

## The failed carbon logic of Martin Wolf

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Martin Wolf [had an article published](#) in the FT yesterday in which he argues that we need a carbon tax or emissions trading system with a price floor to tackle the global climate crisis. But he really does not make a good case. He also does not help by making enemies from the outset, saying:

*Unfortunately, the outright opposition of people such as Mr Trump, and the indifference of much of the population, are not the sole obstacles to success [in tackling the climate crisis]. Even some who favour action are a problem, because the climate cause is for them part of a wider campaign against the market.*

*Thus, many supporters of the Green New Deal view climate as a justification for the planned economy. As British journalist Paul Mason argues: "Labour wants to combat climate change through three mechanisms: state spending, state lending and the state direction of private finance." This approach allows opponents to argue that the left is more concerned with destroying market economies than saving the planet.*

If he could stick to this argument throughout his piece it might help make his position look vaguely consistent, if not credible. but he can't. As he concludes:

*What, then, is to be done? The answers include a programme of action over three decades, starting now; pragmatic resort to all policy tools, including market-based incentives; use of the revenue raised from carbon pricing to compensate losers and make the tax system and climate mitigation more efficient; a stress on the local environment benefits of eliminating the use of fossil fuels; and, above all, a commitment to climate as a shared global challenge. In an era of populism and nationalism, is there any chance of all this? Not obviously, alas. If so, we will indeed have failed. But the young are surely right to expect better.*

In other words, skipping all the pro-market bits on carbon pricing he runs through in between his near-opening and closing comments that I quote, what he actually does is come to the conclusion that for the climate crisis to be tackled we must have a complete change in government policy, using all available tools to deliver it. This can

only be because the market has no solution. So the Green New Deal is right to say so. But he does not apparently realise that.

And he argues that markets must be fixed to increase taxes whose revenues will then be redistributed across international boundaries in a co-ordinated fashion never seen in the world before, and which would defeat the average Trotskyist in terms of delivery.

After which he wants local policy alignment to a global goal, without exception. And somehow this is to be done with market incentives.

This is intellectual incoherence on a quite staggering scale. And the reason is he thinks carbon trading and tax can solve the climate crisis. I think it time to explain in blogs to come why this is just not true. Doing so might, just might, put Martin Wolf out of his logical misery on this issue. He might even realise that saving the planet is more important than saving failed ideology. But on this one I really do not live in hope.