

# UC Berkeley

## UC Berkeley Previously Published Works

### Title

Double Dividend: Make Money by Saving Nature

### Permalink

<https://escholarship.org/uc/item/6g77n4gh>

### Author

Lakoff, George

### Publication Date

2010-07-15

Peer reviewed

# Double Dividend: Make Money by Saving Nature

by George Lakoff

Saving nature is the central issue. Carbon fuels destroy nature. The Gulf Death Gusher is the most visible sign. But signs are everywhere. Overall global warming increases hurricanes and floods, destroys habitats for plants, fish, birds, and ground animals, spreads deserts, causes deadly waves, and destroys glaciers and our polar ice caps. The use of carbon fuels has been destroying nature. Our job now is to save it.

Interestingly, there is a short, 39-page bill before the Senate that would allow us to save nature and get paid substantially for doing it. It is the CLEAR bill, first suggested by Peter Barnes, and introduced by Maria Cantwell (D-WA) and Susan Collins (R-ME). It is simple, it works, and it pays you!

The principle behind it is this: We US citizens own the air over the US equally. Carbon-fuel sellers are dumping pollution in our air, not just poisoning the air, but destroying nature. At least they should pay for permits to dump, poison, and destroy, and should be forced year-by-year to stop. Who should the sellers pay for permits? All of us, the citizens who live here, should be paid handsomely. And there should be predictably fewer permits every year, till the practice ends or reaches tolerable levels.

Here's how cap-and-cash works. Carbon-fuel profiteers introduce polluting fuels at only 2,000 distribution points in the US. The EPA already monitors how much polluting fuel each seller distributes. The CLEAR Act requires sellers to compete at auction each year to buy pollution-permits to sell their poisonous fuel, with a minimum and maximum price per permit set each year. Every year, for 40 years, the number of permits is reduced, until the 80% of the carbon pollution has been eliminated.

Who gets the permit money? You do. The money goes into a trust. Twenty-five percent goes to developing nonpolluting fuels and mitigating existing environmental disasters. Most of it -- seventy-five percent -- is distributed equally to all citizen-residents every month via electronic bank transfers. A family of four, the first year would get between \$1,000 and \$1,500, and the amount would go up each year. Why? The law of supply and demand. As there are fewer permits to sell fuel, and as the air gets cleaner, the price rises and you get more cash.

We all get a double dividend: cleaner air while saving nature and a significant cash dividend for owning the air. The hundreds of billions of dollars going to citizens will be spent all over the country and will create jobs. Everyone wins except the polluting fuels companies -- the BP's of the world.

### **The Criteria for Success**

**Administratively Simple:** It eliminates bureaucracy, and it brings credibility and transparency. It just requires computer programs. It can be publicly checked to see if it is working. There are no hidden deals or details.

**Market-driven without government:** The trust will be outside of government. Market mechanisms will determine the value of the permits and, hence, the money paid to citizens.

**Gradual Transition:** There would be no short-term market disruption. The transition would be gradual.

**Market-driven and convenient:** Businesses that use carbon fuels will not have to monitor their pollution. They will have a market-based incentive to switch gradually to non-polluting fuels.

**Predictable:** Business leaders will be able to plan for the future with no huge rush.

**Encourages Entrepreneurship:** It will create incentives for innovation and new energy industries.

**Job-Creating:** The cash going into new energy industries and being spent all over the country will create jobs.

### **The Opposite of Taxation**

**Anti-tax:** The CLEAR bill puts money into the pockets of most citizens instead of taking money out.

**Saves money:** The cost of polluting fuels will rise temporarily, while you get cash.

Who gets more, you or the oil and coal companies that raise their prices?

You will, unless you're rich and can afford it! The richer you are, the more energy you use. If you are among the seventy percent of citizens in the lower and middle income brackets, you will get more in payments from the CLEAR bill than you will pay for increases in fuel prices.

**Why will carbon fuel prices eventually fall?** The prices depend on demand. Two factors will reduce demand over time.

First, the availability of non-carbon fuels. The CLEAR bill's 25% will help develop non-carbon alternatives, which will reduce demand.

Second, investment in *not-needing-carbon-fuels* through, say, insulation and energy-efficiency, will reduce demand cumulatively. A barrel of oil or ton of coal saved the first year through insulation or energy efficiency will also be saved year-after-year. This will cumulatively reduce demand for carbon fuels.

**Double job-creation:** Eliminating the need, and hence the demand for carbon-polluting fuels will create jobs in two ways. First, new energy and energy-efficiency industries will need employees. Second, money saved on energy can be invested in, or spent on, enterprises that will create jobs. Both are market mechanisms. The jobs will mostly be in the private sector.

**Politically Achievable:** Putting money in the pockets of people who will spend it will be politically popular, as will job creation.

### **Who Loses?**

Any legislation that greatly reduces the use of carbon fuels -- whether the CLEAR bill or the current cap-and-trade bills -- will create "losers."

The carbon-polluting industries -- the BP's of the world -- will lose, unless they invest their vast profits in non-polluting energy and in energy-efficiency: in industries that lower or eliminate the need for energy use. Those industries that are committed to the continued destruction of nature *should lose*, unless they change their commitment to saving nature.

The pollution dumping industries (e.g., electric power companies) will no longer be able to save money by not cleaning up their pollution and dumping it in our air instead. Having to switch to nonpolluting energy or pay more for polluting energy will count as a "loss," since they will make less short-term profit. In the long run, if they make the switch to nonpolluting energy and energy efficiency, those profits will be made up. But the short-term "losses" are what will count to investors.

Right-wing politicians, supported by those industries, will also lose if they cannot deliver to their nature-destroying supporters a defeat of any nature-saving legislation. Those politicians will also lose because their anti-environmental ideology, which says that nature is to be indefinitely exploited for profit, will be defeated.

### **The Lies**

Not surprisingly, those who stand to lose are spreading lies about carbon-cutting legislation.

**The Tax Lie:** Suppose there was a direct tax on carbon. At the gas pump, the gas companies would list this as a tax and add it to the price of gas at the pump. Now suppose that nature-saving legislation results in a short-term rise in gas prices because oil companies want to preserve their previously astronomical level of profits.

In both cases, the price of gas would rise. So, the argument goes, nature-saving legislation has the same result as a tax, and therefore it is a tax.

In the case of the CLEAR bill, the lie would be clear: Seventy percent of the population would be making more than enough extra money to offset the rise in prices. But what is not said, is that the prices at the pump would not rise if the oil companies made ordinary profits rather than excessive profits. The rise at the pump would, to a large extent, come from making sure that wealthy oil executives and investors insisting on outrageously high profits.

Also not figured in is the cost of continuing to destroy nature indefinitely into the future: the costs of more oil spills; more mountain tops blown into streams; of more glacial sources of water as glaciers and snowcaps melt; of more and more hurricanes, floods, and fires; of the loss of arable land to the spread of deserts; of the loss of fish and forests -- and most of all, the cost of the quality of life on earth.

At the heart of the Tax Lie is the failure to figure in *systemic* costs, the real costs -- both financial costs, life costs, and quality of life costs -- and the failure to count greed.

**The Job Lie:** As we have seen the CLEAR bill would create jobs, as would any legislation seriously reducing or ending the use of polluting fuels. A certain number of jobs would indeed be lost gradually in the nature-destroying industries as demand for polluting fuels declined, but those would more than be made up for as nature-saving fuels and nature-saving energy efficiencies more than made up for the jobs lost.

### **The Simple Truths**

We need to save nature, not destroy it. We can start to do so while making money, stimulating the economy, and creating jobs.