The Death of the Carbon Tax: How Political Short-Termism Sabotages Climate Progress

Logan Cooper

Abstract: *As of 2024, the world is in dire need of decisive action to combat the destructive impacts of climate change. Despite this need, short-termism causes many of the world's political actors to overvalue near-term results at the expense of long-term climate objectives, worsening the crisis. This essay aims to determine the primary psychological and systemic shortcomings that cause short-termism in political leaders, discover novel connections between short-termism and the climate crisis, and provide solutions that governments can implement to reduce climate-related short-termism. This essay utilizes the United States House of Representatives passing of H.Con.Res.86, a bill that shut carbon tax legislation, as a case study to analyze the effects of political short-termism on the passage of climate policy measures. Further, it heavily utilizes climate data from the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report and scholarly research journals in psychology and economics to identify the causes and potential solutions for short-termism in climate policy. Analysis of this data indicates that short-termism in global leaders is caused by pressures from a myriad of systemic and psychological shortcomings, which translate to the avoidance of vitally important climate policy measures. These results indicate that to defeat the climate crisis, world leaders must shift their values from short- to long-term.*

Keywords: short-termism, psychological distance, temporal construal theory, optimism bias, uncertainty avoidance, carbon tax, Intergovernmental Panel on Climate Change (IPCC), greenhouse gas emissions

Josiane Fasinera, a farmer from a remote village in Madagascar, was approached by a mother in desperate need of help.

Their village had been experiencing its worst-ever famine from Tropical Storm Freddy, a storm that struck the island twice: once in February and again in March 2023, destroying most crops in the region (Brenière et al.). Due to the crippling effects of starvation and malnutrition, the mother could no longer manage the burden of supporting her family and offered to sell her eleven-year-old son to Fasinera. Soon after, Fasinera noticed several other mothers in her village abandoning their children to die in a desperate attempt to survive. Experts mark the catastrophe in Madagascar as the first famine in modern history to be solely caused by climate change impacts (Baker). Globally, tropical systems like Freddy have been increasing in strength due to warming ocean temperatures caused by climate change (Seneviratne et al. 1586). With these increases in strength and intensity, climate disasters like Madagascar's will become more frequent and severe, affecting the lives of millions of people annually (Cissé et al. 1045).

Climate change is a problem so vexing that solving it will be one of the greatest challenges humanity will ever face. Without an aggressive reduction in global greenhouse gas emissions, climate change will have cross-generational impacts that will not only transform the Earth but also the livelihoods of the people within it. To compound these high stakes, humans are working against the metaphorical clock: The longer humanity waits to intervene, the worse the climate crisis will become. According to the Intergovernmental Panel on Climate Change's (IPCC) Sixth Assessment Report, the global average air temperature increase from preindustrial levels must stay below 1.5°C to avoid climate change's worst impacts (Rogelj et al. 95). The only way to achieve this is to reduce global greenhouse gas emissions to

net zero by 2050, a lofty goal that the world is far from reaching (95).

Despite the negative consequences of overshooting the IPCC's 1.5°C goal, world leaders continue to overlook vital climate policy measures in favor of short-term gains. This essay aims to address a central driver of this inaction: short-termism. Short-termism is the practice of "weighing near-term outcomes too heavily at the expense of longer-term opportunities and thus forgoing valuable investment projects and potential output" (Davies et al. 16). In the context of this essay, short-term activities benefit political leaders within a five-year horizon, while long-term activities extend beyond this period. Politicians, particularly in countries with frequent electoral cycles, tend to prioritize policies that yield immediate political rewards, often at the expense of climate action. While the duration of short-termism may vary from this five-year horizon, assigning a specific timeframe to the phenomenon allows for more objectivity when identifying it in practice.

Short-termism is a problem that pervades many facets of society, whether the actor is a multinational corporation choosing quarterly profits over future growth or an individual consuming tobacco products for near-term gratification at the expense of their long-term health. However, short-termism is especially dangerous when it is practiced by powerful world leaders who make decisions that affect the lives of millions of people. This danger is demonstrated through the death of the carbon tax in the US House of Representatives, which this essay uses as a case study to reveal how short-termism leads political leaders to reject pro-climate initiatives, impeding climate progress. To reduce the magnitude of irreversible climate impacts outlined

by the IPCC, global political leaders must shift their values from the short-term to the long-term.

