

The Climate & Freedom Accord

A Straw Proposal for an International Free Market Climate Agreement

The “Climate & Freedom Accord” proposal begins with the observation that the key solution for climate change, poverty and the evils that follow, is one and the same thing: *more freedom*.

That is: more freedom for harmless beneficial activities; more *inclusive freedom* for innovative problem solvers. Since the Enlightenment, new economic freedoms have provided the most powerful engine for human uplift and technological transformation ever known.^{1 2} Putting freedom first, at the center of climate policy, unleashes that very human engine. More freedom for all innovators, globally, would produce the most accelerated possible solution for climate change,³ but also the fastest way to expand not only global prosperity, but freedom itself.⁴

Sadly, few national climate policies or international climate agreements currently in effect include very much that could be called free market climate policy. Worse, the most prevalent climate policies actively impose market barriers. Whether by taxes, tariffs or arcane rules, they jam a wrench in the gears of the market, and call it “market-based policy.” More accurately, these impair markets, which predictably results in counterproductive impacts on climate, environment, global poverty and prosperity.⁵

We know this is so, because studies show that free economies are clean economies.⁶ In fact, the freer, the cleaner. But also, the freer, the richer, the faster growing, and the more people lifted out of poverty. We also know that the more democratic, the better the environmental and living standards.^{7 8} We know that competition drives power markets to decarbonize faster, to become cheaper faster, and to do so with greater reliability.^{9 10} We know that low tax rates, and immediate expensing for capital investments results in accelerated deployment of the latest, most efficient, low emission technologies and innovations.¹¹ We know that the tragedy of global deforestation stems from far more government ownership of rainforests than manageable, along with the lack of simple private land conservation frameworks, including strong property rights, rule of law, and reduced taxes for publicly beneficial stewardship.

In other words, freedom accelerates solutions, while policies that impair freedom and free markets ultimately harm the environment and increase poverty.

The global nature of climate change will be best addressed by a global framework that expands freedom, with emphasis on accelerating transformative, game-changer innovation, while opening up and expanding markets to allow beneficial innovation to spread. NOT coincidentally, that would also be the fastest way to lift billions out of poverty, and rapidly spread freedom worldwide, in a sudden, seismic shift.

Only technology innovation can solve climate change. But free market climate policy also requires *policy innovation*, to identify the natural free market drivers of tech innovation, and specify the best way to accelerate those drivers with expanded, inclusive freedoms. Few economists have studied such freedom-based climate strategies.

But a new path has opened. Since 2015, Grace Richardson Fund has co-convened many collaborative working groups to design genuine free market climate policies. Looking at competition, trade, taxes and barriers across all major economic sectors, hundreds of think tanks, scholars and business leaders have brainstormed hundreds of proposals, then refined and winnowed these down to the most impactful free market strategies for unlocking the market drivers of innovation.

The Climate & Freedom Accord takes this work global. Collaborators welcome!

Starting Point: A Straw Proposal

What follows is a fresh starting point for discussion about free market climate policy innovation: a straw proposal for a Climate & Freedom Accord, an international agreement that attacks climate change and poverty simultaneously, using freedom as the primary policy tool. Working in collaboration with participants in the Climate & Freedom International Coalition Meeting¹², free market thought leaders, worldwide, are invited to convene, brainstorm and refine initial proposals. Instead of merely criticizing the counterproductive contortions of contemporary climate policy, free market thinkers are invited to offer and explore superior alternatives.

