

Cap & Share

A bit more detail

Just Do It

We urgently need radical and swift reductions in emissions. Cap & Share is not a call for ‘action’ - there have been many of those - but a *specific* tool to *deliver* these reductions.

Cap & Share can be simply stated: auction global permits for fossil fuel extraction, generating funds which are then distributed equally to the people of the world. That’s it. There are profound implications to this, as discussed below - but yes, it’s that simple.

Keep it simple

A simple and fair solution is essential for clear and honest debate in agreeing how to secure our common survival.

Our official political process has become bogged down in arguments between groups of nations, and even within a single nation the debates over carbon targets, trading, exemptions and subsidies soon become impenetrable. Cap & Share cuts through the current complexity and provides a straightforward and transparent alternative that would be easy to set up right away.

Wicked problems

How can there be a simple answer? Climate change has been called a ‘wicked’ problem, full of complexity and uncertainty, needing coordination of competing interests over long timescales: a ‘perfect storm’ of a problem for humanity to solve.

Such a challenge forces us to look for new ways of doing things - the old ways can’t cope. It forces us to stand back. Standing back, though, it’s possible to see things in a new way. Once seen, Cap & Share is simple; it’s the standing back that’s hard.

Of course, no single idea or action will ‘solve’ the climate crisis. Cap & Share tackles a single, crucial issue: it delivers reductions in worldwide emissions from the burning of fossil fuels, swiftly enough to meet a goal such as the 2 degrees target. Cap & Share leaves issues such as deforestation to others, while naturally giving them a boost by setting a precedent for action.

Similarly, Cap & Share ensures a transition away from fossil fuels; but technology, regulations and standards can all help to ease this transition.

Three in one

Cap & Share combines three things, covered in the next three sections: an upstream cap, a single global process, and an equal sharing of the money raised. Each of the three is simple, if unconventional; but the combination is powerful.

Keep it in the ground

The only reason we have emissions is that fossil fuels are extracted from the ground and subsequently burnt. Slow down the fossil fuel extraction and you slow down the emissions.

Instead of focussing on the emissions themselves, Cap & Share has an ‘upstream’ (‘wellhead rather than tailpipe’) focus. This focus is shared with the fossil fuel divestment movement and ‘keep it in the ground’ campaigns. Cap & Share is a way of implementing ‘keep it in the ground’.

Science can tell us what the ‘cap’ or limit on our emissions needs to be each year if we are to meet, say, the 2 degrees target. Each year, permits or licences for fossil fuel extraction are issued, with the number of permits determined by this cap. The permits are bought at auction by the relatively small number of corporations, many multi-national, that extract fossil fuels. Corporations must buy permits to cover the (carbon content of) the fossil fuels they extract. The complexities of tackling the emissions ‘downstream’ through trading, rationing, exemptions, offsets, and financial machinery are avoided: such machinery is simply not needed.

Do it globally

We can also simply sidestep the deadlocks between nations. Most people unthinkingly regard the world as a collection of nations, but that’s not how physics or biology sees it. We are threatened by global warming, not ‘international warming’. Global emergencies need global action.

The 2 degrees target is a global one. Cap & Share determines what is necessary to meet the 2 degrees target, and then does it. Globally. Cap & Share acts on behalf of humanity as a whole.

There’s no need to apportion emissions between nations: we can simply adopt a single, global scheme. That immediately bypasses all the international bargaining.

Equity

Cap & Share acts on behalf of humanity, so the auction money belongs to us all. Equal shares sounds fair, but who are the winners and losers here? Clearly we’re all winners, in that we protect our shared home and secure a benign biosphere for our children. But there will still be those asking, ‘yes, but do I gain or lose from this?’

The answer depends on two factors. Firstly, the price of carbon-intensive goods goes up (the fossil fuel suppliers recoup the cost of buying the permits by passing the cost on to us); but secondly, the auction money gets returned to us in the form of ‘carbon cashback’ payments. Whether you gain or lose depends on the balance between these two factors for you, and that depends on how much carbon you use: your carbon footprint. If it’s larger than average, you’ll pay more; but if you have a low or middling carbon footprint you’ll make a profit (your cashback payments will exceed what you pay in price rises).

So Cap & Share has an inbuilt and automatic transfer of wealth from high carbon users (the rich) to low carbon users (the poor) - addressing inequality between nations and within nations.

And meanwhile it levels the playing field for renewables, since the ‘externality’ cost of fossil fuels (the cost of the damage they do by dumping emissions into the sky) is at last included in the cost of fossil fuels, as it should be.

Psychology

Cap & Share reframes climate action, to align it with positive and helpful values.

It is a shining example of humanity cooperating to solve a common problem. Many people have resisted action on climate change because it has been presented as needing individual sacrifice. But while rewarding individual efforts, Cap & Share also ensures both that *everyone* plays their part and that these efforts add up to solving the problem. It replaces any need for people to act in isolation, ‘doing their bit’ while looking over their shoulders at others. At the same time, there are no restrictions (other than price signals) to constrain individual lives or choices.

The same thing applies between nations, which share a common solution instead of competing with each other. Arguments around ‘aid’ or ‘ecological debt’ can be replaced simply by talk of ‘sharing’; much closer to notions of ‘justice’.

The sky does not belong to a small number of polluters. Cap & Share acts on our behalf, licensing the right to pollute the sky (which at the moment the polluters take for free), limiting this pollution while we work on phasing it out altogether.

