

(Essay)

Publisher: London Publishing Partnership

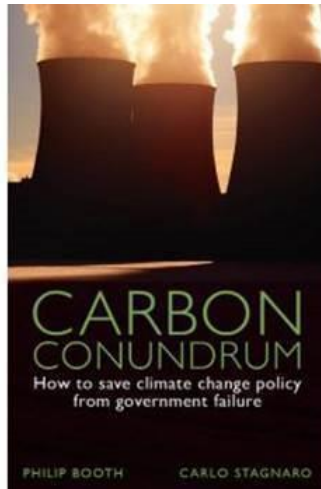
Language: English

Publication: July 2022

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3.595

Cabrata UG (haftungsbeschränkt)
Editorial projects, Literary Agency



Carbon Conundrum How to Save Climate Change Policy from Government Failure

Philip Booth
Carlo Stagnaro

pp. 136

Key project from The Institute of Economic Affairs (IEA),

Carbon Conundrum

Politicians around the world have signed up to achieving carbon net zero by 2050. And several countries, including the UK and those in the EU, have struck a ‘new green deal’. This puts environmental taxes and subsidies at the heart of energy policy. But it’s created an immensely complex and costly merry-go-round in which even fossil fuels end up being subsidised. This chaotic system, say authors Philip Booth and Carlo Stagnaro, is wide open to regulatory capture – and to an ideologically motivated agenda. It is also less resilient to crises in energy supply, such as the one caused by Russia’s invasion of Ukraine in early 2022.

In Carbon Conundrum they illustrate the incoherence, iniquities and inefficiency of this large-scale government intervention. And they warn that ‘climate change is too important a challenge to be approached in this way’. Instead, they argue for a rational ‘polluter pays’ system of taxing energy sources. This, they contend, would give individuals and businesses much more control over how they reduce carbon emissions. And it would stimulate greater levels of carbon reduction – at a much lower economic cost.



Philip Booth is Professor of Finance, Public Policy and Ethics at St. Mary’s University, Twickenham. He also holds the position of Director of Catholic

Mission at St. Mary’s having previously been Director of Research and Public Engagement and Dean of the Faculty of Education, Humanities and Social Sciences. Philip was also Director of the Vinson Centre for the Public Understanding of Economics and Professor of Economics at the University of Buckingham for 2021–22. From 2002 to 2022, Philip was Academic and Research Director (previously, Editorial and Programme Director) at the IEA and then Senior Academic Fellow.



Carlo Stagnaro is research and studies director of Istituto Bruno Leoni, a Milan-based think tank. Before that he was chief of the Minister’s Technical Staff at the Italian Ministry of

Economic Development. He has an MSc in environmental engineering from the University of Genoa and a PhD in economics, markets, institutions from IMT Alti Studi – Lucca. Carlo is a member of the IEA’s Academic Advisory Council as well as a research fellow of Epicenter, a fellow of the Italian Observatory on Energy Poverty and a member of the editorial board of the magazines Energia and Aspenia. For the IEA he wrote Power Cut? How the EU Is Pulling the Plug on Electricity Markets (2015). His latest book is Molte Riforme per Nulla (Marsilio, 2022), written with Alberto Saravalle.

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