59 – The Green New Dividend:
A Cost-Effective Market Based Alternative to the Green New Deal

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Policymakers are at odds over the best legislative remedy to mitigate climate damage. A revenue neutral carbon tax is the preferred framework of many policymakers. This emissions reduction technique taxes greenhouse gas emissions and returns the generated revenue to the public by way of dividends or tax reductions. It is viewed as a cost-effective method for reducing emissions. On the other hand, market-based approaches rely on behavioral shifts and the effects can be gradual. Some climate advocates are wary of these kinds of proposals, because scientists have called for more rapid emissions reductions than models would suggest this kind of policy can achieve.

Recently an alternative has emerged in political discourse, known as the Green New Deal, which 80% of US presidential hopefuls endorsed during the 2020 democratic primary. The concept builds on the success of the FDR era New Deal, which spurred public investment for infrastructure and industry and helped lift the United States out of the Great Depression. The Green New Deal similarly promises to employ millions in transitioning to a carbon neutral future through investments in green technologies and infrastructure. The challenge to implementing Green New Deal legislation is the expense, with many plans costing trillions to implement.

This paper explores a third approach which combines a revenue neutral carbon tax with Green New Deal style investment. This policy framework would invest a portion of the tax revenues into "Green Bonds." These bonds would find green infrastructure and technology. The funds invested would be repaid to the public when the bonds mature. The policy would be revenue neutral in the long term, while increasing federal investment into emissions reduction. This approach can be referred to as a "Green New Dividend."

This paper focuses on a variety of questions associated with the concept of a Green New Dividend such as: What is the best institution to administer Green Bond investments? How long should dividends be deferred to ensure the long-term sustainability of the fund. What specific kinds of investments can reduce greenhouse gas emissions and provide a return, that aren't currently attracting capital? What are procedural barriers to implementation and how might they be overcome? By addressing these questions, this paper intends to assist policymakers in evaluating the viability and implementation of Green New Dividend policies.

Biographical note

Russell Mendell is a Masters Candidate in Energy Law and Policy at Vermont Law School class of 2020. He contributed to two books, *We Rise: The Earth Guardians Guide to Building a Movement the Restores the Planet* and *Imaginary Borders*, both authored by Xiuhtezcatl Martinez. Formerly he was the Campaign Director of the youth-led environmental nonprofit Earth Guardians. His reporting from COP 21 in Paris was recognized by the Society of Professional Journalists for excellence in environment enterprise reporting. He currently serves on the board of the Colorado nonprofit Colorado Rising.