Psychological Causes of Short-Termism in Individuals

Psychological Distance and Temporal Construal Theory

There are several psychological forces that cause individuals to engage in short-termism and climate inaction. One of these forces is psychological distance, a phenomenon marked by humans' tendency to not fully grasp abstract concepts (Lange and Huckelba 50). According to the temporal construal theory, psychologically distant objects and events evoke mental representations, or construals, that capture the general and essential features of the objects or events (Fujita et al. 1). The theory categorizes these objects as "high-level" and "low-level" construals. High-level construals denote objects and events that are highly abstract or distant from the human mind, while low-level construals refer to more concrete objects and events (1). The more psychologically distant an object is, the higher the construal level and potential for short-termism (Langer 25). There are three forms of psychological distance that determine construal level that are especially relevant to the climate crisis: temporal, spatial, and social distance (Langer 25–27). Temporal distance refers to concepts that are distant in time, spatial distance involves concepts that are distant in location, and social distance refers to concepts that are distant in socioeconomic class (Langer 25–27). From the perspective of a world leader, climate change is a high-level construal, as its most severe effects are forecasted to manifest in the distant future, often in regions remote from where these leaders govern and primarily impact individuals from lower socioeconomic classes (Birk-

mann et al. 1251). Because of climate change's distance from the human mind, world leaders often concern themselves with short-term issues that are low-level construals at the expense of climate action.

Optimism Bias

Another cause of short-termism is optimism bias, which occurs when humans' expectations of the future are more positive than what factual evidence predicts. A study conducted by researcher Tali Sharot screened how optimistic people were about their futures and found that "people update their beliefs more in response to positive information about the future than to negative information about the future" (R943). According to Sharot, "choosing to engage in an act that is rewarding at present but costly in the future [...] can be partially explained by an excess of unrealistic optimism," a result that establishes a positive relationship between short-termism and optimism bias (R944). Political leaders often exhibit excessive optimism regarding humanity's capacity to confront climate change, leading to a hesitancy to implement additional climate policies based on the assumption that the issue will resolve itself or be addressed by other actors.

Uncertainty Avoidance

Unlike skeptics who avoid climate action because of an unrealistically positive perception of future outcomes, some oppose it because of an unrealistically negative perception of the risks associated with climate action. This perception is the psychological concept of uncertainty avoidance, which occurs when actors avoid making the necessary changes to solve fu-

ture problems because of a "lack of information about the likelihood that expected impacts will materialize" (Slawinski et al. 8). This lack of certainty in the future causes fear in decision-makers, making them less likely to act on future threats. In the context of climate change, there are two major ways uncertainty avoidance causes climate inaction: one, a decision-maker believes that the severity of climate impacts is too uncertain to determine whether it is worth investing in, and two, a decision-maker is uncertain that the investment or policy decision will be effective. In both scenarios, uncertainty avoidance is partially responsible for climate-related short-termism among global leaders.

Short-Termism in Political Leaders: The Death of the Carbon Tax

Psychological factors cause short-term thinking in individuals, who then pressure politicians to satisfy the short-term desires of their constituents. This pressure originates from politicians' desire to appease their electorate to bolster their prospects for reelection. This dynamic causes politicians to advocate for the short-term desires of constituents. If constituents prefer policies that benefit them in the short-term over long-term climate objectives, politicians will feel pressured to engage in short-termism. The death of the carbon tax in the United States House of Representatives is an example of this dynamic at play.

"Economists across the political spectrum argue that a carbon tax is the most effective and economically efficient policy for addressing climate change," argues Gary Lucas, Jr., a professor of law at Texas A&M University (1). However, in March 2024, nearly all House Republicans and ten House Democrats voted in favor of House Concurrent Resolution 86, a bill that halts the

passage of carbon tax legislation. The bill was introduced on the basis that a carbon tax would "lead to less economic growth" and higher costs of "essentials like food, gasoline, and electricity" for consumers (United States). Although economists believe these problems are likely to occur in the short run, their severity decreases over time, making them short-term in nature. Economists estimate that in the short term, most firms would pass the tax on to consumers in the form of rising costs, especially because there are few alternatives to fossil fuels for consumers in the US's current fossil fuel–dependent economy (Moseman). However, these costs eventually subside as the tax encourages firms to invest in renewable energy sources to reduce tax expenses and increase profitability, an effect consumers enjoy through a return to pretax prices (Moseman). Similarly, a 2022 study estimates that the social cost of carbon emissions is $185 per ton, while a 2018 study from MIT's National Renewable Energy Laboratory estimated that a carbon tax of just fifty dollars per ton with a 5% annual increase would "lead to a 63 percent reduction in total U.S. greenhouse gas emissions by 2050" (Rennert et al. 687; Chandler). The difference between the social cost of carbon and the cost of the carbon tax, combined with the forecasted reduction in emissions, makes a carbon tax a worthwhile policy despite short-term costs. However, the representatives in favor of House Concurrent Resolution 86 still value the avoidance of short-term costs over the long-term benefits of the carbon tax.

