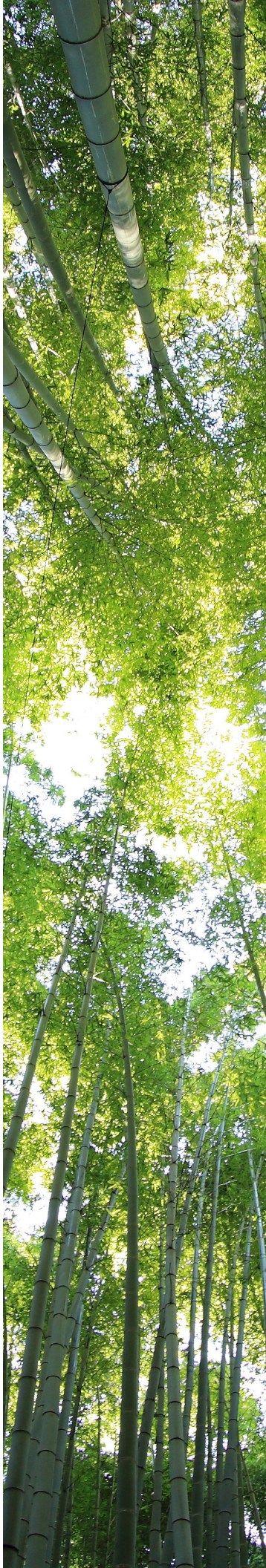
Before we dive in, a brief note on who we are and why we have the audacity to suggest how candidates should consider talking about climate and freedom.

Drew Bond, co-founder and President, is the former Chief of Staff at the Heritage Foundation and a serial entrepreneur. As the owner of a solar company, Drew is the first to admit that solar isn't a cure all and he's an expert on how subsidies can distort the market. John Hart, who authors the first half of this book, is the former Communications Director and co-author for the late U.S. Senator Tom Coburn. John helped craft and refine many of the Tea Party era arguments for limited government that, for a time, slowed, and even reversed, the growth of government.

Our advisory board is stellar and provides us with a deep reservoir of insight and experience.

Rick Santorum was the runner-up for the nomination for president in 2012 and made the case for working class conservatism long before that was fashionable. Rick is also a beekeeper. The Rt. Hon. Dr. Liam Fox, a member of the British Parliament and former Secretary of State for Defense has a deep and authoritative grasp on the national security implications of climate and energy policy.

Justin Knopf, a farmer from Kansas, is the farmer in the celebrated book and documentary *Rancher, Farmer, Fisherman,* and a pioneer of no-till, sustainable agriculture. Yuval Levin, one of the most respected thinkers of his generation, is an expert on conservative intellectual history and civil society – what he describes as "the space between the individual and government."



Rebecca Klein is an expert on what may be our nation's most important laboratory for energy policy – the state of Texas. Meanwhile, Lauren Noyes, Angela Sailor, and Mike Franc – all Heritage Foundation alums – have decades of experience navigating the conservative movement.

We don't claim to have all the answers or the perfect arguments, but we believe it's essential for conservatives to be loud and clear about the fact that they do have answers and a plan. The days of the climate and energy debate being a one-sided conversation are over. Future generations will thank any candidate that has the audacity to raise a banner for freedom.

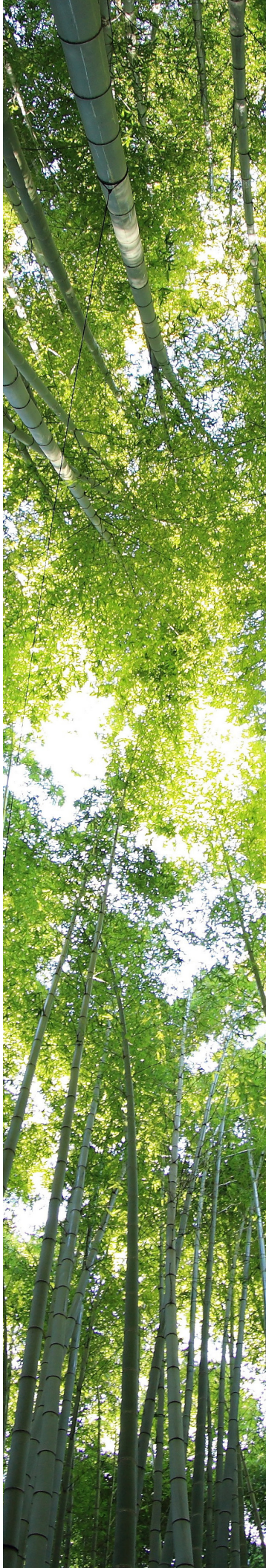
With appreciation,

Drew Bond

**CO-FOUNDER AND PRESIDENT**
**C3 SOLUTIONS**

John Hart

**CO-FOUNDER AND EXECUTIVE EDITOR**
**C3NEWSMAG.COM**



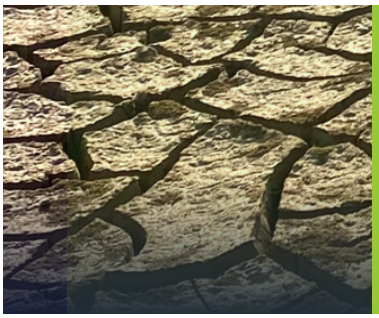
SECTION 1

# The Core Message

# How we frame the essentials.

## It's Real. I Care. Economic Freedom.

Those six words are the foundation of everything that follows in this briefing book. If candidates do nothing other than apply those six words to their communication and policy work, they'll be well on their way to being successful.



### Climate change is real.

Acknowledging that climate change is real gives conservatives an opening to make the case that economic freedom is the solution.

### I care about environmental stewardship.

Expressing a genuine commitment to environmental stewardship is more effective than inveighing against 'wokeism' and ESG.

### Free economies are clean economies.

Free economies are twice as clean as less free economies. The faster conservatives pivot to this winning argument the better.

# The three principles of effective communication.

**PRINCIPLE 1**

## Setting priorities is foundational.

Campaigns are about choices. Voters obviously make choices between candidates, but the outcome is often decided by choices made within campaigns. In a world of limited bandwidth, short attention spans, and intense competition for that attention, **separating the very best and essential arguments from the merely good arguments is critically important**. Winning candidates think deeply and strategically about a few key questions: What is my primary message? What argument am I trying to win? What will move the needle? What message is worth putting money behind? Campaigns that fail to create this hierarchy don't get very far while those that do go on to change policy, sometimes for generations.

And as anyone who has prepared for TV or radio interviews understands, the best starting point is to carefully consider what one point would you most regret not making at the end of an interview and then make that point first. Campaigns are unforgiving and windows of opportunity close quickly. If you don't make a deliberate, disciplined and intentional effort to deliver your core message no one will do it for you.

**PRINCIPLE 2**

## Concise is more important than clever.

When I worked as a Communications Director in the Senate for Tom Coburn (R-OK), my job was to take an often long list of good points and facts created by an accomplished policy staff and recommend the top three points, starting with the most important. Repeating this process thousands of times reinforced my conviction that the real work of communications is compression. In the natural world, compression and pressure push unremarkable carbon together until it produces diamonds, stones of unrivaled strength and beauty that can cut through anything. In the policy world, pushing content together can produce insights that can cut through an opposing argument while bringing light and clarity to complex topics.

Not every phrase is going to be "Morning in America" or "Make America Great Again," and waiting for bumper sticker inspiration can be a mistake. Distilling your message is a good first step. If you're lucky, compression will produce clever and memorable lines. Coburn offered thousands of amendments no one remembers, but the "Bridge to Nowhere" is still part of the public conversation, as is the line arguing that "earmarks are a gateway drug to spending addiction." Neither of those memorable examples just happened. They were the result of years of concentration and compression by many people.

**PRINCIPLE 3**

## Persuading libs is wiser than owning the libs.

Shortly after we launched C3 Solutions I had a conversation with a well-known "influencer" who pushed back on the notion that conservatives should offer climate solutions. This person argued that the base didn't want to hear that stuff. Instead, we should focus on owning the libs if we wanted to be influential.

This advice couldn't be more wrong.

In the climate and energy debate, it is very easy to "own the libs." Protestors who glue themselves to streets, throw soup on art and insist the world is going to end unless policymakers submit to a long list of collectivist demands that have nothing to do with climate make it very easy to ridicule the opposition. Make no mistake, opposing bad arguments and policies is important, but it's a mistake to make that the priority message.

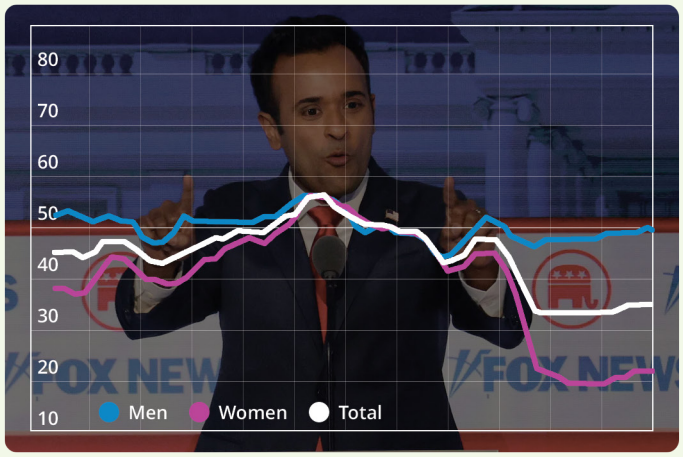
The first presidential debate tested these approaches in real time. Vivek Ramaswamy offered a classic "own the libs" message by arguing that the "climate agenda is a hoax," while Nikki Haley chose the route of persuasion. Rather than denying or diminishing the risk of climate change, Haley simply said *it's real* (our first two words) and then offered a comment in agreement with our other four words *(I care. Economic freedom)* when she argued that you can't tackle climate change without addressing emissions from China. Respondents applauded Haley while they booed Ramaswamy.

## Making the important choice.

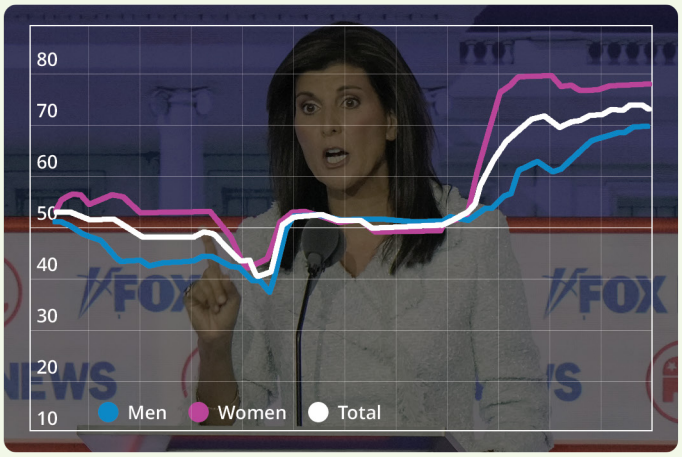
| Owning the Libs. |
| --- |
| Fire up minority of the base. |
| Lose independent voters. |
| Lose elections. |
| Energy poverty. |
| Dependence on foreign energy. |
| Lose capitalism. |
| America at risk. |

| Persuade the Libs. |
| --- |
| Retain the base. |
| Gain independent voters. |
| Win more elections. |
| Energy abundance. |
| Energy security. |
| Save capitalism. |
| Protect America. |

## Dial testing from the first Republican presidential debate.




Vivek Ramaswamy: "...the climate change agenda is a hoax and we have to claim [energy] independence."




Nikki Haley: "Is climate change real? Yes it is. But if you want to go and really change the environment, then we need to start telling China and India that they have to lower emissions."

