Facing Facebook: Australia’s Cap-and-Tax

29 July 2014

James Hansen

At least until I finish my current paper, I cannot respond to each comment individually.

I did not mean to pick on Australians. However, we must make note of and learn from our mistakes. The two main points that I made in discussions in Australia re their cap-and-trade were (1) it would be ineffectual in reducing emissions, and (2) it would be recognized as a tax, and thus it would not survive and grow at the rate needed to phase out emissions.

What I support is a simple honest approach, fee-and-dividend, designed for the public and most of all designed to effectively address the carbon/climate matter. Not one dime to the government. Once in place, this system would be armor-plated; most people would get more money in the dividend than they pay in increased costs; they would want the carbon price to rise. Yes, rich people would pay more, but nothing they can’t afford, and it addresses growing wealth disparity.

A few more comments, using the U.S. as the example. I am an optimistic person, but let me for a moment point out some of the bad sides of people. It helps explain why governments resist consideration of a simple transparent system that would work.

Did you know that cap-and-trade is by and for big banks? In the U.S. there is a revolving door between Wall Street and Washington. The skilled trading units at JP Morgan Chase and Goldman-Sachs can make enormous amounts from cap-and-trade, every dime coming out of the public's pockets. The fluctuating prices are bad for our purpose. If the public, businesses, and entrepreneurs know that carbon prices will continue to rise, as in fee-and-dividend, they will begin to make the choices that move us rapidly to a clean energy future.

The half-baked 3000+ pages of the Waxman/Markey cap-and-trade scheme in the U.S. (and scheme is the right word) were not written by our Senators or Representatives slaving into the night. They were written by lobbyists for special interests and stapled into the bill by our elected representatives, who are beholden to the special interests.

Our representatives, in both parties, seem to feel entitled to the Washington life style, once elected. Did you know that Dick Gephardt, after retiring as House Democratic Leader, received $120,000 per quarter from a single source (Peabody Coal)? I doubt that Peabody wastes its money -- they probably get their money's worth in lobbying. I don’t mean to pick on the Democrats; one party is not noticeably better than the other in this regard.

We seem to have a situation where members of both parties like their status and don't really want to stanch the money flow. And the electoral system has been pretty well rigged such that it is very hard for a third party to rise.

So it is not going to be easy. Nevertheless, I am convinced that if we keep at it, we will find a party in some country that will support a system with a rising carbon fee, with the money going entirely to the public, where it belongs. The success that generates should be contagious.