

Viewpoints: Discussions on cap and trade give rise to unlikely alliances

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A coalition of environmental and business leaders appears committed to passing a new "cap and trade" system through Congress, designed to somehow protect the world from the impending doom of climate change. While the focus of the world last week was on Copenhagen, the ball is, for all practical purposes, still in the court of the U.S. Congress.

Even with the introduction of the new Kerry-Leiberman-Graham legislation during the climate talks in Copenhagen, a surprisingly broad set of interests is beginning to emerge on behalf of fresh alternatives that may include incentives for renewables, EPA regulations and maybe even a novel market-based approach: a carbon fee that is rebated back to the public.

Organizations as diverse as the Sierra Club and Chevron Corp. are quietly contemplating what a Plan B might include, and how it could yield broader political support and more environmental success, than today's competing House and Senate omnibus cap and trade bills.

The coalition-in-waiting comprises one of the oddest collections of interests in Washington, D.C., memory, bringing together scientists, grass-roots environmental and social justice advocates, green business leaders, oil company CEOs and even conservative think tanks.

Even more critical of the Obama administration's accommodating negotiators on climate solutions are coalitions of environmental justice groups, who have long despised what they call "cap and charade" schemes they fear cut emissions in wealthy communities and countries while shifting them to the lungs of the poor and minorities in the developing world.

Economist Robert Shapiro, who served as Undersecretary of Commerce under President Bill Clinton, chairs one of many emerging Plan B groups: the new U.S. Climate Task Force, a coalition drawing companies together with diverse stakeholders to study a wider set of climate policies than cap and trade. Shapiro makes it clear he sees a revenue-neutral carbon tax as the best alternative. A new poll commissioned by the group shows that by a 2-to-1 margin, U.S. citizens prefer a carbon tax over the cap and trade program that has been virtually the sole focus of Congress.

Could a broad coalition come together with enough force to trump efforts to pass cap and trade legislation?

My hunch is that we may be in for a big surprise. Obama's negotiating position at Copenhagen looks remarkably like positions of the previous Bush administration. The rhetoric has changed, but the end result looks like more of the same.

While Europe has set a target of slashing carbon and other global warming pollutants by 30 percent from 1990 levels by 2020, the competing House and Senate bills cut emissions by only 4 percent and at most 7 percent, respectively. These omnibus cap and trade bills also provide subsidies for coal, offshore oil and nuclear power – all taxpayer investments with questionable

returns. Every dollar invested in renewable energy creates four to six times as many jobs as natural gas or coal.

And the track record of a carbon tax is far better than cap and trade. Sweden, which enacted a carbon tax in 1990, reduced carbon emissions by 8 percent while its economy grew by 44 percent in real terms. Cap and trade regimes have consistently failed to deliver on both environmental and economic fronts in Europe and the United States.

Maybe Copenhagen will produce something far more compelling than most pundits think. The seeming failure of the Obama administration and Congress to come up with a credible plan on climate change could tee up an answer once considered political suicide. But with economists, radicals and oil companies all singing the same tune, maybe the more direct approach of a carbon tax will provide a Plan B that can truly get the job done.

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