The Basic Deal: Carrots for Free Markets and Innovation

The Accord proposes a basic win-win deal: we all commit to free market streamlining for innovation acceleration, we all get access to vast capital flows.¹³ Nations would agree to:

- **A Free Market Clean Sweep:** phase out the current distortionary and costly climate policies that impair markets and innovation: conventional subsidies for profitable enterprise, bans, mandates, crony monopolies, state-ownership of enterprise, carbon taxes, tariffs and offset schemes, which all raise prices, cause stagnation and constrict essential investment. Doing so saves trillions of dollars spent badly.
- **Open up markets** (power, energy and other sectors) to inclusive competition, free trade, rule of law, simplified permitting, inclusive economic rights and democratic self-regulation — in short, everything needed to spread innovation rapidly, and create a common market.¹⁴
- **Sell 50% of government land holdings**, especially forests and deforested lands, into private land stewardship with public access rights, private property and resource rights, conservation easements, rule of law and US-style conservation/charitable tax deductions, to empower private conservation, reforestation, and sustainable resource use — raising trillions of dollars and reducing national debt.

Joining the Accord would unlock vast international investment flows for environmentally beneficial innovation, by removing key tax barriers via **Climate & Freedom Tax Cuts**:

- **Nations would commit to basic pro-growth tax rates**, at or below OECD averages — to unleash the innovation, dynamism and wealth needed to address climate and poverty.
- **Full expensing of PP&E and R&D** would drive down cost, accelerating R&D. By making new investment cheaper, we accelerate the adoption of newer, cleaner, technologies.¹⁵
- **CoVictory Bonds, Loans & Savings Funds (CoVictory Funds):** Internationally reciprocal private tax exempt debt, would finance the deployment of property, plant and equipment (PP&E) — without picking winners. Simple to use, CoVictory Funds would drive down the cost of capital to unlock massive international investment flows. They drive innovation, and inclusively accelerate a transition to the newest, most efficient, low emission technologies.
- **Nations can choose other optional decarbonizing, tech neutral supply side tax cuts** for stronger impacts if desired, while phasing out conventional subsidies for profitable enterprise. See below for descriptions of:
 - **Clean Tax Cuts** - to accelerated innovation & deployment of low emission products;
 - **Demonopolization Tax Cuts** - to accelerate the transition to a competitive market;
 - **Game-Changer Tax Cuts** - to accelerated breakthrough innovation;
 - **Harmonized Access to International Charitable Uplift (HAICU).** Accord nations could optionally empower their people to solve problems, with streamlined access to international giving, via a charitable tax deduction systems harmonized to the US model (the most generous) with an Accord registry allowing simplified direct giving to verified charities across all Accord nations.

The Big Carrot: CoVictory Bonds, Loans & Savings Funds (CoVictory Funds):

The Climate & Freedom Accord would attract participation by unlocking vast, tax-free international private investment flows for nations that join the Accord. Inclusive **CoVictory Bonds, Loans & Savings Funds (CoVictory Funds)** enable problem solvers globally by knocking down the key tax rate needed to unlock these capital flows, to accelerate ever-cleaner tech innovation and deployment.¹⁶ CoVictory Funds are:

- Private tax exempt debt (no tax on interest) financing PP&E and conservation expenses.
- They reduce the cost of new investments, to accelerate capital flow to new investments
- New equipment is almost always cleaner and more efficient than old equipment, so...
- Accelerating new investment also accelerates decarbonization and the energy transition
- By reducing the cost of capital, CoVictory Funds accelerate the deployment of the newest, most efficient, lowest emission technologies, built to the latest standards
- CoVictory Funds accelerate decarbonization and innovation without targeting any particular winners or losers. A 100% tech-neutral, supply-side tax rate cut.¹⁷
- **Internationally reciprocal:** They empower developers, entrepreneurs, funds and banks to raise tax exempt debt in any participating country, using bonds, loans, savings accounts, mutual funds, etc., and invest the funds in PP&E in any Accord country.
- CoVictory funds unlock vast international capital flows for all Accord nations.
- CoVictory funds offer a unique incentive for both free markets and decarbonization
- There is no need to target CoVictory Funds at the international level, because, as a capital acceleration mechanism, they already target decarbonization in three ways:
 1. They accelerate the natural competitive process driving the innovation of better, more efficient products, by making new technology investments cheaper;
 2. National and local laws determine what can be built to what standards, citizens determining what makes sense locally. This includes climate considerations.
 3. Clean Tax Cuts also steer CoVictory Funds towards tech neutral decarbonization
- The Accord requires any such market regulation or taxation to be democratic, through elected legislatures, to promote democracy and its environmental/economic benefits, and to allow citizens to define their own needs, goals and standards.