## Additional Resources

- John Hart, "Climate Change is Forever on the GOP Debate Stage," C3 News Magazine, August 24, 2023, https://c3newsmag.com/climate-change-is-forever-on-the-gop-debate-stage/
- John Hart, "House Republicans Wisely Bet Their Future on a Climate and Energy Agenda," March 30, 2023, https://c3newsmag.com/house-republicans-wisely-bet-their-future-on-a-climate-and-energy-agenda/
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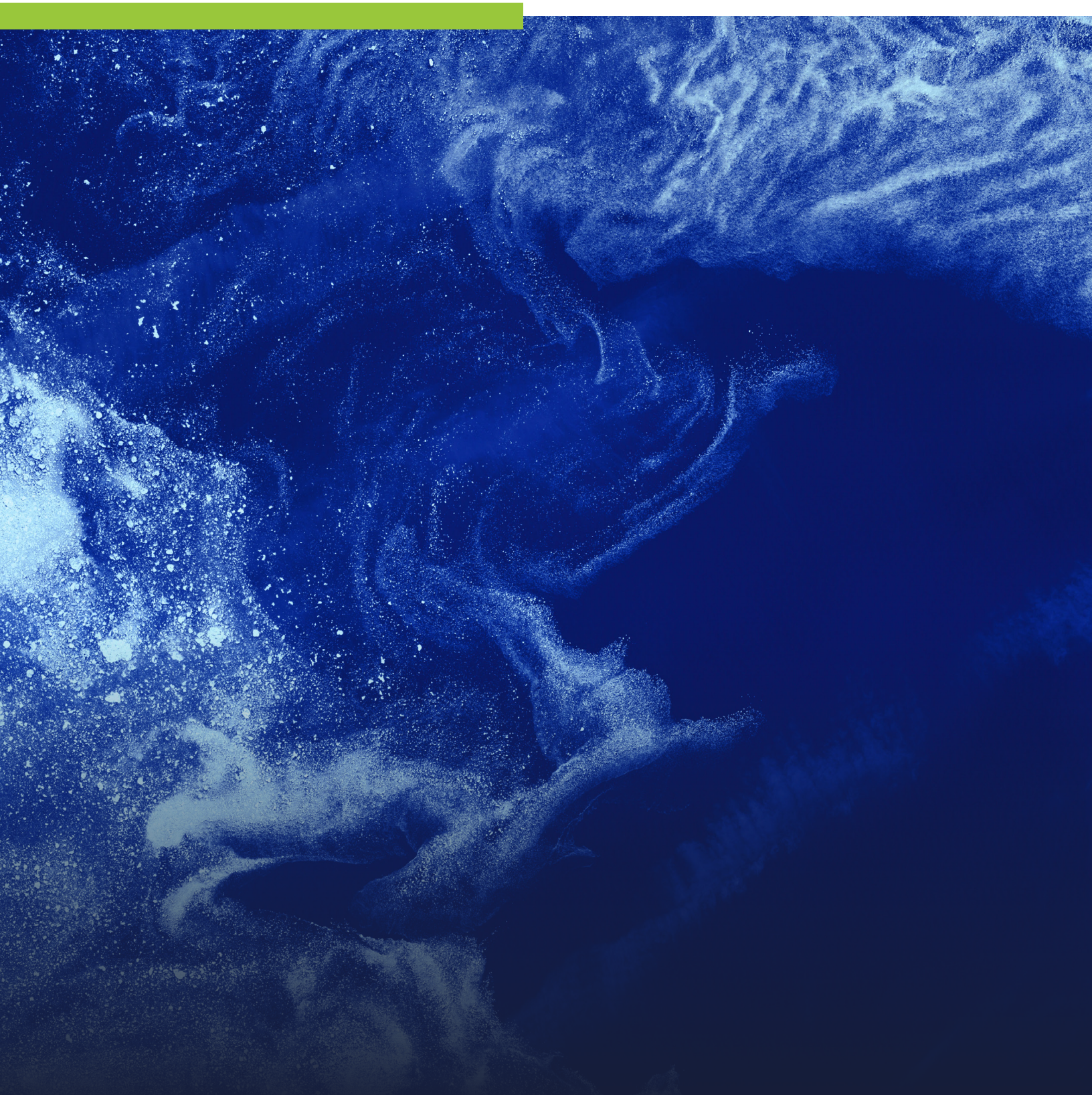
SECTION 2

# Polling Reality Check



# Understanding the public sentiment towards climate and energy policy.

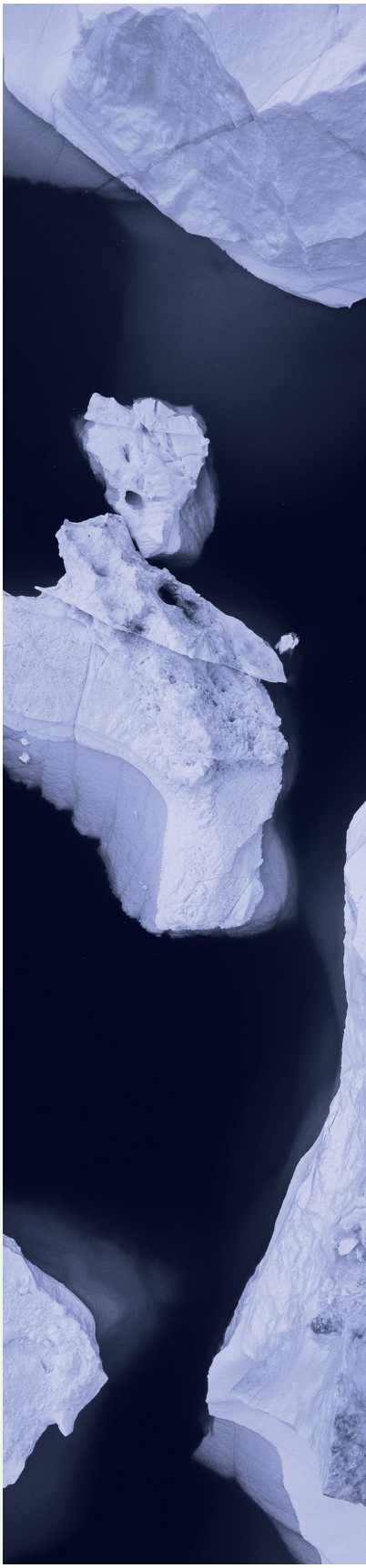
Americans, particularly younger Americans, generally do not want to hear "climate denier" arguments, but they do favor solutions rooted in economic freedom.

As anyone who has worked in campaigns or elected offices understands, if you torture the numbers, they'll tell you any story you want to hear. The best way to develop a reality-based framework is to look at polls from various organizations with diverse ideological orientations and look for patterns or trends. Don't take our word for it, look for yourself. When you do, we believe three key conclusions stand out.

# It's Real.

**People think climate change is real, and while there is real doubt about the role of human activity vs. natural cycles, climate denier arguments are big losers among younger Americans.**

- Many polls show that younger Americans are more concerned about climate change than older Americans, but we're not aware of any polls that show the opposite. Betting that this trend will be reversed requires wishful thinking.
- Gallup's 25-year climate change polling shows stable trends. The belief that global warming's seriousness is exaggerated grew from 31% to 39%, while those feeling it's underestimated rose from 27% to 36%.
- Polls that lack nuance and force people to declare themselves "climate alarmists" or "deniers" should be viewed with skepticism.
- Only 14% of Republicans believe climate change is not happening, according to C3 Action. Most Republicans believe climate change is real and prefer candidates who propose climate solutions.



## By the numbers.

**+14**

Younger Americans are 14 percentage points more likely to consider climate change a threat.

**77%**

of right-leaning Americans said climate change was important to them.

**90%**

of independent Americans said climate change was important to them.

**14%**

Percent of Republicans that believe climate change is not happening.

# I Care.

**While polling consistently shows that voters rank traditional pocketbook economic issues like inflation and gas prices well above "climate change," voters do want climate action. Candidates have an opportunity to connect the dots by making the point that climate and energy policy directly impacts pocketbook issues like gas prices and inflation that voters rank higher than climate change.**

- According to the American Conservation Coalition, 77% of right-leaning respondents and 90% of independents (18-35 year-olds) said climate change was important to them.
- C3 Action found that 51% of voters thought "reducing inflation and gas prices" was the most important issue while only 7% said the same about climate change. Yet, the poll found that Republican primary voters still expect candidates to offer climate solutions. Similarly, CRES Forum polling found 81% of Republican voters aged 18-44 believe climate change is a threat and action should be taken to address it.
- Gallup and Pew consistently find that respondents rank economic issues like inflation far higher among their list of concerns than "climate change." Candidates, therefore, should describe how climate and energy policy affects inflation. For instance, reducing energy supply in the name of fighting "climate change" can cause prices to go up and undermine the economic growth that is vital for innovation.
- 66% of Republicans strongly or somewhat agree the Republicans in Congress should care about clean energy.

## By the numbers.

**77%**

of voters rank traditional pocketbook economic issues like inflation and gas prices above climate change.

**81%**

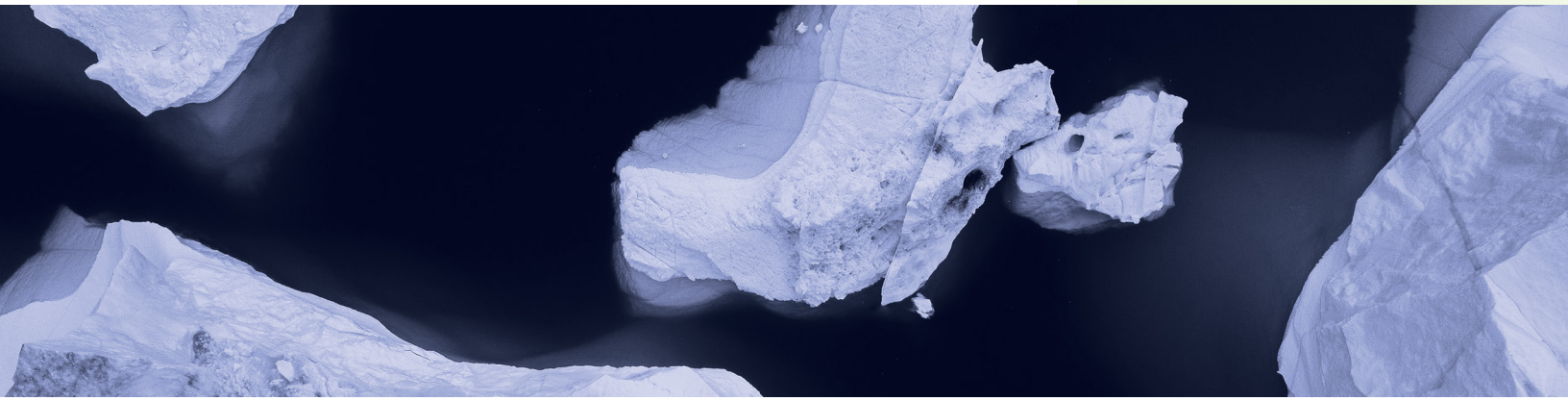
of Republican primary voters aged 18-44 believe climate change is a threat and action should be taken.

**67%**

of adults said federal government was doing too little to reduce the effects of climate change

**64%**

of Americans believe that climate change is negatively impacting the economy.



# Economic Freedom.

**Voters favor an economic freedom agenda (less spending, lower taxes, lower regulatory barriers, strong property rights) over a top-down, command and control Green New Deal agenda.**

- According to pollster Frank Luntz, "Economic Freedom" is a word to use while "Capitalism" is a word to lose.
- While voters care about stewardship, they generally don't want to spend much of their money to fight climate change. In a warning to policymakers who tend to favor redistributive policies and measure compassion by the size of their subsidies, a 2018 AP-NORC survey found that 68% of Americans were unwilling to pay an additional $10 per month in their electric bill to combat climate change. Meanwhile, 43% were unwilling to pay an additional dollar per month. C3 Action similarly found that 64% of Americans weren't willing pay $10 more a month to fight climate change.
- Americans, including younger Americans, favor an "all of the above" energy strategy and reject dogmatic "everything but" fossil fuel policies. The American Enterprise Institute's Survey Center on American Life (SCAL) found that 64% of Millennial/Gen Z (18-44 year-olds) voters favored an "all of the above" energy strategy. C3 Action similarly found that 63% of Democrats back an "all of the above" approach while more Democrats favor fracking than oppose it (49% to 32%).
- A major global survey of attitudes about advanced nuclear power, which included the United States, found strong support for advanced nuclear in every country tested, with an average of five supporters for every opponent.
- Voters may be unwilling to spend their own money because they expect policymakers to enact better policies. Two-thirds of Republicans and Democrats support streamlining regulations to speed up the deployment of new clean energy technology while Republicans and Democrats prefer to finance clean energy research through spending offsets (49%) over borrowing (13%) or tax increases (9%).

