

3 December 2009

The Editor – The Australian

Paul Kelly 3/12 “Abbott ruled out both a Carbon Tax and an Emissions Trading Scheme – the main methods for reducing greenhouse gas emissions...” perpetrates a myth that either of these mechanisms will deliver a reduced emission reduction when in fact at best they are a means to an end, not an end product.

Both proposals rely upon the myth that such a market signal will engender an automatic response from emitters and consumers which history has denied on numerous occasions, more particularly in the European Union in this case.

Market mechanisms allow for market responses such as paying the tax in either form and passing on the cost to a captive market or, as a consumer, simply changing discretionary spending away from low emission products to maintain the perceived benefits of high emission goods.

At the elite level the simple response to a market signal of higher energy costs or higher wage costs is to follow the well-worn path of relocating to other jurisdictions whose market cost is lower i.e. China.

As demonstrated in the EU and by Labor’s willingness to succumb to the pleadings and threats of the power generators and their lobbyists, for which MacFarlane and Turnbull took doubtful credit, the easiest option is to successfully campaign for free credits or worse, as promoted in the Treasury analyses, simply buy them on an unregulated and probably dodgy international market, assuming one will ever exist.

Tony Abbott is correct to identify the gains that can be made in emission reduction by achievable efficiency gains in our overall electrical energy system which presently runs at 20% efficiency, a rate that can be doubled thus halving the emissions of each tonne of coal or other hydrocarbon.

My website contains the evidence: [www.wilsontuckey.com.au](http://www.wilsontuckey.com.au) .

Yours sincerely

**HON WILSON TUCKEY MP**

Alb:vs