CoVictory Funds offer benefits vs conventional carbon pricing or subsidies:

- CoVictory Funds increase financial leverage. They drive down cost of debt, and cost of (cleaner) products, while leveraging up equity returns
- That means they attract both new debt and equity investment at the same time
- This makes CoVictory Funds highly cost effective. Since average equity returns typically are 350% higher than avg. debt returns, a typical energy project using 50% equity, 50% CoVictory Funds, would net 350% more tax revenue on equity returns than tax expense on debt. That is a very good deal, indeed.
- This spread means, per dollar invested, the tax expense of CoVictory Funds would be about 70% less, versus any equity side tax cut or subsidy, such as US IRA tax credits
- Highly democratic and inclusive: investors and entrepreneurs of all sizes can take advantage of this tax rate cut incentive easily. Compares favorably to highly complex US style investment tax credits, that constrict markets, favor the ultra-wealthy, subsidize bankers and lawyers, and shut out small investors and entrepreneurs.¹⁸
- CoVictory Funds do not rob Peter to pay Paul. Instead, every Paul (whether investor, entrepreneur or even a savings account holder) simply keeps more hard-earned profit.
- That means CoVictory Funds, like any supply side tax cut, will tend to promote success, not subsidy dependence or economic bubbles.
- International tax reciprocity: it's hard to imagine how any conventional subsidy can be made internationally reciprocal. But the affordability and simplicity of tax exempt debt

makes it ideal for that purpose. Use of reciprocal CoVictory Funds could, for instance, avoid the trade war brewing between the US and EU over complex protectionist EV subsidies.

- Potentially superior impacts vs. a carbon tax, offsets, conventional subsidies or CBAM¹⁹

In addition, as the name “CoVictory Funds” implies, these instruments allow multiple nations to overcome multiple problems, and accomplish multiple national and international goals simultaneously, beyond just climate. For instance:

- The UK might use them to expand its post-Brexit trade partnerships, or lead the world with a new form of sustainable finance through the London capital markets;
- Argentina might use them to attract foreign investment, and also to fight stagflation, just as President Reagan introduced a similar tool, accelerated depreciation, in 1981;
- Ukraine, Israel and the nations of the free world might use them to help rebuild the war shattered infrastructure of Ukraine and Gaza;
- The free world could use CoVictory Funds to outcompete China’s Belt & Road Initiative, while pushing back on authoritarianism, and expanding freedom globally.
- Champions of social justice might use these to encourage investment flows to the global south.

CoVictory Funds will enable problem solvers most efficiently and inclusively if Accord nations harmonize and simplify tax rates on interest, and streamline bond market rules as described in the footnote.²⁰

Clean Tax Cuts (CTCs) for Transport, Energy, Power, Industry and Real Estate would offer an additional, deeper, technology neutral supply side tax cuts for stronger climate change impacts. It makes sense to target these sectors because together they account for 80% of all GHG emissions. Nations could use these clean tax cuts for better economic impacts than conventional subsidies, which phase out under the Accord. Transport and electricity demonstrate several sectoral characteristics that make them ideal for CTCs applied to their products:

- Simple, well understood and well reported metrics of sustainability for products.
- Many profitable companies and investors paying taxes — so taxes make a good incentive.
- Their products are used by nearly 100% of the population, and by all businesses, so that a tax cut in these sectors acts like a broad tax cut and price signal for everyone, as the tax cut will flow through to everyone in the form of lower prices on low emission electricity and transportation and goods, delivering the tax benefit to everyone, one way or another.²¹

The general design is very simple.

