

Comment from Jeff Frankel on “Curbs on emissions will take a change of political climate.” For *FT Forum*, FT.com, November 8, 2006.

As Martin Wolf observes, there will be no substantial curbing of the emissions of greenhouse gases (GHG) without an increase in the price that consumers have to pay for fossil fuels – and that producers can earn for technological innovation to conserve on them. We can debate which method of raising fossil fuel prices – taxes or tradable permits -- is the more difficult politically. But, however unpopular, it will be necessary one way or another.

What might create sufficient political support – in the United States, in particular -- for deliberate government action to raise prices on fossil fuels, or at least to prevent them from falling in the future? It used to be said that tangible climate effects, such as a few hot summers, might do the trick politically, even if it is not possible scientifically to establish a causal connection between GHG concentrations and near-term climate events. I think last year’s hurricane disasters in New Orleans disproved that “hope”: A search for articles mentioning both “oil” and “Katrina” turns up more than 50 articles bemoaning the short-term negative effect of the hurricane on oil production and refining on the Gulf Coast for every one article bemoaning the possible long-term effect of oil use on hurricane frequency. Nor would a change in the political fortunes of the two political parties in the United States, which appears to have begun this week, do the trick in itself. Democratic Senators were as much a part of the 95-0 vote against Kyoto in 1996 as Republicans.

But it is not impossible that one day soon the political tide on energy taxes could turn. People say that Americans would never support a substantial gas tax. But the day after September 11, 2001, they would have, if we had had intelligent national leadership to propose it and to package the environmental benefits together with national security benefits (and others as well: reducing traffic congestion and accidents, reducing the trade deficit, and generating revenue for other purposes, including either tax cuts, deficit reduction, or spending related to the environment and security). If, god forbid, there should in the future be a new high-casualty terrorist attack, this time perhaps with nuclear or radiological weapons, the political support for reducing dependence on Mideastern oil would materialize. The American public has now noticed that the White House’s policy responses -- invading Iraq, cutting taxes on the rich, and giving benefits to oil and gas companies -- did not turn out to have been helpful. Next time they will be ready for a more rational approach.