## By the numbers.

**65%**

of Democrats support an "all of the above" energy strategy.

**+17**

Democrats are 17 percentage points more likely to support fracking than oppose it.

**5:1**

There are 5 strong supporters of nuclear energy to every 1 strong opponent.

**$1**

57% of Americans are willing to pay $1 a month to fight climate change.

## Additional Resources


- Citizens for Responsible Energy Solutions, "Poll: Voters Support Commonsense, All-the-Above Energy Policies Championed by Republicans," February 28, 2022, https://cresenergy.com/press-releases/voters-support-commonsense-all-the-above-energy-policies-championed-by-republicans/
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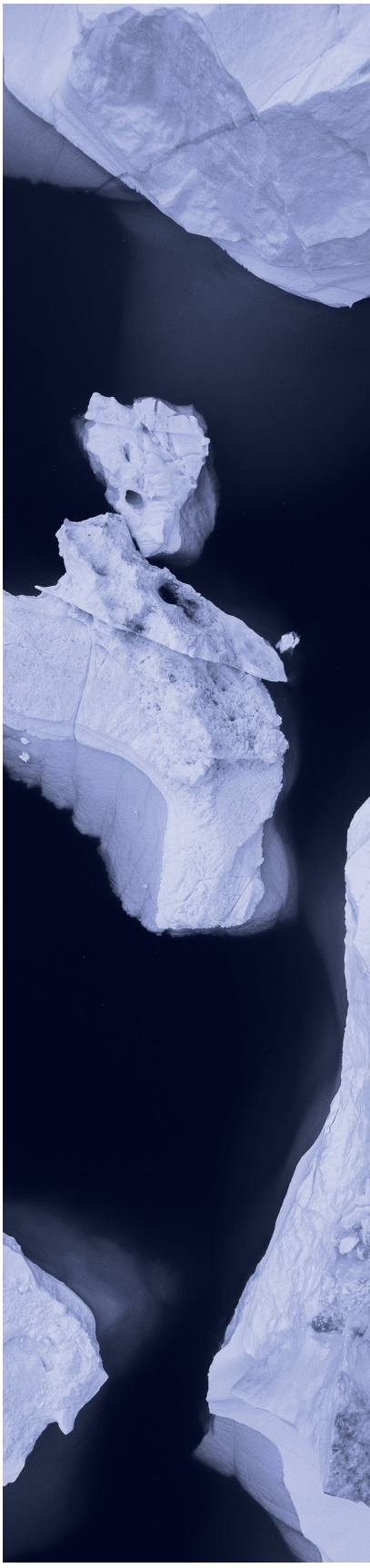
- University of Chicago, "Is the Public Willing to Pay to Help Fix Climate Change?," November, 2018, https://apnorc.org/wp-content/uploads/2020/02/Epic_topline_final_UPDATED.pdf
- "The World Wants New Nuclear – Findings from a comprehensive evaluation of the world's understanding and support for advanced nuclear" (https://thirdway.imgix.net/The-World-Wants-New-Nuclear.pdf)
- ClearPath Action polling center (https://clearpathaction.org/public-opinion)
- Frank Luntz on CNBC's "Squawk Box" (https://twitter.com/FrankLuntz/status/1562825780693909504?lang=en)

SECTION 3

# How to Talk About Science

| **Essential.** | **Shorthand.** |
| --- | --- |
| “Climate change is real.” | “It’s real.” |

# How to be effective talking about science.

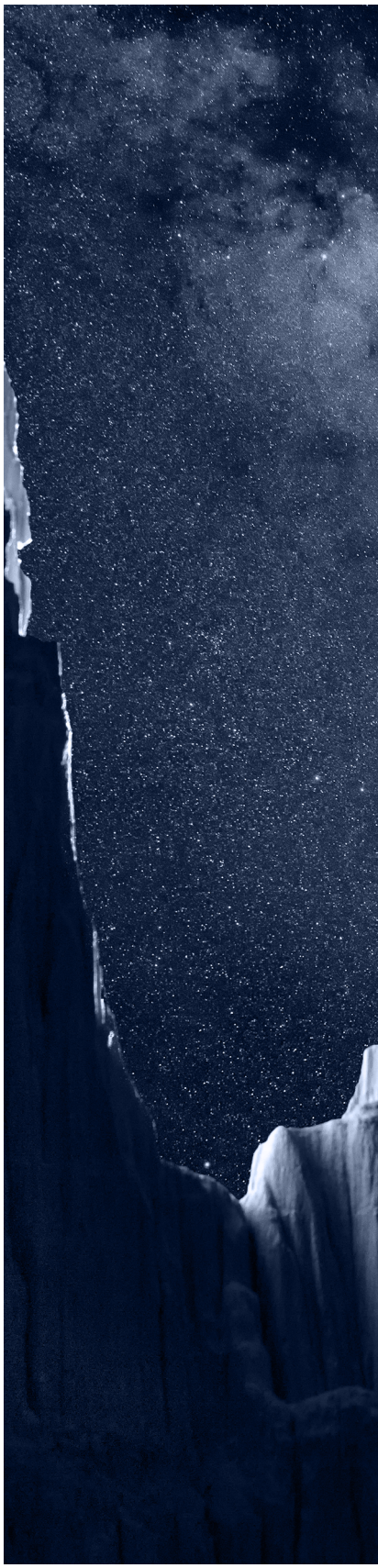
Acknowledging that climate change is real AND that human beings are contributing to climate change gives conservatives an opening to make the case for freedom.

Saying "it's real" isn't capitulating or surrendering to the left; it's seizing the high ground where conservatives can fight for freedom from a positive of strength. Climate realism facilitates a pivot toward a set of solutions that will help protect capitalism and the planet. Refuting anti-science climate alarmism is an important but second tier priority.

**Good arguments:**

- Leading climate scientist Kerry Emanuel at MIT is right when he says, "Science is a deeply conservative enterprise: we hold high bars for reproducibility of observations and experiments, and for detecting signals against a noisy background."
- Conservatives should embrace science and rescue true science from "the science."
- Science that is "settled" is not science; it's ideology masquerading as science.
- Climate atheism isn't a good response to climate alarmism.
- An intellectually honest and scientific approach frames the conversation around risk assessment, which is how we think about insurance. For instance, even though there is a 1 in 3,000 chance of losing your home in a catastrophic fire, it's prudent to buy fire insurance and take sensible steps to mitigate the risks of fire.
- Being comfortable with uncertainty isn't a license for inaction, especially when the costs of a low-probability but adverse scenario are so high.
- Setting targets isn't as important as enacting policies that hit targets and lower emissions.
- Panic is not a policy.

## Deeper Dive



Since we launched this organization three years ago, I've had a few elected officials, their spouses and senior aides ask me, sometimes in a whisper, what I really think about the science. I always welcome these conversations, but I'm saddened by how perilous it is for people in positions of power to be curious. If you express insufficient belief, you're branded with the Scarlett Letter of climate denial. If you express too much confidence, you're a climate alarmist and an enabler of the pagan left.

America – and the world – desperately needs a truth and reality-based conversation about climate change. An important step, but not the only step, in that process is to look at climate risk honestly without cherry-picking arguments that exaggerate or minimize risk.

As Nick Loris, our VP or Public Policy, writes in our primer:

"Even with the clearer picture of our climate future and the well-established scientific fact that human-induced warming affects the planet, there is a great deal of uncertainty communicated in the mainstream body of climate literature. The way in which climate experts communicate the science, the risks, and the uncertainties is critical to earning the trust of the public and best informing policymakers."

That process – and my real-world conversations – begins with an attempt to extract science from "the science." Usually, the prefix "the" is reserved for sacred texts that contain inviolable and immutable truths – The Torah, The Holy Bible, The Scriptures, The Koran, The Bhagavad Gita, and so on. These texts may well be at the end of science and reveal a reality beyond science, but they are different from science. These texts change us; we don't change them.

To be clear, I'm not implying faith and science are in conflict. In fact, I'm suggesting the opposite. In my tradition, the charge to love God with your mind – to reason – is part of what's called the Greatest Commandment, not the greatest suggestion. Faith and science are in conflict only if you disobey Jesus' command to be scientific, to think.

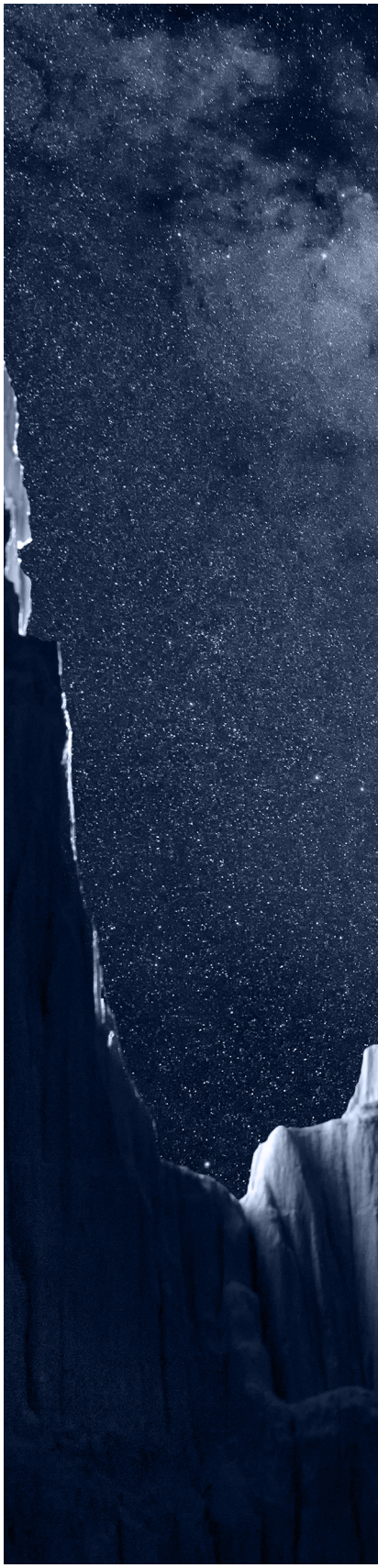
The true enemy of genuine science isn't faith or metaphysics but "the science." Science is about curiosity and data. The Science is about certitude and dogma. Science is advanced through humility, a desire to have cherished theories proven wrong so new data and evidence can fill gaps and bring us

closer to a better understanding of reality. The Science is advanced through hubris. Science is about training yourself to learn. The Science is about telling someone else to listen. Science is amenable to reason and always open to modification and improvement. The Science is settled. Period.

The word "settled" isn't the language of science; it's the language of ideologues, activists, and politicians. Now, this doesn't mean there aren't things we can know to be true in a practical sense. The explanation behind how gravity works is very much unsettled and is one of the deepest mysteries of science but it's a safe bet that if you jump out of an airplane, you had better have a parachute.

Our primer, again, isn't meant to be comprehensive or a final take but a tool that helps policymakers and the public think critically and thoughtfully about risk. Another excellent primer comes from MIT's Kerry Emanuel who helpfully notes that true science is a "deeply conservative enterprise" and that scientists rarely speak about anything being "settled."

When you let go of "the science" it's amazing where science will take you.