R Street Institute offers an intriguing proposal for decarbonizing transportation using CTCs.^{22 23} In the auto industry, the metrics of sustainability are so well understood and reported, they can be reduced to one number: the average vehicle fleet emissions. So R Street proposed that the lower the average vehicle fleet emissions, the lower the income and capital gains tax rates investors face. Emissions reduction becomes a tax rate modifier, and companies can reduce tax cost by reducing fleet emissions. This aligns the entirety of corporate culture, from the board room to the shop room floor, with the goal of lowering emissions — since in a big automobile company, everyone owns stock including management and employees. All would profit from lower emissions.

The same clean tax cut mechanism could be used for auto dealers, airplane and ship manufacturers, airlines, trucking companies, bus lines, or companies who build or run or sell fleets of any kind.

In the power sector, clean tax cuts would slash income and capital gains tax rates on profits from zero emission electricity.²⁴ This would create a strong incentive to decarbonize electric generation as much as sustainably possible over time.

In a similar way CTCs could help oil & gas companies reduce hydrocarbon emissions from production to delivery. They could help industry produce ever more efficient appliances and equipment. They could reduce pollution from mining. They can encourage the construction and renovation of more energy efficient buildings.

These clean tax cuts do not specify any particular technology. Automobile manufacturers and power generators are free to use whatever zero emission technology works best for them. CTCs could replace mandates and regulations, which can force unsustainable requirements on businesses, causing business failure and unemployment.

CTCs do not replace basic low pro-growth tax rates. They merely provide an additional layer of bonus tax rate reduction (say 5 percentage points) for the profitable firms that reduce their product emissions the most.

Game-Changer Tax Cuts: A Supply Side Tax Cut for Breakthrough Innovation²⁵

It may be that some highly beneficial innovations (for instance the Internet) are unforeseeable. Which is why the Accord includes generally low tax rates to accelerate all innovation.

But we can foresee that at least three key innovations, if achievable, would largely eliminate perhaps 83% of GHG emissions. Profitable, competitive zero emission fuels, if scaleable, would be a game-changer. So would engines that run on any fuels with zero emissions. Those two innovations could solve the 75% of global GHG emissions caused by fossil fuels. Concrete emits 4% to 8% of global GHG emissions. So profitable zero-emission concrete might be a lesser game changer, but significant. Game-Changer Tax Cuts would powerfully accelerate the realization of these foreseeably ultra high impact innovations.

Accord nations would agree that in the next 15 years, if any firm achieves unsubsidized profitability from sales of zero-emission fuels, zero-emission concrete alternatives, or new machines that run on any fuels while producing zero harmful emissions, such firm and its debt and equity investors would be completely tax free with respect to their profits from these products, for the first 15 years of profitability. Such exemption would be well deserved, for the service to humanity and the planet.

Game-Changer Tax Cuts would accelerate innovation by greatly increasing profitability. They would both attract more private capital, faster, and also reduce capital requirements, since profitable firms would have far more untaxed profits to reinvest every year. In addition, the fact that all Accord nations sign on to the same tax framework, means that these innovations have a clear pathway to very large profits in a much larger international market. A huge and fast-growing potential market offers the best possible incentive for innovation.

Game-Changer Tax Cuts without paying a single dollar up front, accelerate success. They do so without either picking specific winners, or promoting failure, as conventional subsidy designs often do. As such, they are a unique kind of clean tax cut for high value innovation.

It may be there are other breakthrough innovations that should qualify for game changer tax cuts. But such innovation should have similar potential to eliminate roughly 1% or more of global GHG emissions, in order to be considered a true game changer.

Demonopolization Tax Cuts

We know that competitive power markets decarbonize faster than monopoly markets. But monopolists have political power, and in many jurisdictions fight hard against competition. And may fight the Accord, before or after it is signed.

So how do we flip monopolist resistance to acceptance? Make it worthwhile.