Although it is impossible to know what the representatives were thinking when they voted in favor of House Concurrent Resolution 86, it is still viable to infer that, in general, they have a vested interest in passing legislation that is consistent with their

constituents' demands, as it will bolster their favorability and chances for reelection. A 2024 Gallup poll reveals the demands of Americans: Of the top twenty problems that respondents stated were most significant in the US, higher costs of living ranked fourth at 11% of the votes, while environmental problems ranked twentieth, at just 2% (Saad). Americans weighing the short-term costs of the carbon tax more than the long-term costs of climate change is an example of short-termism. The desire of politicians to remain favorable to their constituents demonstrates how constituents pressure representatives to choose the short-term benefit of climate inaction over the long-term benefit of a carbon tax.

Although the death of the carbon tax concerns the United States' response to climate change, the practice of short-termism in climate action applies to actors across the international community. As of 2024, approximately 120 out of 196 countries use a single-winner democratic electoral system. Therefore, many of the world's political candidates and elected officials are vulnerable to pressures from their constituents to engage in short-termism ("Electoral Systems"). The death of the carbon tax is just one example of a global issue that must be addressed to combat short-termism.

Solutions: How to Combat Short-Termism in Climate Policy

To effectively address short-termism in climate policy, it is essential to eliminate its root cause: psychological pressures. These pressures, including psychological distance, optimism bias, and uncertainty avoidance, lead individuals to prioritize short-term goals. Consequently, politicians influenced by these constituents may engage in short-termism.

To reduce psychological distance in individuals, research suggests the use of certain pedagogical methods that increase the concreteness of climate impacts. A 2019 study conducted by researchers Paul van Lange and Anna Huckelba found that participants were "more likely to make sustainable choices when they [...] hear the suffering of crickets," because the crickets triggered empathy in the participants, "generat[ing] [an] altruistic motivation" to act (50). The study indicates that increased exposure to simulated negative climate impacts can increase the tangibility of the climate crisis, making the long-term problem feel near-term. In accordance with temporal construal theory, the personal interaction with climate impacts in Lange and Huckelba's study make the impacts less spatially distant, as participants can visualize them in proximity to their current location. Another method researched by Lange and Huckelba found that "children may be able to garner empathy and reach individuals who would otherwise continue to ignore climate change" because "individuals [...] experience empathy for small, vulnerable children" (50). This tactic reduces climate change's temporal distance, as it is easier for individuals to visualize the future through small children. In both studies, psychological distance is reduced, making individuals less likely to engage in short-termism and more likely to take sustainable action.

Teaching individuals to update their beliefs so that both negative and positive information is equally represented in their decision-making is a possible solution to optimism bias. Although there is no research that outlines specific psychological methods to train individuals not to engage in optimism bias when making climate policy decisions, a 2023 study on college students discovered how to do the inverse for patients experi-

encing depression. The study found that after being exposed to dozens of positive phrases, participants' beliefs about their future, in general, became more positive (Yoshimura and Hashimoto 3). It is possible that taking a group of excessively optimistic individuals and presenting them with negative phrases can have the desired reverse effect. This will allow individuals to fully grasp the severity of the climate crisis and increase their approval of long-term climate policy. Although resetting expectations to reflect the future more accurately is a crucial step in decision-making, some may argue that optimism is a positive attribute that can push humanity toward a solution to the climate-related problems. In fact, the presence of optimism has been associated with decreased mild depression and anxiety and increased productivity, both of which are attributes that could motivate leaders to tackle the climate problem (Sharot R944). Although this argument holds true, it should not distract from the idea that people should still be optimistic about the future and that excessive optimism causes short-termism (Sharot R944). Engaging in optimism based on the results of empirical evidence may be a fair middle ground between the excessive optimism echoed by climate skeptics and the outright pessimism repeated by alarmists. Increased reliance on evidence can reduce optimism bias in political leaders.