## Additional Resources

- John Hart, "It's Time to Rescue Science from "The Science'," C3 News Magazine, September 18, 2023, https://c3newsmag.com/its-time-to-rescue-science-from-the-science/
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- Nick Loris, "'Climate change is real' and here's how we make progress," Fox Business, 2023, https://www.youtube.com/watch?v=KuTxTLcGKiY&ab_channel=C3Solutions
- Nick Loris & Jeff Luse, "Canada's Wildfires: A Wake-up Call on the Need to Reduce Risk," C3 News Magazine, https://c3newsmag.com/canadas-wildfires-a-wake-up-call-on-the-need-to-reduce-risk/

SECTION 4

# How to Talk about "Wokeism" and ESG

| **Essential.** | **Shorthand.** |
| --- | --- |
| "I care about environmental stewardship." | "I care." |

# How to effectively combat climate wokeism.

When addressing climate issues, it's fashionable for conservatives to start with attacking "wokeism" and ESG. While the extremism of the degrowth environmental left is an inviting target, woke critics often struggle to define wokeness while voters generally don't know what ESG means.

Instead of spending your time educating voters about concepts and acronyms they don't understand, start with telling them you also care deeply about what they do understand: the value of environmental stewardship. Then promote positive conservative climate and energy solutions that can produce outcomes that honor those shared stewardship values.

**Good arguments:**

- The government shouldn't prohibit or mandate certain investment strategies. People should be allowed to invest freely.
- The government shouldn't politicize investment decisions with mandates, prohibitions, and blacklisting companies. Governments should protect the freedom of the investor and ensure fiduciary responsibility is a priority.
- Property rights is the beginning of property responsibility. We have the responsibility to leave the planet better off than we found it.
- No one cares more about environmental stewardship than America's farmers, ranchers, and landowners. We need more of their bottom-up stewardship and fewer top-down lectures and mandates from Washington.
- It's impossible to look at the beauty of the natural world without a sense of wonder and awe. We owe it to future generations to enact policies that protect America's natural and economic resources.
- The best way to counter left-wing authoritarianism is not with right-wing authoritarianism, but with economic freedom. When policymakers fight fire with fire, consumers get burned.

## Deeper Dive

**The freedom to invest without government mandates or bans is foundational to a conservative economic freedom agenda.** Protecting the rights of consumers to choose and shop according to their values and desires – while also allowing companies or corporations to succeed or fail based on their investment decisions – creates the competitive market forces that generate cleaner energy innovations. Unfortunately, conservatives get themselves off message and lose focus when they elevate other issues.

Despite two years of political debate that has featured high-profile attacks against ESG and "wokeism," Gallup recently found that the number of Americans who are either "very familiar" or "somewhat familiar" with ESG increased by only one point (36% to 37%) between 2021 and 2023.

While polling doesn't typically measure environmental stewardship as a value per se, it is fair to say it is a widely held value worldwide. All the world's great faiths and theologies teach a reverence for the natural world. In a secular context, when people approach the natural world with wonder, awe and curiosity that is an opportunity for conservatives to outline their vision for environmental stewardship.

Unfortunately, when conservatives face the choice of promoting stewardship or attacking wokeism and ESG, conservative too often choose the "own the libs" path.

Candidates routinely weave the Boy Scout value of "leaving the campsite better off than you found it" into stump speeches for a reason: It connects with real people at a deep level. Instead of ridiculing "wokeism," candidates should celebrate shared values and say their care. Owning the libs isn't as effective as persuading the libs, particularly independent voters.

Again, while polling consistently shows that voters rank traditional pocketbook economic issues like inflation and gas prices well above "climate change," voters do want climate action. For instance, C3 Action found that 51% of voters thought "reducing inflation and gas prices" was the most important issue while only 7% said the same about climate change. Yet, the poll found that Republican primary voters still expect candidates to offer climate solutions. Similarly, CRES Forum polling found 81% of Republican voters aged 18-44 believe climate change is a threat and action should be taken to address it.

Voters already favor a conservative approach to environmental stewardship. **Candidates should talk about what voters already believe in and care about – environmental stewardship – instead of explaining something experts admit is vague and ill-defined.**

Gallup didn't define "shareholder capitalism" or "stakeholder capitalism" but voters generally favor shareholder capitalism. When asked whether retirement fund managers should only take financial factors into account when making investment decisions or also consider ESG factors, the public favors the "shareholder" approach by seven points (48% to 41%).

Our take is that **you can have shareholder capitalism without stakeholder capitalism, but you can't have stakeholder capitalism without shareholder capitalism**. In other words, companies that aren't profitable aren't able to participate in a broader civic dialogue about environmental stewardship. Being profitable gives companies a platform to "care" about the environment.

Polls also show that while people don't want to be told what they **must choose** to practice stewardship, they also don't want to be told what they **must not choose**. For instance, Penn State's Center for the Business of Sustainability and communications firm ROKK Solutions partnered to survey 1,261 registered voters on ESG. They found that 63% of voters (including 70% of Republicans) feel that companies should generally be able to conduct business and take ESG risks into account without government interference.

**When policymakers fight fire with fire – with ESG mandates or bans – consumers get burned.**

The problem with pro- and anti-ESG policies and regulatory actions is that they can fail to achieve their stated economic and environmental objectives by reducing choice and enabling states to dictate which banks, contractors and other businesses can and cannot do business with state and local jurisdictions. Such restrictions can run counter to fiduciary responsibility and contractual obligations and undermine the ability of asset managers to prioritize risk-adjusted returns, thereby harming retirees. Reducing the number of banks and contractors reduces competition and options for these services, which will consequently increase borrowing costs and increase costs for government procurement projects.

**Analysis from financial experts at the University of Pennsylvania and Federal Reserve Bank of Chicago found that the reduction in competition from five underwriters leaving Texas after the enactment of its anti-ESG**

**laws increased interest paid by $300-$500 million, an expense paid by Texan taxpayers, in the first eight months after the law.** States with similar laws proposed or enacted would also suffer from higher borrowing costs. Devin Hartman, policy director for energy and environment at the R Street Institute, emphasizes: "Progressives should not expect to fare any better with forced fossil divestment, which harms public pension performance, with earlier ESG mandates lowering returns by tens of basis points … such tactics are rarely effective at inducing managers to change firm behavior."

## Additional Resources

- Robert Ecceles & Timothy Doyle, "It's Time to Take the Unnecessary Politics Out of ESG and Retirement Savings," RealClearEnergy, May 9, 2023, https://www.realclearenergy.org/articles/2023/05/09/its_time_to_take_the_unnecessary_politics_out_of_esg_and_retirement_savings_898242.html
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- John Hart, "Biden Goes Full Radical in Defense of ESG Investing," C3 News Magazine, https://c3newsmag.com/biden-goes-full-radical-in-defense-of-esg/
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- Nick Loris, "A Free Enterprise Approach to ESG — Maximizing Investor Returns for the Benefit of People and the Planet" C3 Solutions, June, 2023, https://www.c3solutions.org/wp-content/uploads/2023/06/Free_Enterprise_Approach_to_ESG.pdf

SECTION 5

# How to Talk About Economics

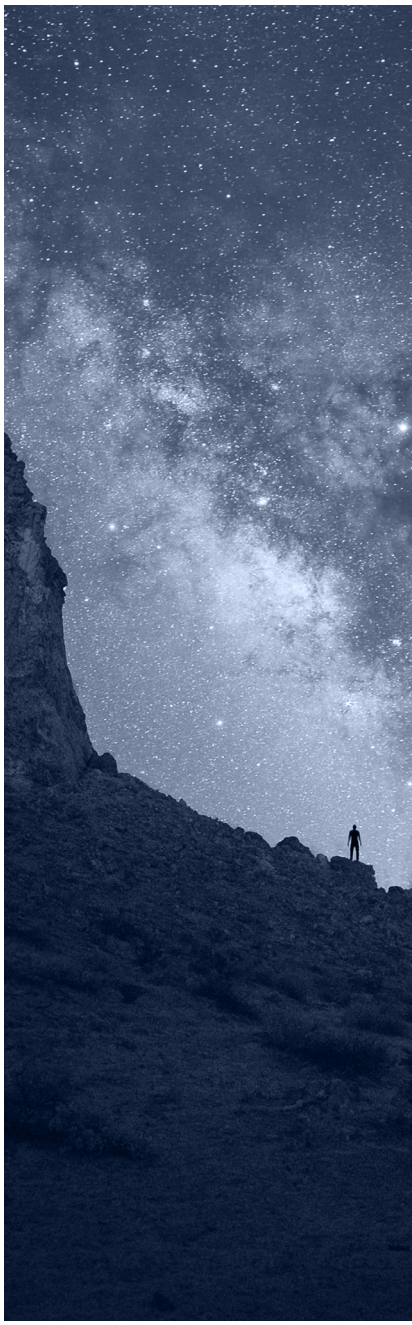
**Essential.**
"Free economies are clean economies."

**Shorthand.**
"Economic freedom."

# How to talk economics with concision and conviction.

A survey of nearly every country on earth found a strong correlation between economic freedom and environmental performance. Free economies are nearly twice as clean as less free economies.

The faster conservatives move the climate and energy debate toward solutions the better. Getting sidetracked on debates about science or getting the base ginned up against "wokeism" or the "climate cult" comes with a steep opportunity cost that advances politicians rather than principles. Fighting second tier fights diverts our attention from a powerful and winning argument for economic freedom.



**Good arguments:**

- Economic cooling won't stop global warming.
- Solving energy poverty will help solve climate change. Where is the environmental justice in increasing energy prices for poor people?
- We already have the technology to "solve" climate change. What we lack is the political will and imagination to enact policies rooted in economic freedom.
- When Washington tries to pick winners and losers, they prop-up losers and punish winners. We need a tech-neutral perspective that allows the best tech to emerge.
- We need a whole of society approach, not a whole of government approach.
- Limiting American energy capacity does not limit global energy demand. In fact, limiting American capacity is de facto stimulus program for our worst enemies, especially Russia and Iran.
- The best way to make something expensive is for Washington to make it "affordable."
- The most successful carbon reduction innovation in the past 20 years – hydraulic fracking – had more to do with private innovation than government action.

**Good arguments** *(continued)*:**:**

- Energy policies that undermine America's national security undermine the world's capacity to address climate change.
- President Biden is right that "American leadership is what holds the world together." America cannot provide leadership without a strong military. We can't have a strong military without a healthy economy. And we can't have a healthy economy without affordable energy. Therefore, energy policies that undermine America's national security undermine the world's capacity to address climate change.
- History demonstrates – and administrations on both sides agree – that climate change is a threat multiplier. Bad climate and energy policies can be more dangerous than climate change itself.
- An "all of the above" energy strategy is more effective than an "everything but nuclear and fossil fuel" strategy.
- We won't beat China by becoming China. We will beat China by expanding economic freedom at home and abroad.

## Deeper Dive

In the climate and energy debate, the economics may be more settled than "the science." Improving economic freedom will improve the environment and incentivize environmental stewardship by allowing citizens to have well-defined and legally protected property rights.

Economic freedom provides the foundation for the private sector to produce more goods even as people use fewer resources. Open, competitive markets more flexibly meet the needs of consumers, including consumer demand for environmentally friendly products. Understanding the relationship between economic freedom and environmental stewardship is essential to human flourishing and to addressing the world's great environmental challenges, including climate change. One of those residual benefits is a cleaner environment.

Whatever the environmental threat may be, policies that unleash economic freedom are critical for empowering people to flourish and improve the environment. That raises the question: what is economic freedom?

For nearly three decades, the Washington D.C.-based Heritage Foundation

has published an Index of Economic Freedom. While it does not measure environmental performance, the components that make a country economically free are also critical components to a clean environment.