Demonopolization tax cuts propose that the sale of monopoly shares or assets that represent a conversion to a competitive market will be exempt from capital gains tax, for a two year window of time. Thereafter the gains tax may increase. The investors have a chance to exit the monopoly investment without paying any tax. They can also reinvest in competitive generation using CoVictory Funds.

Or they can face higher taxes after two years. Even before then, say right away. For there really is no reason for any national government to subsidize a power generation monopoly, which is not a natural monopoly, but a drain on the economy, and a climate change intensifier. The Accord should prohibit power generation monopolies from using tax exemption or any other subsidy, upon ratification. Picketty-level tax rates of 70% on power monopoly corporate income — which could not be passed along to rate payers — would help wind down such politically-created anti-competitive market distortions.

We should note two remarkable aspects to demonopolization tax cuts:

- Without even being enacted, but merely by being suggested, demonopolization tax cuts could undermine the power of the electrical monopolies. This is so because they offer a strategy for activist investors who may see a potential gain in buying monopoly shares with the intention of deliberately taking over the board, weakening the resistance to — or actively lobbying for — demonopolization tax cuts, in order to sell off monopoly assets with a favorable change in taxation that yields large profits. (We might call this a hybrid “impact-investor-corporate-raider” strategy.)
- These are “no regrets” tax cuts. They don't cost the treasury anything. That is because the conversion of a rent-seeking politically-created monopoly is extremely unlikely without policy reform from the legislature. In other words such a sale would not happen by itself. There would be no gain from a sale without undoing monopoly privilege. So there is no lost tax revenue, no tax expense, from demonopolization tax cuts.

Endnotes:

- ¹ Matt Ridley, *The Rational Optimist* (Harper Perennial, 2010),
- ² Johan Norberg, *Progress: Ten Reasons to Look Forward to the Future* (One World, 2017)
- ³ Wayne Winegarden, *Policies Should Address Global Climate Change By Incenting Innovation*, Oct. 4, 2019 <https://f850cd.p3cdn1.secureserver.net/wp-content/uploads/art-wayne-forbes-incentinnovation-191004.pdf>
- ⁴ Terrence Keeley, *Sustainable: Moving Beyond ESG to Impact Investing*, (Columbia University Press, 2022) Ch. 1
- ⁵ Söhnke M. Bartram, Kewei Hou, Sehoon Kim, *Real Effects of Climate Policy: Financial Constraints and Spillovers*, Cato Institute, April 20, 2022, <https://www.cato.org/research-briefs-economic-policy/real-effects-climate-policy-financial-constraints-spillovers>
- ⁶ Nick Loris, *Free Economies are Clean Economies*, C3 Solutions, December 8, 2022, <https://www.c3solutions.org/policy-paper/free-economies-are-clean-economies/foreward/>
- ⁷ Larry Diamond, *Political Freedom And Human Prosperity*, Hoover Institution, November 18, 2020, <https://www.hoover.org/research/political-freedom-and-human-prosperity>
- ⁸ Daniel J Fiorino, *Can Democracy Handle Climate Change?*, <https://www.wiley.com/en-us/Can+Democracy+Handle+Climate+Change%3F-p-9781509523955>
- ⁹ Wayne Winegarden, *Affordable and Reliable: Creating competitive electricity markets to deliver consumers affordable, reliable, and low-emission electricity*, Pacific Research Institute, September 2021, https://www.pacificresearch.org/wp-content/uploads/2021/09/ERR_EnergyCompetition_F.pdf
- ¹⁰ Joshua D. Rhodes, PhD, L. Lynne Kiesling, PhD, F. Todd Davidson, PhD, and Michael E. Webber, PhD, *Assessment of the Emissions Performance of Wholesale Electricity Markets*, Energy Choice Coalition, IdeaSmiths, November 2021, https://static1.squarespace.com/static/5c60a6ff809d8e61723abdd4/t/619536b70740600220a236d0/1637168824983/ECC-Assessment+of+Emissions_11182021.pdf
- ¹¹ Alex Muresianu, “How Expensing for Capital Investment Can Accelerate the Transition to a Cleaner Economy,” Tax Foundation, January 12, 2021, <https://taxfoundation.org/energy-efficiency-climate-change-tax-policy/#Key>
- ¹² The Climate & Freedom International Coalition Meeting occurs monthly, the last Thursday of every month, and is jointly convened and facilitated by Tholos Foundation and GRF
- ¹³ History offers a precedent for this “carrots for common markets” strategy. Post World War II, the Marshall Plan sought to rebuild the shattered nations of Europe by knitting them together in a unified market without trade barriers. The plan offered a significant carrot, Marshall Plan foreign aid grants, but only for nations that joined the new Organization for European Economic Cooperation (OEEC). OEEC membership required these nations to drop trade barriers. Such government-to-government aid did little for economic growth, per se. But the incentive did induce most nations to open markets and join what became the European Common Market. That successfully led to renewed prosperity. Incentives work. But we can do better than government-to-government aid as a carrot.
- ¹⁴ Lynne Kiesling and Michael Giberson, *The Need for Electricity Retail Market Reforms*, Regulation, Fall 2017 <https://www.cato.org/sites/cato.org/files/serials/files/regulation/2017/9/regulation-v40n3-4.pdf>
Opening a closed market requires finesse, which Lynne Kiesling and Michael Giberson supply with minarchic efficiency with respect to competitive US power market design. The Climate & Freedom working group will need to consider these issues for power, energy and other sectors, internationally.
- ¹⁵ Philip Rossetti, “The Effects of the Tax Reform on Energy and Environmental Research and Development,” R Street Institute, R Street Shorts No. 103, May 2021, <https://www.rstreet.org/wp-content/uploads/2021/05/Final-Short-103.pdf>
- ¹⁶ Original concept first suggested by Adj. Prof Travis Bradford at Columbia University in 2016, and refined by charrette process: <https://cleantaxcuts.org/charrette-green-bonds-march-6-2017/>