Short-termism from uncertainty avoidance is often rooted in skepticism of policy measures' ability to stop global warming. Research suggests that "reduc[ing] uncertainty where possible" is the best method of reducing short-termism related to uncertainty avoidance (Lange and Huckelba 50). Like psychological distance, education is found to be the best method to achieve this. The pedagogical method that research suggests

is two-fold: first, "acknowledging scientists' uncertainty [...] [to] increase their trustworthiness and credibility," and second, teaching others about "the positive experiences of engaging in sustainable behaviors" (Lange and Huckelba 50–51). This provides them with the affirmation necessary to build confidence in human's ability to combat climate change. Through increases in scientists' credibility and the positive feedback from sustainable measures, individuals will increase their faith in humanity's ability to fight climate change, leading to less short-termism in climate policy.

One commonality between the potential solutions for short-termism in individuals is the use of education. However, many well-founded questions remain about where, when, and how policymakers should allocate these pedagogical methods. At what level of schooling would exposure to empathy-inducing stimuli like the suffering of crickets be ethical or elicit the most sustainable action? Lange and Huckelba's study only used college students as subjects (50). In what way should policymakers expose community members to positive climate experiences? Where will the time and funding come from? Although answering questions like these exceeds the scope of this essay, highlighting research-driven pedagogical methods can point politicians in the proper direction. Implementing these methods may reduce short-termism in individuals, making them more likely to pressure politicians into taking climate action.

Conclusion

The famine experienced in Josiane Fasinera's village in the aftermath of Tropical Cyclone Freddy was both tragic and preventable, as it is a direct result of anthropogenic climate change

(Baker). Climate impacts are already projected to cause famine in the future, but if nothing is done to lower greenhouse gas emissions, these impacts will be made even worse (Mbow et al. 442). Every additional year that countries wait to make sweeping climate policy changes, the harder it will be for the world to achieve the IPCC's 1.5°C goal.

The time to act is now. To meet climate objectives, world political leaders must value sustainable futures over short-term gains. Yet, as demonstrated by the House of Representative's vote in favor of House Concurrent Resolution 86, political short-termism sabotages essential policy shifts. The death of the carbon tax underscores the necessity of placing short-termism at the forefront of the climate discourse and addressing it head-on through targeted educational initiatives that promote long-term thinking. The injustice faced by those like Fasinera, who contribute minimally to global emissions yet suffer disproportionately from climate impacts, calls for a moral and ethical response. It is crucial for the global community to advocate for policies that combat political short-termism to ensure a more sustainable future for humanity.

Note: This essay was originally composed in Professor Steven Berry's AWR 201 class and revised for publication under the guidance of Dr. David Reamer.

Works Cited

Baker, Aryn. "Madagascar Famine Is First Caused Entirely by Climate Change." *Time*, 20 July 2021, time.com/6081919/famine-climate-change-madagascar. Accessed 30 Apr. 2024.

Birkmann, Joern, et al. "Poverty, Livelihoods and Sustainable Development." *Climate Change 2022: Impacts, Adaptation and Vulnerability*, edited by Hans-Otto Pörtner et al., Cambridge UP, 29 June 2023, pp. 1171–1284, https://doi.org/10.1017/9781009325844.010. Accessed 28 Apr. 2024.

Brenière, Caroline, et al. "Hunger-Stricken Families in Madagascar Forced to Sell Children." *France 24*, 13 Mar. 2023, www.france24.com/en/tv-shows/focus/20230313-hunger-stricken-families-in-madagascar-forced-to-sell-children. Accessed 27 Apr. 2024.

Chandler, David L. "Carbon Taxes Could Make Significant Dent in Climate Change, Study Finds." *MIT News*, Massachusetts Institute of Technology, 6 Apr. 2018, news.mit.edu/2018/carbon-taxes-could-make-significant-dent-climate-change-0406. Accessed 29 Apr. 2024.

Cissé, Guéladio, et al. "Health, Wellbeing and the Changing Structure of Communities." *Climate Change 2022: Impacts, Adaptation and Vulnerability*, edited by Hans-Otto Pörtner et al., Cambridge UP, 29 June 2023, pp. 1041–1170, https://doi.org/10.1017/9781009325844.009. Accessed 27 Apr. 2024.

Davies, Richard, et al. "Measuring the Costs of Short-Termism." *Journal of Financial Stability*, vol. 12, June 2014, pp. 16–25, https://doi.org/10.1016/j.jfs.2013.07.002. Accessed 27 Apr. 2024.

"Electoral Systems by Country 2024." *World Population Review*, 2024, worldpopulationreview.com/country-rankings/electoral-systems-by-country. Accessed 3 May 2024.

Fujita, Kentaro, et al. "Spatial Distance and Mental Construal of Social Events." *Psychological Science*, vol. 17, no. 4, Apr. 2006, pp. 278–282, https://doi.org/10.1111/j.1467-9280.2006.01698.x. Accessed 21 June 2024.