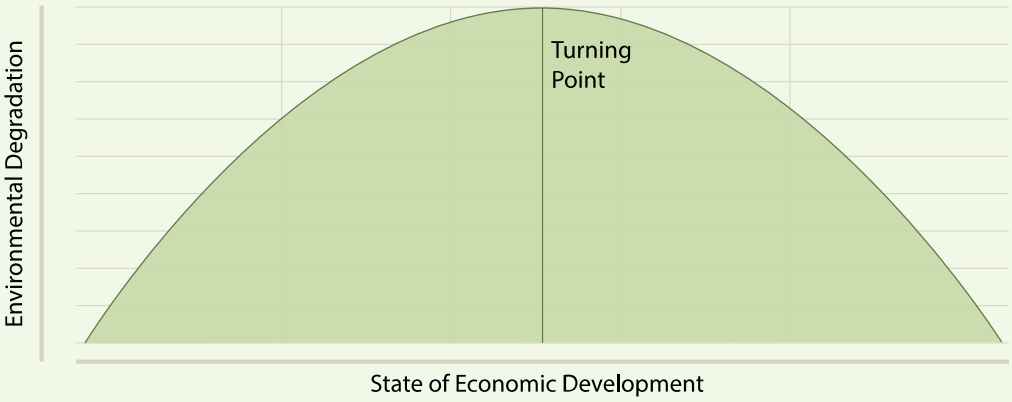
One of the most comprehensive measurements of a country's environmental performance is Yale University's Environmental Performance Index (EPI). Produced every other year, the EPI similarly scores a country on a 0-100 scale and includes 180 countries in its 2022 report. The EPI gives a country a score based on 40 environmental indicators broken down into eleven issue categories.

Using these two indices, we can explore the importance of economic freedom on environmental performance. When correlating the Index of Economic Freedom and the Environmental Performance Index, one finds a strong, positive relationship between economically free economies and clean economies.

One of the primary reasons that economic freedom has a positive correlation with other important human and societal quality metrics is because economically free countries have higher levels of per capita income.

## The Kuznets Curve

The environmental Kuznets curve illustrates that growing economies are cleansed by capitalism. The environmental degradation created by a growing economy is reversed as it develops and spurs innovations that produce less pollution and fewer emissions.




More wealth provides more resources to devote to environmental protection. Greater levels of prosperity mean people will place a higher priority on environmental protection because they can afford to do so after they meet their more immediate needs (energy, food, drinking water). Higher levels of

income are imperative to better environmental outcomes for many reasons. Richer countries have more funds to invest in public services such as sanitation and garbage collection. There is a greater imperative to regulate and spend on pollution abatement to internalize the social costs.

Greater wealth and free economies contribute to environmental progress in other meaningful ways. Societies become more knowledgeable, which helps provide a better understanding of risks and costs that pollution and environmental threats cause as well as a better understanding of the trade-offs that must be made.

In addition, more wealth spurs investment in cleaner, more efficient processes and products. Innovation and economic growth beget more innovation, technological progress, and growth. The environmental transition curve emphasizes the role of technological improvements in bending pollution curves backward.

"Free market incentives, a lack of state interference and the innovative culture that these help nurture is the best hope that we have of reaching our climate change goals without reducing living standards in the developed world or holding back the fully justified hope of development in some of the world's poorer nations," as Dr. Liam Fox, a member of Britain's parliament, puts it. "We need to use the power of the free market to find ways of ensuring that progress continues, including for the world's poorest, in a way that is consistent with the need to deal with what scientific evidence increasingly tells us is an existential threat."

Arguably the most effective way to bend emissions curves is to reduce the price of cleaner resources and technologies (the green premium). If greener industrialization is more cost-effective, developing countries will have the economic incentive to pursue those technologies as opposed to their higher-emitting counterparts.

The underlying factors that make a country economically free create a culture of entrepreneurship and innovation that empowers people to meet consumers' needs, raise levels of human welfare, and improve the environment.

This has immediate real-world effects. "In the pandemic, it was not the socialist or totalitarian states that produced the vaccines, and recently the medicines, that offer the best way out of this global tragedy" Liam Fox notes. "Rather than being the enemy of government strategies, drug

companies utilized their private sector experience, flexibility and financial independence to help governments achieve their public policy aims."

Property rights encourage stewardship because property owners benefit economically and environmentally from taking care of the asset they own. Well-protected intellectual property encourages more innovation, including for cleaner energy, agriculture and manufacturing.

Private property rights, strong institutions, regulatory efficiency, and open markets will drive economic growth and environmental performance in the right direction. That's why free economies are cleaner economies and are better at protecting the environment.

This isn't an "anti-government" agenda. In fact, the Constitution's enumerated powers gives the government the power to regulate interstate commerce. Government arguably should be doing more to enable the energy infrastructure necessary for innovators to deliver cleaner energy to consumers while funding basic research that doesn't displace private sector investment.

The key questions that remain are: Who is the prime actor? Who is the primary decision maker? Where is the center of gravity? The individual or the government? Will we trust bottom-up problem solvers, innovators, and entrepreneurs or top-down, command and control authoritarians.

The answer is economic freedom.

What follows is a detailed agenda that describes what it means in very practical terms. Those who say conservatives don't have a "climate plan" are ignoring the more than 150 bills that fit into what we describe in the following pages as the Climate and Freedom Agenda.

## Additional Resources

- John Hart, "Economic Cooling Won't Stop Global Warming,"C3 News Magazine, July 17, 2023, https://c3newsmag.com/economic-cooling-wont-stop-global-warming/
- Nick Loris, "Free Economies are Clean Economies," C3 Solutions, 2022, https://www.c3solutions.org/wp-content/uploads/2022/12/Free-Economies.pdf
- Nick Loris, "We Must Have More Energy To Achieve Reduced Emissions,"

RealClearMarkets, October 19, 2023, https://www.realclearmarkets.com/articles/2023/10/19/we_must_have_more_energy_to_achieve_reduced_emissions_987143.html

- Jeff Luse, "Biden's 'Climate Corps' Is the Wrong Way to Help the Environment," National Review, October 11, 2023, https://www.nationalreview.com/2023/10/bidens-climate-corps-is-the-wrong-way-to-help-the-environment/
- Jeff Luse, "The Hidden Costs of Green Protectionism," C3 News Magazine, October 24, 2023, https://c3newsmag.com/the-hidden-costs-of-green-protectionism/

SECTION 6

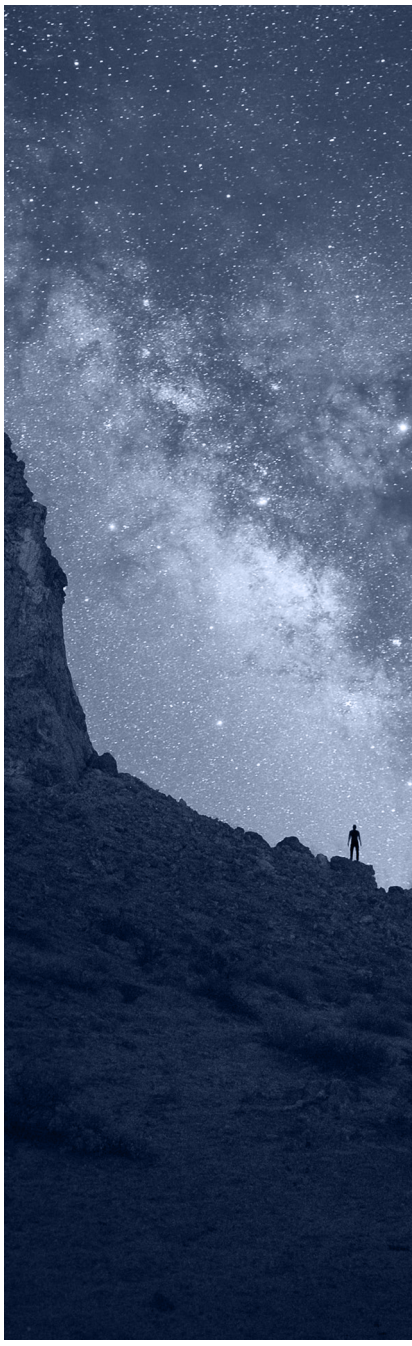
# Climate & Freedom Agenda

A detailed conservative climate plan.

CHAPTER I.

# Capitalizing on America's Energy Abundance and Improving Energy Security

Energy affordability, reliability, and security are critical to American families and businesses. When energy prices increase, they disproportionately harm low- and middle-income families. This economic pain extends beyond the pump and beyond the meter as American households are paying more for groceries, going out to eat and most other goods and services, since energy is an essential input for those products.



## The Opportunity

Policymakers should recognize America's global leadership in natural resource development as an economic, environmental, and geopolitical advantage. Working with our allies, American producers can remain a global leader in supply and continue to reduce the industry's environmental and climate footprint. Domestic production of oil, natural gas and minerals can displace production from dirtier sources and reduce the influence of political adversaries on the global market.

## The Solutions

Increasing energy supplies, easing supply chain constraints and securing processed minerals will best be achieved by opening domestic and international markets to extraction, processing, and trade. Policymakers should:

- Expedite permitting for natural resource extraction, energy projects and infrastructure.
- Create opportunities for state-led environmental reviews and permits.

- Fast-track permitting for liquified natural gas (LNG exports).
- Approve the Keystone XL pipeline.
- Implement a 50/50 revenue share for states for production in federal waters.
- Modernize the Outer Continental Shelf leasing program.
- Repeal the Renewable Fuel Standard.
- Prohibit both pre-emptive and retroactive vetoes under Section 404 of the Clean Water Act.
- Repeal the Jones Act and the Foreign Dredge Act.
- Eliminate steel and aluminum tariffs.

## Key Facts

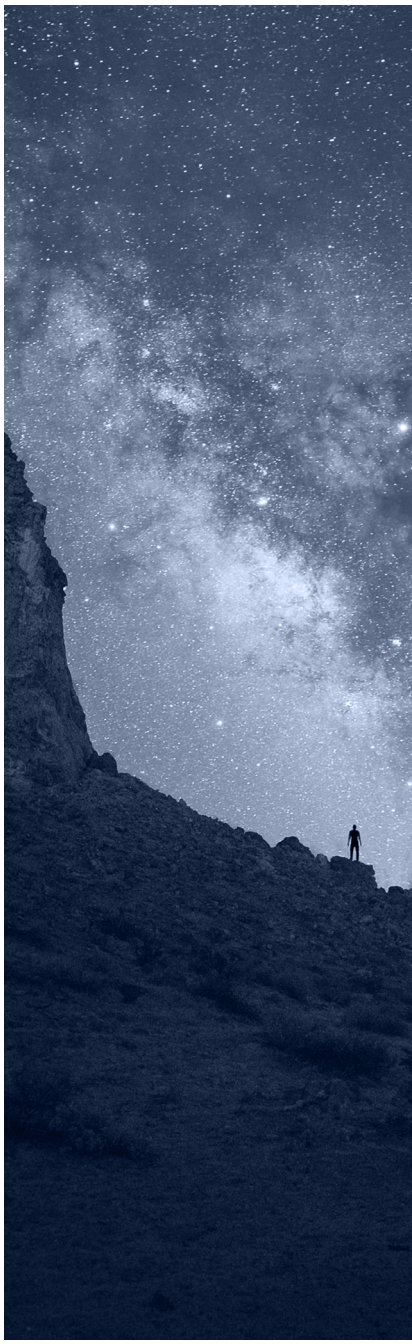
- The United States is the world's largest oil producer, having increased production from just above 5 million barrels per day in 2007 to 12.6 million barrels per day in April 2023.
- Dependence on OPEC for crude oil decreased from 85 percent of total petroleum imports in the 1970s to 14 percent in 2020.
- The EIA projects that global energy demand will increase 50 percent by 2050, with oil and gas meeting a majority of the world's energy needs.
- A recent study from the National Ocean Industries Association (NOIA) found that U.S. oil from the Gulf of Mexico has a carbon footprint that is 23 percent smaller than oil sourced overseas.
- If Europe were to replace Russian-sourced gas with American LNG, it would be able to reduce its emissions by 72 million metric tons annually.
- The U.S. is also the world's largest natural gas producer with 5 states producing 69 percent of the country's natural gas (Texas, Pennsylvania, Louisiana, Oklahoma, and West Virginia).
- LNG exporters sent 74 percent of their LNG to Europe in the first four months of 2022 and the U.S. will soon be the world's largest exporter of LNG.