¹⁷ GRF is indebted to Nick Lorris, Luis Loria and others for independently suggesting that tax exempt debt should NOT be targeted in tax legislation. Nick persuasively pointed out that some tax cuts like accelerated depreciation or immediate expensing, have strong environmental benefits without targeting, because they have two forms of implicit targeting baked in: (1) competition drives greater efficiency and lower emissions with continual incremental innovation, and low capital costs make it easier to put the newest, most efficient equipment into service; (2) regulations, building codes and standards (which continually rise in most democracies) implicitly target any tax reduction tied to PP&E, so that the incentive can only apply to PP&E built to standards the community demands. Any PP&E tax cut (like CoVictory Funds) will accelerate deployment and innovation of improved technologies, via these two drivers. Therefore, any targeting in the national tax code itself, or in an international agreement, would be doubly redundant, especially with respect to agency and sub jurisdictional regulation, which will occur unavoidably.

Wayne Winegarden has commented recently on these two drivers as distinct mechanisms. Competition as a driver of efficiency and low emissions offers evidence that the market actual does evolve naturally to internalize negative externalities. As information regarding impacts and technological solutions becomes more widespread, consumers demand both lower prices and lower impacts, driving innovation. Alternatively, regulatory codes and emission standards as a driver of efficiency and low emissions, in conjunction with CoVictory Funds, appears to be a new form of carbon pricing whereby a tax barrier is removed, rather than imposed, and the tax differential is on the supply side investment taxes, not consumption taxes. The transition to democratically acceptable lower emission technologies is accelerated, but without the regressive effects and economic costs imposed by a carbon tax.