Lange, Paul A. M. van, and Anna L. Huckelba. "Psychological Distance: How to Make Climate Change Less Abstract and Closer to the Self." *Current Opinion in Psychology*, vol. 42, Dec. 2021, pp. 49–53, https://doi.org/10.1016/j.copsyc.2021.03.011. Accessed 28 Apr. 2024.

Langer, Tina. *Association as Psychological Distance*. 2009. Universität Trier, PhD dissertation. *OPUS*, ubt.opus.hbz-nrw.de/opus45-ubtr/frontdoor/deliver/index/docId/344/file/Dissertation_Langer.pdf. Accessed 27 Apr. 2024.

Lucas, Gary M., Jr. "Voter Psychology and the Carbon Tax." *Temple Law Review*, vol. 90, no. 1, Feb. 2017, https://dx.doi.org/10.2139/ssrn.2915339. Accessed 27 Apr. 2024.

Mbow, Cheikh, et al. "Food Security." *Climate Change and Land: An IPCC Special Report on Climate Change, Desertification, Land Degradation, Sustainable Land Management, Food Security, and Greenhouse Gas Fluxes in Terrestrial Ecosystems*, edited by Priyadarshi R. Shukla et al., Cambridge UP, 18 Nov. 2022, pp. 437–550, https://doi.org/10.1017/9781009157988.007. Accessed 28 June 2024.

Moseman, Andrew. "Will Companies Pass on the Cost of a Carbon Tax to Consumers?" *Climate Portal*, Massachusetts Institute of Technology, 11 Jan. 2022, climate.mit.edu/ask-mit/will-companies-pass-cost-carbon-tax-consumers. Accessed 28 Apr. 2024.

Rennert, Kevin, et al. "Comprehensive Evidence Implies a Higher Social Cost of CO_2." *Nature*, vol. 610, 1 Sept. 2022, pp. 687–692, https://doi.org/10.1038/s41586-022-05224-9. Accessed 27 Apr. 2024.

Rogelj, Joeri, et al. "Mitigation Pathways Compatible with 1.5°C in the Context of Sustainable Development." *Global Warming of 1.5°C: An IPCC Special Report on the Impacts of Global Warming of 1.5°C above Pre-industrial Levels and Related Global Greenhouse Gas Emission Pathways, in the Context of Strengthening the Global Response to the Threat of Climate Change, Sustainable Development, and Efforts to Eradicate Poverty*, edited by Valérie Masson-Delmotte et al., Cambridge UP, 2022, pp. 93–174, https://doi.org/10.1017/9781009157940.004. Accessed 27 Apr. 2024.

Saad, Lydia. "Inflation, Immigration Rank among Top U.S. Issue Concerns." *Gallup*, 29 Mar. 2024, news.gallup.com/poll/642887/inflation-immigration-rank-among-top-issue-concerns.aspx. Accessed 27 Apr. 2024.

Seneviratne, Sonia I., et al. "Weather and Climate Extreme Events in a Changing Climate." *Climate Change 2021: The Physical Science Basis*, edited by Valérie Masson-Delmotte et al., Cambridge UP, 29 June 2023, pp. 1513–1766, https://doi.org/10.1017/9781009157896.013. Accessed 24 June 2024.

Sharot, Tali. "The Optimism Bias." *Current Biology*, vol. 21, no. 23, 6 Dec. 2011, pp. R941–R945. *Science Direct*, https://doi.org/10.1016/j.cub.2011.10.030. Accessed 27 Apr. 2024.

Slawinski, Natalie, et al. "The Role of Short-Termism and Uncertainty Avoidance in Organizational Inaction on Climate Change: A Multi-level Framework." *Business & Society*, vol. 56, no. 2, 27 July 2016, pp. 253–282, https://doi.org/10.1177/0007650315576136. Accessed 27 Apr. 2024.

United States, Congress, House. Concurrent Resolution Expressing the Sense of Congress That a Carbon Tax Would Be Detrimental to the United States Economy. *Congress.gov*, www.congress.gov/bill/118th-congress/house-concurrent-resolution/86. 118th Congress, 2nd session, House Concurrent Resolution 86, passed 21 Mar. 2024. Accessed 27 Apr. 2024.

Yoshimura, Shinpei, and Yuma Hashimoto. "The Effect of Induced Optimism on the Optimistic Update Bias." *BMC Psychology*, vol. 8, no. 1, 29 Mar. 2020, pp. 1–7, https://doi.org/10.1186/s40359-020-0389-6. Accessed 27 Apr. 2024.