- A $1 increase in gas prices results in consumers reducing their spending $1 elsewhere in the economy in the short run.
- Low-income families dedicate a greater percentage of their budget to energy costs.

CHAPTER II.

# Permitting Reform to Meet America's Energy Needs and Environmental Goals

Cost reduction and rapid, wide-scale deployment are two things that must happen for America to meet its energy needs and environmental goals. However, permitting challenges and frivolous lawsuits increase costs and delay the implementation of a wide range of projects.



At the federal level, the National Environmental Policy Act (NEPA) stalls projects, including those for clean energy, natural climate solutions, and more resilient infrastructure. Understanding a project's environmental impact is important, and so is engaging affected communities and stakeholders.

In June, President Biden signed the Fiscal Responsibility Act (FRA) into law which included several meaningful reforms to NEPA from the BUILDER Act, including limiting the time frame and page lengths of environmental impact statements and environmental assessments. While the FRA made some significant strides, it did not address one of the most problematic aspects of the federal permitting process: excessive litigation. More meaningful reforms to NEPA will be needed in the future to reduce timelines and bolster America's energy and economic security.

## The Opportunity

Permitting reform would significantly advance mitigation, natural ecosystems, and adaptation projects without sacrificing environmental safeguards or public participation. NEPA reform would expedite timelines, increase accountability, improve efficiency, and curb excessive litigation.

## The Solutions

To further capitalize on NEPA reforms in the Fiscal Responsibility Act, Congress should:

- Limit the statute of limitations for NEPA-related lawsuits, which is currently six years, and limit those who have standing to individuals and groups that filed public comment.
- Expand the time period for public comment under NEPA. Working with local stakeholders initially would reduce litigation in the future and garner trust with the community.
- Prohibit pre-emptive and retroactive vetoes under Section 404 of the Clean Water Act, which will provide more certainty for mining activities.
- Repeal the Foreign Dredge Act, which inhibits more cost-effective upgrades to America's ports.
- Establish an efficient, technology neutral framework for licensing and permitting new nuclear reactors at the Nuclear Regulatory Commission.
- Put geothermal on equal footing with oil and gas projects on federal lands by including geothermal activities in the same set for categorical exclusions.
- Expedite permits for liquefied natural gas exports by making a determination that all LNG exports are in America's national interest because of the economic, geopolitical and environmental benefits of American LNG.
- Streamlining the process for states to receive primacy to regulate Class VI injection wells (which store captured carbon from captured CCUS projects).

## Key Facts

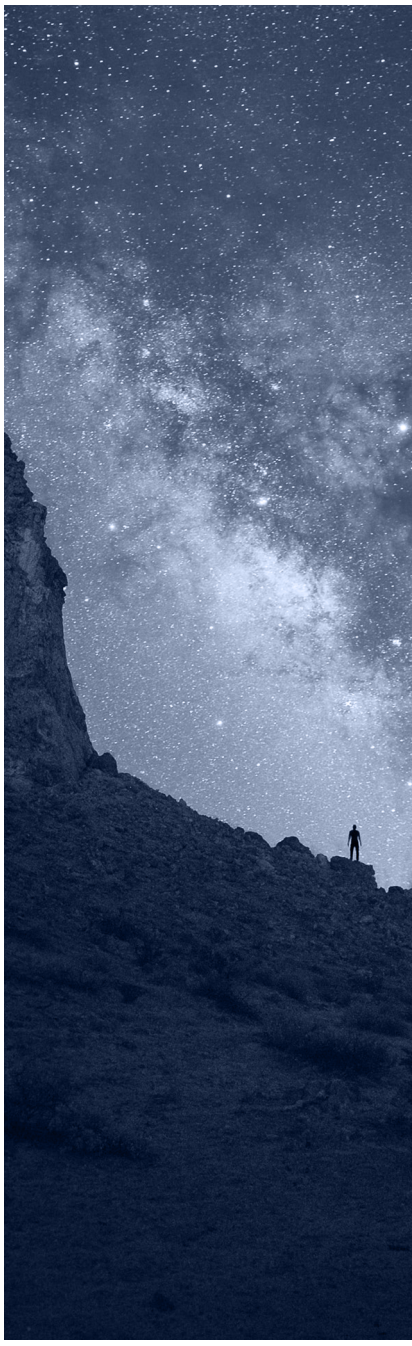
- The average Environmental Impact Statement report is 1,214 pages, while the longest one ever was 5,794 pages.
- The average time to complete NEPA review across all energy sources is three years, with hydropower taking the longest time to complete (5.1 years).
- NEPA disproportionately delays clean energy projects. In 2021, 42% of projects undergoing NEPA review at the Department of Energy were related to clean power and transmission. Only 15% were related to fossil fuels.

- NEPA challenges often boost wildfire risk by delaying forest management projects (controlled burns, timber development) by requiring lengthy permitting processes and excessive litigation.
- Philip Rossetti of the R Street Institute notes, "By far, public interest groups bring forth most NEPA litigations, accounting for 59 percent of NEPA litigations between 2001 and 2013. The next largest group, at 20 percent, was individual/citizen associations. Property owners/residents and Native American tribes were among the smallest plaintiff types, at 3 percent of NEPA litigations each."

CHAPTER III.

# Smart Tax Reform Helps Economy & Environment

Lawmakers often use incentives in the tax code to promote specific energy sources. Different tax treatments provide specific benefits to coal, oil, natural gas, renewables, biofuels, energy efficiency, and nuclear power. Over the decades, laws have entrenched specific tax credits and exemptions.



Some credits, initially designed to be temporary provisions to jumpstart nascent technologies, have become seemingly permanent fixtures in the tax code. Many targeted tax subsidies for various energy sources are now both costly and inefficient. Furthermore, mature, cost-competitive energy sources do not need help from the taxpayer. Yet, even if a technology is financially viable, businesses that benefit will lobby to extend the preferential treatment, and politicians, looking to promote jobs in their districts, will work to make it happen.

## The Opportunity

Pro-growth, technology-neutral tax reform will incentivize more investment and innovation, creating American jobs and strengthening the U.S. economy. Competitive tax policies will empower energy companies to supply families with affordable, dependable, and clean power. Removing biases against investment and lowering rates broadly instead of trying to pick winners and losers would drive investments in newer, more efficient technologies. Reforming the research and development tax credit would spur more groundbreaking discoveries and increase opportunities for small businesses to conduct R&D.

## The Solutions

To move toward a pro-growth, simplified, and technology-neutral tax code, Congress and the administration should:

- Make immediate expensing permanent and apply it to longer asset class lives and research and development (R&D).
- Reform the research and development tax credit.
- Phase out targeted energy tax credits for mature technologies. At the very least, Congress should replace targeted credits with a technology-neutral, emissions-based credit that focuses on the most efficient abatement cost.
- Explore the implementation of a reverse auction to improve the efficiency of the subsidy, which could reward the most economically viable and lowest-priced energy sources and technologies, and therefore increase clean energy generation at a lower cost to taxpayers.
- Ensure any emerging energy technology tax credit is limited.
- Maintain competitive corporate tax rates.

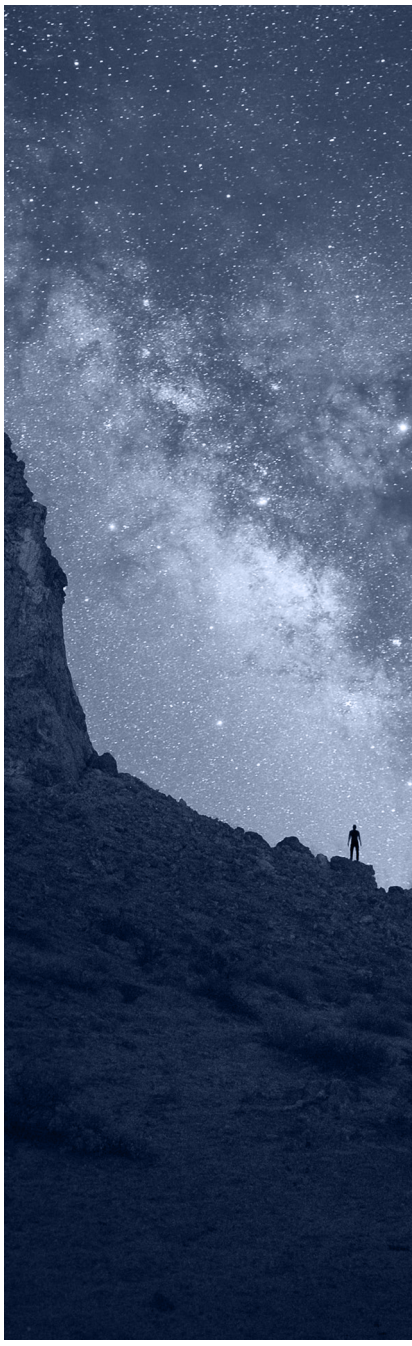
## Key Facts

- The Tax Cuts and Jobs Act of 2017 allowed for immediate expensing for assets with lives of 20 years or less, but this expensing begins phasing out by 20 percent from 2023 through 2026.
- Philip Rossetti of the R Street Institute found, "Prior to the tax reform, private sector E&E R&D was relatively stagnant, only increasing by 2 percent from 2012-2017. After the tax reform, E&E R&D jumped by $3.3 billion, or 11.8 percent. Private sector E&E R&D is roughly seven times as large as public sector R&D."
- There is an assortment of 44 tax credits that benefit different energy technologies, making the tax code inefficient and subject to cronyism and dependence on preferential treatment.
- Including federal and state (national and subnational) corporate tax rates, the U.S. has the 13th highest corporate tax rate out of the 38 OECD countries.

CHAPTER IV.

# Research & Development Drives Economic, Environmental Progress

Research and development at the private and public levels spurs scientific discoveries and technological breakthroughs to improve our knowledge base, human wellbeing, and the environment.



At the federal level, many commercial breakthroughs originating from taxpayer-funded research have come through collaborative relationships with the private sector. Policy reforms should identify and remove barriers for commercialization of federally funded research and development.

## The Opportunity

Commercial breakthroughs that create jobs, drive economic growth, and reduce the risks of climate change will come from a variety of research channels. Federal research expenditures should take on endeavors of national significance and focus on efforts that are not being undertaken by the private sector. One cannot overlook the leading role the private sector plays in climate innovation and entrepreneurship. From individual financiers to large corporate R&D investments, the private sector invests heavily in energy, agricultural, and environmental R&D. Removing barriers to private R&D and providing consistent expenditures for public R&D will accelerate the deployment of next-generation technologies, strengthen American energy security, reduce global emissions, and strengthen the resilience of communities.

## The Solutions

The CHIPS and Science Act of 2022 authorized the creation of the DOE's first agency-related foundation, the Foundation for Energy Security and Innovation (FESI). FESI should be instrumental in enhancing energy security, driving environmental progress, and accelerating the commercialization of transformative technologies. DOE could seek support from FESI in attracting private capital for investments and infrastructure that is complementary

to DOE and the private sector, not overlapping.To encourage more private sector R&D and to spur innovative breakthroughs originating from federally funded research, Congress and the administration should:

- Make immediate expensing permanent and apply it to longer asset class lives and research and development.
- Reform the research and development tax credit.
- Maintain support and continue to fund key R&D programs at the Department of Energy and the Department of Agriculture.
- Provide strong oversight on federal R&D spending.