Politics

In theory, the cap does the work, whatever happens to the auction revenue. In practice, the equal sharing of the revenue to the population is critical for the political struggle to get Cap & Share - and hence the cap - adopted. It appeals to a natural sense of fairness; dividend payments are popular (as witnessed by the Alaska Permanent Fund) which aids political robustness; the system is simple and easily grasped; and it is progressive (compared with a carbon tax, which is regressive since the funds raised are not returned to the population).

How does Cap & Share relate to a wider debate about ‘capitalism’? Is Cap & Share market-based? The answer is both yes and no.

Yes, in the sense that once the ground rules are set (in this case, a cap on carbon emissions, which internalises the climate externalities of fossil fuels and produces a strong carbon price signal), then within these ground rules market forces can determine how things evolve without governments trying to ‘pick winners’ in a command-and-control sense or otherwise interfering through regulations, taxes, subsidies, nudges or anything else. By setting ground rules and then letting go, Cap & Share works with the grain of market forces and individual freedom.

No, in the sense that Cap & Share differs markedly from a free-market capitalism that doesn’t set ground rules in the first place. We need to set ground rules to reduce emissions to a ‘safe’ level, something the market wouldn’t do on its own. And while it uses ‘the market’ in the sense of market forces, there is no need for ‘carbon markets’ to trade in carbon allowances or credits.

The role of nation states

National governments enforce the permit scheme within their jurisdictions, and in return, Cap & Share distributes the auction money to nations on a population basis. There is no wider challenge to the powers of nation states. The Trust does not even proscribe how the money is further distributed within each nation (e.g. sharing it all out directly to the population, or using some of it for community-based adaptation projects, communal infrastructure or investment in new technologies). But the value of a person’s share, the same the world over, is common knowledge; people will expect to see their share of the benefits.

A roadmap

Cap & Share takes a global approach, and needs a single global body to operate it on behalf of humanity. There are several possibilities for what form this body might take: a 'World Climate Organisation' as part of the UN process; or a group of countries might begin by forming a 'coalition of the willing', set up a Trust to act on their behalf, and seek to recruit further countries to join; or equally the Trust could be set up by a small group of people of high standing: globally respected men and women who could take the lead on behalf of humanity (a Trust needs legitimacy, but legitimacy does not come solely from nation states).

These options are not exclusive - for example a citizen's group might hand over to a Trust of eminent 'elders' which then gets UN backing. Cap & Share is a tool ready to be used by whatever group emerges. The answers to many practical questions (scientific advisors, a secretariat, initial finance, details of the scheme operation, even the names and labels used) will also emerge as the proposal evolves. In any event, the people of the world will have to mobilise the demonstrations of massive public support to persuade governments and corporations to sign up; other forms of public pressure might include divestment campaigns and legal challenges.

In any event, there will be a political fight to establish Cap & Share. Is it naive to expect this fight to succeed? Well, for Cap & Share to function effectively we need fossil fuel companies to comply, that is, to agree to buy permits to cover the (carbon content of) the fossil fuels they extract. Why would they do this?

One route is legislation. If a *nation* 'signs up', it agrees to mandate compliance in its jurisdiction. The Trust operating Cap & Share might request this as a condition for releasing the cashback funds for the population of that nation. One could envisage populations pushing for this, despite pressure from vested interests resisting it.

However, we don't need to rely on ratification by nations: there are other routes for securing compliance by fossil fuel suppliers. These corporations might sign up even in the absence of legislation, in order to label their fuels 'climate-safe' (similar to 'fair trade' goods or 'dolphin friendly' tuna). The fossil fuel companies which refuse to sign up are then a clear target for divestment campaigns and more general confrontation on moral grounds; legal challenges are also an up-and-coming trend.

Consumer pressure could extend this by calling for other corporations, starting with energy companies, to be climate-safe too, meaning that they only used climate-safe fuels. NGOs would investigate and highlight supply chains (much as they do now for palm oil, say).

In all cases, promoters of C&S make a clear, unambiguous demand. Signing up and complying is clear cut: if you don't say yes, then you're saying no.

None of these tactics is guaranteed to work; they are simply tools available to overcome the obvious sources of resistance (cartel pressure, greed, and the capitalist wish to be unfettered by restrictions of any kind). This will be a political fight - but so will *any* attempt to wrest control from those responsible for the destruction of our planetary life-support system.

Meanwhile the first step is to publicise the idea. Despite calls for action from many quarters, the huge numbers of environmental and social justice groups in the world are still loosely connected at best. Cap & Share, like a condensation nucleus in a cloud, is a cause they can all support, surprising even themselves with their common strength when united on a single issue.

The big picture

If we do resolve to stop the destruction of creation and to secure our common future, then we need to select a tool to implement this resolution, a tool that is respectful of individual freedom yet grounded in notions of fairness and common heritage.

In adopting Cap & Share we would escape the blame, guilt and divisiveness of the ‘do your bit’ approach, and the current feelings of denial or despair. If we knew we were tackling this problem head-on, we could hold our heads up that much higher (as when we said no to apartheid or slavery); we could face our children again. But we need to *do* it, not just call for it.

Wouldn't it galvanise the debate if the climate marches and rallies this year harnessed the widespread feeling of public concern and helped to focus it into a clarion call for a specific and inspirational action such as Cap & Share? Wouldn't it be a historic turning point if the Paris talks later this year responded by ditching the national posturing; adopted a single, global, fair and effective upstream system; and then rallied support for it?