

Forget Cap and Trade

It's time to abandon cap and trade.

No, I haven't become a global warming denier. It's real. And yes, I know about the pause, that global temperatures have been steady for a decade now. I'm just not shocked, shocked to discover that complex dynamic systems don't follow simple linear paths.

And yes, I know about the emails. But they just prove what I already knew, that scientists are human, subject to all the usual human foibles, and that the usual percentage of scientists are fill-in-an-unprintable-word-here. But don't confuse a few scientists with the vast body of scientific evidence. Global warming is real, and needs to be addressed.

But not with cap and trade. As useful a tool as it may be for many types of pollution control, cap and trade is poorly suited to carbon emission control. For one thing, it addresses only industrial emissions, the carbon released in building your appliances or powering your light bulbs. But it ignores the carbon emitted when you drive your car, or run your gas furnace, or have your food trucked in from Florida.

Secondly, as the legislation that has thankfully gone nowhere in Congress proves, cap and trade can be converted into an enormous lobbying boondoggle, a scramble to get monetary rewards for questionable "carbon offsets". If making a donation to plant trees in the rainforest makes you feel better about driving to LA, that's wonderful, but if you think that's an actual solution, you're living in La-La land. The problem is our burning of carbon fuels, and the only substantive solution will be a dramatic decrease in worldwide carbon fuel consumption.

So, if not cap and trade, how can we achieve that needed carbon emissions reduction? Easy – with a simple, straightforward, comprehensive policy that addresses all forms of carbon consumption – a carbon fuels tax.

The tax would need to be levied on coal, oil, and natural gas, in proportion to the amount of CO₂ each fuel releases when burned. I suppose renewable fuels like ethanol could be exempt, since growing the corn absorbs the CO₂ that burning the fuel releases. But the fossil fuels used to grow the corn and operate the ethanol distillery would be taxed. An across the board carbon fuels tax would give everyone the same incentives, to conserve energy, or to switch to untaxed renewable sources like wind and solar.

That would be another benefit – no need to subsidize alternative energies. Subsidies require the government to identify the best alternative energy technologies to pursue. A carbon tax, by raising fossil energy prices, equally encourages all other energies, and leaves it to private enterprise to identify the best technologies to explore.

A carbon tax would generate a lot of tax revenue for the government. Much could be used to reduce our chronic Federal deficits; most of it could be used to cut payroll taxes. I know global warming deniers argue that cutting carbon energy use will slow economic growth, but if we used a tax on polluting to substantially reduce the tax on working, how is that not win-win?

Besides, once our economy recovers sufficiently – probably within the next 6 months – we'll need to begin to address the growing deficit problem. Deficits in times of recession are necessary and desirable, but deficits during times of expansion crowd out private investment, which definitely slows economic growth.

The deficit problem is too large to handle with spending cuts alone, although those will be needed too, so some tax revenue increase will be required. Why not tax the one behavior that most threatens our children's future?