

# **SUBMISSION**

## **To The Senate Select Committee on New Taxes**

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#### **PREAMBLE:**

**This submission seeks to provide a rational argument to reframe Australia's heated debate about a proposed carbon tax; it argues that the policy aim of reducing carbon dioxide emissions is futile and expensive; it argues for a reframed policy which focuses on clean energy research, a politically and environmentally sound policy which is likely to attract broad public support and achieve better outcomes.**

#### **1 DIVISIVE POLICY HARMS DEMOCRACY**

In the interests of democracy, Australia should re-frame the discussion on climate policy as soon as possible. The focus should shift from reducing emissions to dramatically increasing research.

We harm our democracy when we apply extremely divisive pressure on our society over an extended period on a subject which is seen by most people as having no conclusive, correct answer. As Welsh born mathematician and philosopher Bertrand Russell said, "The most savage controversies are those about matters as to which there is no good evidence either way."

Whatever is said about a scientific consensus on the subject, citizens are evidently not convinced, as polls indicate. The perception at large reflects uncertainty and confusion.

#### **2 GLOBAL INACTION**

Trying to reduce emissions around the world has so far proven beyond the desire or the capability of the world's leaders. Common sense tells us that global emissions would only be reduced by global cooperation.

Irrational and simplistic, Australia's current policy settings viz **A PROPOSED CARBON TAX** are determined on the basis of being 'first' to avoid being 'last' or even 'second' in any possible carbon pricing future. Where is the leader who recognises this irrationality and sets out a more rational and unifying way to help achieve a clean energy future?

The other underlying reason current policy settings are not embraced by the majority is that the projected outcomes are too far in the future to be tested or assessed, yet the costs and societal shifts are immediate. There are no effective and transparent ways to

determine whether either strategy would a) reduce emissions by the target amount (assuming it can be reliably measured); b) whether the reduction as measured for Australia represents a similar net reduction in global emissions; c) can the costs be accurately measured; d) if so, has the reduction been worth the cost. With all these uncertainties, the community is unsure about it all.

### **3 FOCUS ON RESEARCH, NOT ABATEMENT**

Yet, there is a way that we can re-frame this debate, satisfy common sense, neutralise the acrimony and make a genuine contribution to a clean energy future. The first step is to take the focus off emission reduction as the instrument of policy. A more rational policy would be to concentrate all available resources – from brainpower to money - on research that will deliver a cleaner energy future that is far less reliant on fossil fuels. Jettison the wasteful expenditure and put it into research.

It is a good goal in itself; it would be sensible to reduce our heavy reliance on oil and coal if a new source – or a combo of sources - provided for our needs.

And this is where Australia should come to the fore on the world stage. As a major coal producer and exporter, Australia is a natural world opinion leader; it makes sense that Australia establishes a dedicated set of research programs designed to explore and invent energy sources that can meet our clean energy aspirations. Australia would be seen as visionary and would be well placed to induce several other countries to co-operate in such a research effort.

Every \$10 billion we waste on useless and cost-inefficient ‘green’ schemes is \$10 billion lost to genuine research. Every new bureaucracy we create to manage, administer and police carbon taxes is a waste of resources that are not used for the core purpose of developing clean energy.

We should take note of Bjorn Lomborg’s [1] rational stand on this subject: “The main climate economic models show that to achieve the much discussed goal of keeping temperature increases under 2C, we would need a global tax on carbon emissions that would start at nearly \$100 per tonne and increase to more than \$3700 per tonne by the end of the century.

This would cost the world \$40 trillion a year by 2100, according to calculations by noted climate economist Richard Tol. But all in all, this spending would be 50 times more expensive than the climate damage it seeks to prevent, according to mainstream calculations of expected damage.

In other words, a carbon tax that is set high enough to meaningfully rein in temperatures would cause widespread economic damage. This is because non-carbon-based alternative energy sources are not ready to take over from fossil fuels.

What is required instead is a transformation in our energy infrastructure to make low-carbon energy sources cheaper than fossil fuels.” [2]

Not only does it make sense to focus on the search for new energy and have a clear objective on which more or less everyone can agree, irrespective of their view on climate science, it would stop tearing apart the fabric of our democratic society.

The clearly articulated objective would be to put Australia at the forefront of a focused global research and development drive. Drawing on the scientific community, Australia would develop a series of research programs in association with other developed countries.

One vehicle to start the new era of climate policy settings may be a multi party summit which would formulate key policy settings and set clear objectives.

With the focus on research and the co-operation of scientists and research organisations around the world, Australia could be a major player in the greatest economic challenge of our time.

### **SUMMARY:**

Objectives:

1 - To neutralise the increasingly vitriolic carbon tax debate which is ripping the fabric of Australian democracy – but retain a policy framework that addresses long term energy concerns;

2- To reframe policies: instead of attempting to reduce emissions (at best a hopeful but futile objective), focus heavily on research and development to seek effective new and/or better developed sources of clean energy;

Action: Dramatically reduce the level of proposed carbon tax; earmark all funds raised for research; allocate significant portion of proposed new mining tax to research; invite international co-operation in R&D programs.

### **REFERENCES:**

[1] Bjorn Lomborg is adjunct professor at the Copenhagen Business School. He is the organizer of the Copenhagen Consensus Center and author of *The Skeptical Environmentalist* and *Cool It*.

[2] Extract from article published in *The Australian*, July 11, 2011