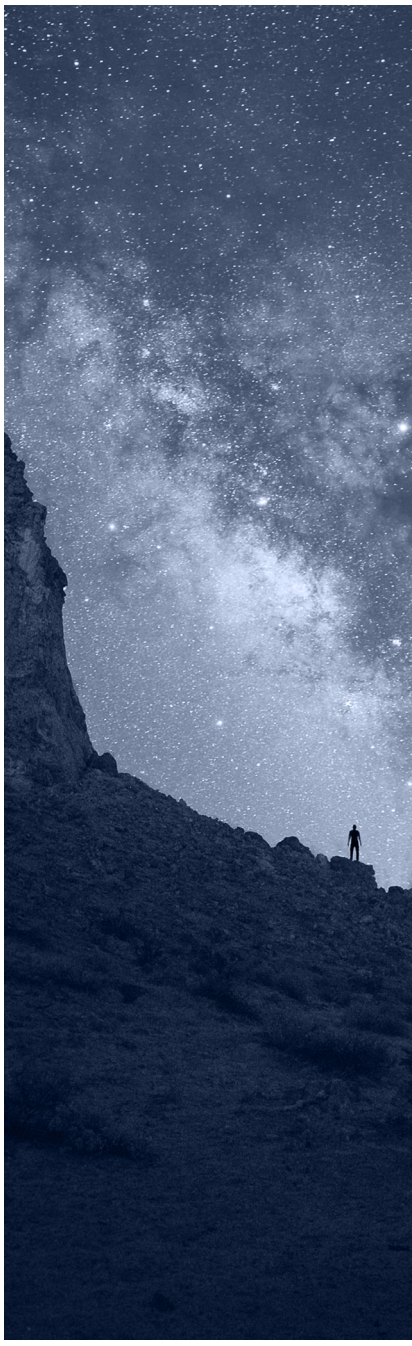
## Key Facts

- According to the National Science Foundation's 2022 report on research and development trends, R&D conducted in the U.S. reached $667 billion in 2019 and an estimated $708 billion in 2020. The report notes that: "[b]usinesses are the predominant performers (75% in 2019) and funders (72%) of U.S. R&D. This sector performs most of U.S. R&D classified as experimental development, more than half of applied research, and a sizable (and increasing) share of basic research (32% in 2019)."
- In 2018 federal R&D directly and indirectly supported 1.6 million jobs, $126 billion in labor income, $197 billion in added economic value, and $39 billion in federal and state tax revenue.
- After immediate expensing was implemented in the 2017 Tax Cuts and Jobs Act, private sector environmental and energy R&D jumped by $3.3 billion, or 11.8 percent in 2018.

CHAPTER V.

# Accelerating Nuclear Energy Deployment

Nuclear power is the largest emissions-free source of electricity in the United States, and second largest in world (behind hydropower).



Nuclear energy will be critical to meeting domestic and international climate targets, but antiquated policies and costly, ineffective regulations are slowing its progress and keeping innovative, advanced reactors on the shelf rather than in the market.

## The Opportunity

Nuclear power has significant potential to meet the world's energy needs and climate goals. Innovative companies are paving the way for the next generation of nuclear power plants that may pose even fewer public safety or proliferation risks than the already safe fleet currently on the market. In fact, nuclear power is among the safest, if not the safest, source of energy that exists today. Congress and the administration should establish a flexible, technology-neutral framework to enable different nuclear energy technologies to compete in the marketplace. Whether it is research and development, licensing and permitting, or spent fuel management, policymakers should remove impediments to nuclear energy innovation, investment, and spent fuel management.

## The Solutions

Congress and the administration should:

- Streamline permitting for new reactor construction, whether for large light-water reactors, small modular reactors, or microreactors.
- Force the Nuclear Regulatory Commission to implement an efficient, modernized, technology-neutral licensing pathway for advanced nuclear reactors (Part 53).

- Modernize radiation standards and appropriate funds for the Low Dose Radiation Research Program.
- Adopt a strategy for localized, consent-based siting for nuclear waste.
- Continue to support and appropriate funds for research and development programs at the Department of Energy and Department of Defense like the Advanced Reactor Demonstration Program and Pele Program.
- Amend the Nuclear Waste Policy Act to state that new reactors do not need to contract with the Department of Energy for an NRC license for waste management.
- Shift application and safety costs to the federal government.
- Expand international cooperation on commercial nuclear power and opportunities for global exports of nuclear energy technologies.

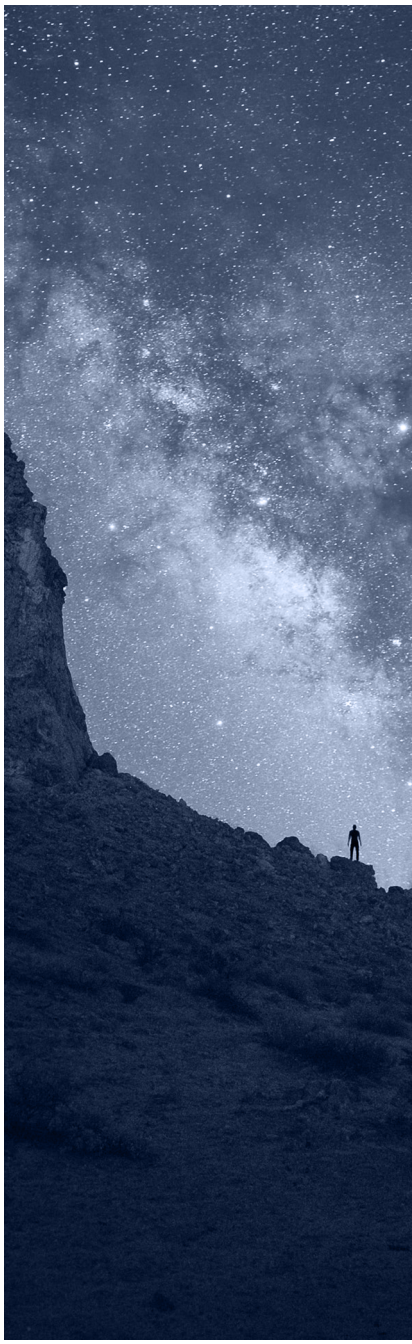
## Key Facts

- With 435 reactors (and 58 more reactors under construction across 50 countries), nuclear provides about 10 percent of the world's power.
- In the United States, 94 reactors in 28 states generate approximately 20 percent of the country's electricity and about half of the country's emissions-free electricity.
- Nuclear is among the safest forms of energy on the planet and is responsible for fewer deaths per terawatt hour than wind, hydropower, and natural gas.
- By producing carbon-free energy, the American nuclear industry prevented more than 476 metric tons of CO2 from entering the atmosphere in 2019. That's equivalent to removing 100 million cars from the roads.
- Nuclear energy is a desirable source of clean, reliable electricity, with a capacity factor (the amount of time a power plant produces energy) of 93%.

CHAPTER VI.

# Accelerating Renewable Energy Deployment

The business case for renewable energy sources is strong. Rather than distorting markets by subsidizing mature technologies with targeted tax credits, Congress and the administration should fix the policy problems that artificially drive up the cost of renewable projects.



## The Opportunity

Cost-competitive renewable energy generation will diversify America's energy supply and provide families and businesses with affordable, clean power. Modernizing and streamlining regulations is essential to expand renewable energy projects and build new transmission lines.

## The Solutions

To promote renewable power innovation, cost reduction, and deployment policymakers should:

- Modernize the National Environmental Policy Act (NEPA).
- Fully Eliminate Section 201 tariffs.
- Extend Master Limited Partnerships to renewable projects.
- Repeal the Jones Act, which adversely affects offshore wind projects.
- Expedite the process by creating categorical exclusions to bypass National Environmental Policy Act reviews for geothermal exploration activities.
- Require the Interior Secretary to identify priority areas for geothermal development on federal lands.
- Expedite licensing for small and next generation hydropower projects that are unlikely to affect critical habitat or endangered species and for

technologies that enhance environmental protection.

- Include hydropower in the definition of renewable power, which would allow hydropower to count toward the federal government's renewable power procurement requirements.
- Require a "two-year, start-to-finish licensing process for adding generation to non-powered dams, and require the Army Corps of Engineers to develop a coordinated, consistent, and nationwide strategy to expedite the development of non-powered dams."
- Allow the U.S. Army Corps of Engineers to engage in private-sector financing for the federally owned fleet of power projects.

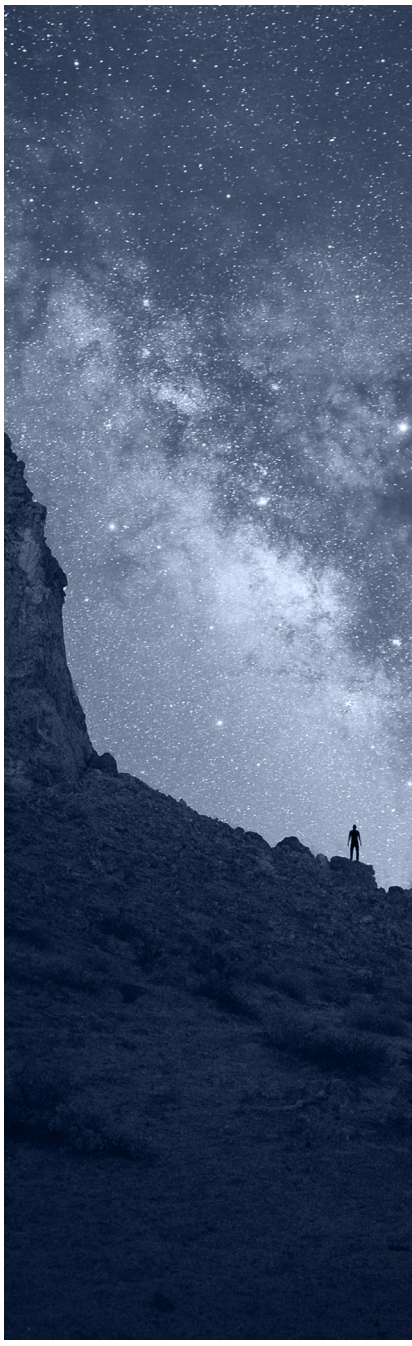
## Key Facts

- From 2009-2019, the cost of solar and onshore wind declined 89 percent and 70 percent, respectively.
- Renewables account for 13 percent of American electricity generation.
- In 2022, total global private investment in renewable energy increased by 35 percent.
- Enhanced geothermal systems could deliver about half of the currently installed generating capacity in the United States, according to the U.S. Geological Survey.
- 281 hydropower and pumped storage facilities, about 30 percent of active licenses, are set to expire by 2030. Relicensing takes on average 7.6 years and routinely takes more than a decade, according to the Department of Energy.

CHAPTER VII.

# Empowering America's Farmers and Ranchers

Farmers and ranchers are on the front lines as the climate changes. Warming affects crop seasons, soil nutrition, and erosion. Extreme weather such as droughts, heat waves, and floods can ruin crops. Land-use changes, production, livestock management, fertilizer use, and transportation increase carbon dioxide, methane, and nitrous oxide emissions.



## The Opportunity

American farmers and ranchers are essential to putting safe, secure food on the table for families in the United States and around the world. The 2023 Farm Bill provides an opportunity to invest in and advance America's agricultural sector. By investing in new technologies, inventing new techniques, and identifying cost savings, farmers and ranchers have dramatically improved their efficiency. They are producing more crops with fewer inputs. Continued innovation can drive efficiency, increase output, reduce emissions, and maintain American global leadership in agriculture.

## The Solutions

To increase food supplies for American families, boost incomes for American farmers and ranchers, and improve the environment in the farm bill and beyond, Congress and the administration should:

- Commit to basic and applied research at the Department of Agriculture. Key programs to fund include the Agriculture Advanced Research and Development Authority, The Foundation for Food Agriculture Research, and biochar programs.
- Expand opportunities for regenerative agriculture.
- Make immediate expensing permanently available.

- Maximize the efficiency of rural broadband spending.
- Adopt a technology-neutral approach to USDA energy programs.
- Identify goals, metrics, and assessment processes to measure the effectiveness of conservation programs.
- Reform permitting for invasive species plans to efficiently utilize federal spending for invasive species prevention, early detection systems, and eradication.
- Expand the use of incentives to reduce invasive species.