¹⁸ Jigar Shah, *Supporting Clean Infrastructure Without Investment Tax Credits*, Pulse, LinkedIn, July 3, 2017, <https://f850cd.p3cdn1.secureserver.net/wp-content/uploads/ctc-cabcal-jigar-shah-linkedin-160918.pdf>

¹⁹ Jigar Shah, Rod Richardson, *Clean Free Market Policy Beats a Carbon Tax. Here's Why.*, Reason, December 2, 2019, <https://reason.com/2019/12/02/clean-free-market-policy-beats-a-carbon-tax-heres-why/>

²⁰ The US tax exempt bond market has a big problem we should fix. The interest rate for a tax exempt bond is theoretically equal to the after tax return on a taxable bond with the same risk profile. But that becomes a complex calculation when different bond holders pay very different tax rates, determined by their income or legal residence. Progressive and highly divergent state and local tax rates unfortunately mean that tax exempt bonds attract mostly the wealthy, who get the biggest break and capture most of the value of the subsidy. It also means that each bond appeals only to high income tax payers in just one jurisdiction. There is no broad market for any one tax exempt bond. Almost all are very illiquid and thinly traded, and carry a high illiquidity risk premium as a result. Cities and states now pay up to a full percentage point higher interest on tax exempt debt than they should because of this.

By contrast, a single flat tax on interest would mean that investors large and small, and across all jurisdictions, would be equally treated and equally attracted to tax exempt debt, and subsidy leakage would be minimized. Tax exempt interest rates would be lower, and the market would be more inclusive, broader, with less illiquidity risk. The following provisions would make CoVictory Funds, and the entire global debt market, far more efficient and inclusive:

- Accord nations should together adopt a harmonized maximum tax rate on interest, and it should be a flat rate, just as on capital gains, to avoid large distortions. For instance, 20% maximum combined rate for all national and sub-national jurisdictions, which is near the OECD average.
- CoVictory Funds should be tax exempt in all jurisdictions, to prevent the balkanization that afflicts the muni-bond market, driving up both illiquidity risk, and in consequence, interest rates.
- CoVictory Funds, packaged as bonds, should trade on the corporate bond market, with market price quotes, to avoid the non-transparency and hidden fees in the muni-market.
- The value of CoVictory Funds' tax exemption should pass through tax-exempt pension funds to pensioners, and reduce the pension payout by the value of the tax exempted. Doing so reduces pension liabilities while pensioners get the same after-tax income. It also makes pension funds neutral with respect the preference for taxable versus tax exempt debt. Therefore it opens up the huge lower and middle income pension fund market for CoVictory Funds. There is no tax cost, as it saves on the tax expense that tax exempt pension funds currently generate with respect to the taxable securities that they hold (for which income pension funds are not taxed). It also makes the overall market for both taxable and tax exempt bonds more universal with respect to investor appeal, and so stronger and more liquid.
- These measures would create a large, liquid market for CoVictory Funds (and other tax exempt bonds), with fairly uniform pricing, and fixes distortions that balkanize the current muni-bond market, resulting in higher interest rates because of illiquidity risk.

²¹ Wayne Winegarden, *Free-Market Environmentalism*, Forbes, September 28, 2018, <https://f850cd.p3cdn1.secureserver.net/wp-content/uploads/grf-ccc-forbes180928-free-marketenvironmentalism.pdf>

²² Ian Adams, *Replacing Fuel-Economy Rules With Clean Tax Cuts*, R Street Institute, March 2017, <https://cleantaxcuts.org/wp-content/uploads/char-art-transp-cafectc-adams-170301-170414.pdf>

²³ <https://cleantaxcuts.org/wp-content/uploads/char-sum-transp-ctc4auto-170610-170414.pdf>

²⁴ <https://cleantaxcuts.org/wp-content/uploads/char-sum-power-170610-170327.pdf> It is also possible to also consider lowering taxes for reduced emissions from fossil fuel plants, to encourage more carbon-efficient upgrades, renovations and plants built to higher standards.

²⁵ Game-Changer Tax Cuts offer a variation on the First 5 proposal that emerged from a [policy design charrette on "Promoting Energy Innovation"](#) co-hosted by members of the Clean Capitalist Coalition in Oct. 2019