

[Dan asked for a vote](#), and being a good Legal Planetary citizen, I responded — voting very reluctantly for cap-and-trade.

The biggest difficulty, as is the case with most polls, lies in the phrasing of the question: “all things considered” what is “the best strategy” for controlling greenhouse gases. The problem with this locution — perhaps unavoidable — is that while a carbon tax might be the best overall strategy, cap-and-trade is more feasible politically.

I say this not because cap-and-trade avoids the dreaded word “tax”: as soon as the Obama Administration backed the approach, which of course derives from conservative think tanks, conservatives turned around and called it “cap-and-tax.” If Obama wanted to save 20,000 puppies in imminent danger of drowning, conservatives would denounce it as a “tax.”

Rather, cap-and-trade is more easily used as a method for playing favorites, and thus rewarding powerful constituencies. That’s not very good policy, but it makes for better politics. The government can give away allowances for free, which is hardly the best strategy, but at least it buys off stakeholders. And you still have a cap. Under a carbon tax, the way you buy off powerful constituencies is to exempt them from the tax, which means you have control over neither quantities nor prices. And precisely because cap-and-trade makes for better politics, it is more likely to be enacted, at least in the American system.

Moreover, as [McKibbin and Wilcoxon](#) have pointed out, cap-and-trade carries its own internal political enforcement: firms that have spent substantial sums purchasing emissions allowances will fight hard against any lifting of a cap, because doing so reduces the value of their investments. Under a carbon tax, exemptions will push other firms to push for their own exemptions, leading to higher emissions.

So at least at this stage, even though a carbon tax is a better strategy for reducing emissions in a politics-free world, cap-and-trade is a better strategy in the world we live in. I could easily be persuaded otherwise. All this might be mitigated if the Republican Party could reconcile itself to scientific evidence, but I’m not holding my breath for that.