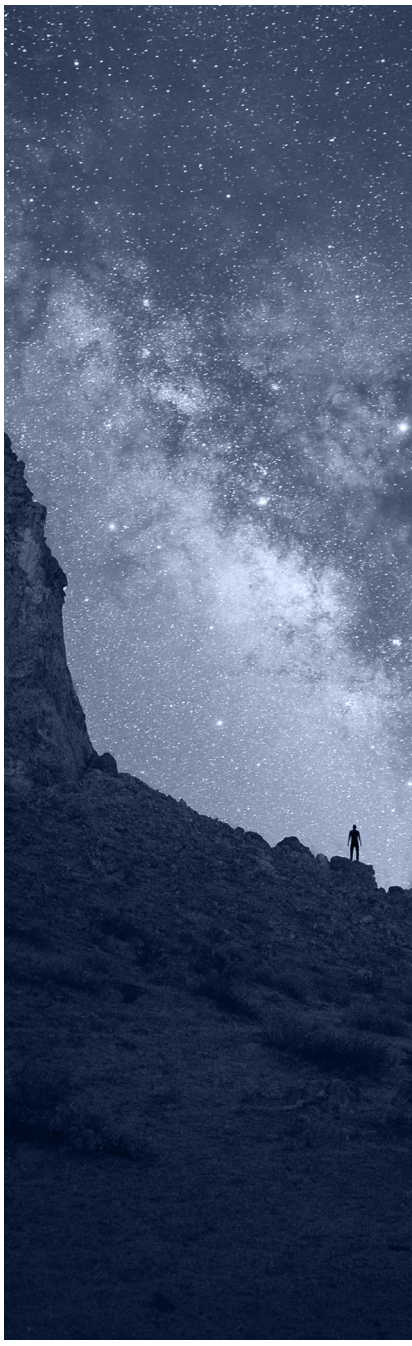
## Key Facts

- The global food system represents 21 to 37 percent of annual emissions (as measured by 100-year Global Warming Potential).
- Since 1948, America's farmers have tripled their output, while using 75% less labor and 24% less land.
- Public funding levels for agricultural R&D have fallen by a third over the past two decades. After adjusting for inflation, it is at the same level as in 1970.
- From 1990 to 2011, every $1 spent on federal agriculture R&D yielded $20 in benefits to the U.S. economy.

CHAPTER VIII.

# Active Management for Healthier Forests

Healthy forests provide many economic and environmental benefits to communities and the planet. Wood products are ubiquitous in the global economy, and forests promote healthier ecosystems by providing food and shelter to a wide range of animals and plants.



Importantly, more robust, resilient forests are a natural climate solution. Trees, plants, and greenery purify the air and absorb carbon dioxide. If they aren't properly managed, however, America's forests can be an economic, environmental, and public safety liability.

## The Opportunity

Active forest management through controlled burns and timber development will reduce the risk communities face from wildfires and will prevent the release of hundreds of millions of metric tons of carbon dioxide into the atmosphere. Establishing defined and legally protected property rights for landowners is essential for economic productivity and environmental stewardship.

## The Solutions

To promote healthy forests, reduce wildfire risk, and increase forest restoration, Congress and the administration should:

- Clarify the language for categorical exclusion applications, which currently take an average of seven months to navigate.
- Allow a state environmental review to satisfy all federal requirements of a federal review upon approval from a federal agency.
- Expand the acreage limit for categorical exclusions so that a prescribed burn can safely manage more acres under one restoration project.

- Allow prescribed burns to be excluded from state emissions calculations.
- Narrow the scope of who can file lawsuits, limiting preliminary injunctions and stays to 60 days, and setting a six-month statute of limitation on National Environmental Policy Act challenges.
- Limit Endangered Species Act consultation to projects with on-the-ground impacts on protected species.
- Fund and expedite the permit approval for wildfire detection equipment and the use of satellite data.
- Lift the export ban on unprocessed timber on federal lands.

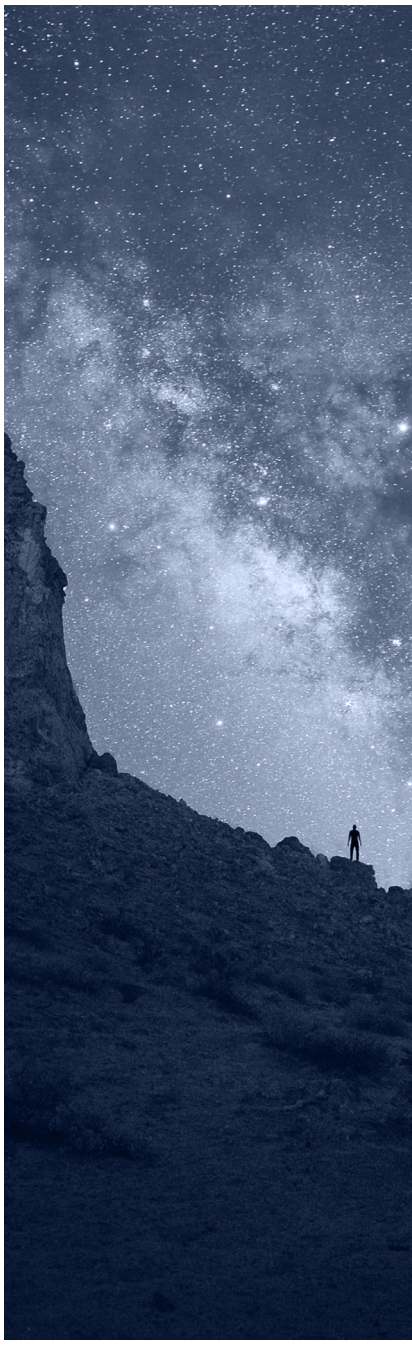
## Key Facts

- Forests in the United States sequester about 16 percent of annual domestic carbon dioxide emissions.
- A January 2023 study in the American Economics Association totaled the suppression costs for 11 states at more than $13 billion from 1995-2016.
- In 2020, California's wildfires emitted more carbon dioxide than the entire state's fossil fuel emissions.
- A study from UCLA estimates that the number of days with extreme fire weather in the fall has more than doubled over the past 40 years.
- NEPA review delays mechanical thinning on federal lands 3.6 years on average and prescribed burns on federal lands by 4.7 years on average.

CHAPTER IX.

# Meeting America's Infrastructure Needs

Americans need affordable, dependable transportation options to maintain their way of life. The transportation sector is also the largest source of greenhouse gas emissions in the United States, accounting for 29 percent of annual emissions . Globally, transportation accounts for about 20 percent of total carbon dioxide emissions.



## The Opportunity

Removing government-imposed barriers to infrastructure projects will stretch taxpayer dollars further to build more roads and bridges. Regulatory reform will also inject more private capital into projects and deliver cleaner, more resilient infrastructure. Moreover, reducing congestion will provide many economic and environmental benefits including fuel savings, reduced pollution, fewer greenhouse gas emissions, and less traffic noise.

## The Solutions

To improve America's transportation and infrastructure needs, Congress and the administration should:

- Modernize the National Environmental Policy Act.
- Repeal Davis-Bacon Act requirements.
- End "Buy America" Restrictions.
- Improve Opportunities for Public Private Partnerships.
- Repeal the Foreign Dredge Act and the Jones Act.
- Deploy smart technologies and deploy congestion pricing where applicable.
- Eliminate targeted tax credits or replace them with a technology-

neutral approach that improves efficiency and reduces abatement cost per dollar spent.

- Allow the U.S. Army Corps of Engineers to engage in private-sector financing for the federally owned fleet of power projects.

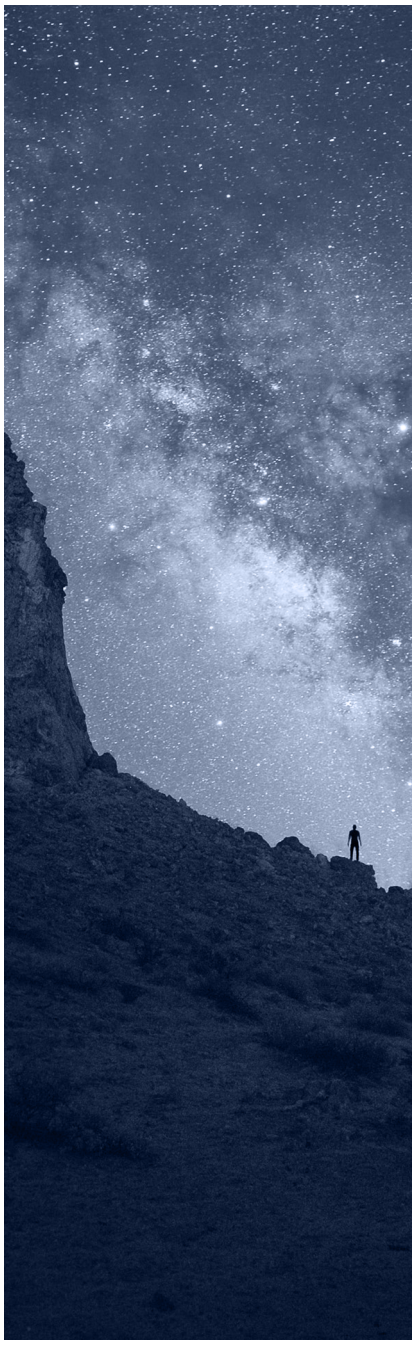
## Key Facts

- The largest sources of transportation emissions are light-duty vehicles (58%), medium- and heavy-duty trucks (24%), and aircraft (10%).
- 90 percent of America's transportation needs are met through petroleum (gasoline, diesel, and jet fuel).
- Real dollar, per mile construction costs tripled from the 1960s to the 1990s.
- Davis-Bacon requirements "inflate the cost of federal construction by nearly 10 percent on average."
- With just an inch of additional depth, a cargo ship could transport millions of dollars worth of cargo per trip. The National Oceanic and Atmospheric Administration equates that additional inch of depth to "50 more tractors, 5,000 televisions, 30,000 laptops, or 770,000 bushels of wheat."

CHAPTER X.

# Adaptation for Safe, Resilient Communities

Adaptation is a cost-effective climate solution, and the private sector should play a leading role in assessing climate risk.



Collaboration with the scientific community, federal, state, and local governments, the private sector, and other stakeholders can maximize resiliency and preparedness for natural disasters. Bad policy exacerbates the risks and costs of extreme weather. Poor planning, overly burdensome permitting timelines, socialized risk, and failed coordination misallocates resources and inhibits the ability of communities to adequately prepare and respond to natural disasters. The longer it takes to conduct an environmental review and permit for a project, the longer an area is susceptible to the next natural or human-caused disaster.

## The Opportunity

Climate adaptation takes many forms. More resilient and reliable infrastructure is a key concern. Constructing stronger levees, building sea walls, and installing door dams are projects that have helped save lives and protect communities. Investments in more efficient water management systems and sustainable agriculture can also help protect against droughts and floods. Better information that more accurately communicates risk and aids in preparation is another form of climate adaptation. Other preventative tools include education and warning systems. Policy reforms should allow for timely construction of more durable infrastructure. Quicker deployment of more resilient buildings, flood control prevention, and forest management practices will reduce the risks and costs of extreme weather events.

## The Solutions

To enable investments for safer, more resilient communities, Congress and the administration should:

- Enact full expensing for buildings and structures.

- Modernize the National Environmental Policy Act.
- Reform the National Flood Insurance Program.
- Better coordinate federal activities on adaptation.
- Repeal the Foreign Dredge Act and the Jones Act.
- Limit emergency use spending to emergencies.
- Maintain steady support for resiliency research and development.

## Key Facts

- Full expensing allows a business to deduct expenses immediately rather than over a long depreciation schedule. For a residential building the depreciation schedule is 27.5 years and for a nonresidential building the depreciation schedule is 39 years.
- In a September 2021 survey conducted by the U.S. Chamber of Commerce, "45% of contractors say steel and aluminum tariffs will have a high to very-high degree of impact on their business in the next three years."
- The National Oceanic and Atmospheric Administration NOAA has 900 automated surface-observing stations that "report data about sky conditions, surface visibility, precipitation, temperature and wind up to 12 times an hour."
- The Infrastructure Investment and Jobs Act and Inflation Reduction Act dedicates $47 billion and $24.9 billion, respectively, for climate resiliency projects to improve preparedness for fires, floods, droughts, and hurricanes.