

A radical alternative to a carbon tax

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I started writing this column on the lawn on a perfect summer day in July with elegant wave clouds high in the atmosphere blowing in from the Adirondacks. I am finishing it at a family gathering in England where I grew up.

In my last column I wrote about the need for Vermont to introduce a carbon tax to help pay the local adaptation and rebuilding costs from climate change. But this will not move the US away from a fossil fuel economy. For this to happen all fossil carbon fuels need to become more costly – they are far too cheap at the moment, because we have not included the long-term costs. How can we do accomplish this without imposing suffering on the poor?

The best plan proposed is called “Fee-and-Dividend”. This is much more than a skillful repackaging of a carbon tax – it works like this. A fee is placed on fossil carbon at the mine or well head or when imported to the US; and all the money goes not to the government, but back to every US citizen as a dividend. Every year the fee increases \$10 per ton of fossil carbon, so fossil fuel gets more expensive over 10-year period. This gives the economy the clear signal it needs to burn less fossil fuel, either by becoming more energy efficient or by shifting to renewable energy.

But the economy as a whole does not suffer because the money is reimbursed to the people to spend as a dividend. The dividend does not go preferentially to the rich, or to Wall Street trading schemes, or to the Federal government to spend; but back to the people, including a half share to children. In 2025, the dividend to a family of 2 adults and 2 children is estimated to be \$288 a month. So there is a clear sense of equity in this proposal.

Studies show that the economy would benefit greatly, creating 2 million jobs in the first decade and increasing the net GDP. The US share of global carbon pollution would fall 33% in 10 years and 52% in 20 years. Because it is revenue neutral, it has support from both political parties, except among those who pretend that climate change does not exist! Or those who think that the role of government is to improve the fortunes of their rich donors, and hope that just enough of their philanthropy will trickle down to the poor, as to prevent social unrest!

This would not fix all our global problems, but it is a critical step towards reducing carbon emissions. I could think of improvements – the opportunity to send a tithe to improve lives in poorer nations, who have suffered so much at the hands of the rich. But we would have to oversee this ourselves, since our governments might devise schemes to send weapons to dictators, rather than say solar-powered lighting to the people.

The benefits are so large that one might think that our politicians would rush to support this fee and dividend scheme. Some Republicans and Democrats do, but it is a radical and egalitarian idea, so it is considered dangerous. The usual players, rich investors, don't get special treatment – they would much prefer a carbon trading scheme that would enrich them. Politicians wouldn't get kickbacks from special interests. The fossil fuel industry would steadily lose their massive profits (\$100 billion for the oil industry last year), so it is in their business interests to object and fund opposition.

But the Earth would rejoice, and the gratitude would resound down through the centuries for all of life on this planet, including our own descendants. This is a moral issue: justice for the Earth and her people. So what are we waiting for? As usual, true leadership. Our leaders are waiting to see whether public opinion will support them if they act.