

Submission in Response to the Garnaut Review Emissions Trading Scheme Discussion Paper

Submission from:
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I refer to my original submission to the Garnaut Climate Change Review, Issues Paper 2.

I do not support the approach to emissions reductions and trading proposed in the Discussion Paper released by Professor Garnaut. The framework will not provide for a comprehensive transition to an economy where regional and global economic development is balanced with regional and global ecological capacity.

To properly address the challenges of global warming and climate change, we need a framework to harmonize the “technical economy” with the “natural economy”. The technical economy is driven by technology which enables us to extract products from the natural economy. The natural economy is driven by photosynthesis and supports the existence of the natural world.

The technical economy is out of balance with the natural economy. As pressure on ecosystems increases, Governments are moving in different ways to limit access to the natural economy.

For example, in Australia today, we are engaged in concurrent debates on water and emissions. Separate “market-based” management frameworks are proposed, together with supporting bureaucracies. There has been no analysis of the possibility of designing a single framework to accommodate both.

In the natural economy, water and carbon dioxide are fundamentally linked through photosynthesis. In the natural economy, one tonne of carbon dioxide has almost exactly the same value as one tonne of water. Yet, in Australia’s technical economy, one tonne of carbon dioxide is expected to have a value up to one thousand times greater than one tonne of water.

This suggests a fundamental failure of markets to correctly analyse the linkages between the technical and natural economies. The problem is that market forces exist in the technical economy, but they do not exist in the natural economy. The emissions and water frameworks proposed assume that these two components of the natural economy can be managed independently, with price signals from the technical economy. They cannot.

Nitrogen provides the bridge between water and carbon dioxide in both the technical economy and the natural economy. A Nitrogen framework may provide the key to establishing a single market-based system that supports harmonization arrangements between the technical and natural economies.

A Nitrogen framework is likely to be acceptable to China and India. It will ensure the flow of capital from the technical economy back to their rural sectors, where the plight of hundreds of millions of citizens is driving resistance to first-world models for emissions trading.

Modeling of a Nitrogen framework should be undertaken before settling on the final solution.

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