



Free-marketeers cannot refuse to engage and critique the emissions trading scheme just because they are not happy with the science.

This edition of the *IPA Review* focuses on the federal government's new emissions trading scheme (ETS). It does not, however engage with the science behind climate change. In fact, in this edition at least, we avoid it deliberately.

We have all seen how the scientific contention that an increase in carbon dioxide emissions is causing rising global temperatures gets simplified and distorted by the meat-grinder that is the popular press. An article featured in *The Age* on August 9 shows just how far off the ranch the environmental hysteria has gone—'rising temperatures are likely to bring increasing levels of violence to Melbourne by 2010'. As the blogger and *Daily Telegraph* columnist Tim Blair pointed out—'that explains the constant riots in Queensland'.

At least these vacuous news items are slightly better than that cringe-inducing combination of moral superiority and product placement that passes for environment journalism in the lifestyle sections of our 'serious' broadsheets.

But anybody who points out that polar bears are not dying *en masse*, or that human history is full of doom-sayers who proclaim our imminent demise, are quickly characterised as 'denialists'. Indeed, this has been the strategy pursued by the federal government to market its ETS. Rather than discussing the specifics of the scheme, the government has been careful to keep media focused on the unfortunate dithering in the upper ranks of the federal opposition.

Government-friendly commentators have been similarly eager to avoid discussing the mostly complete proposal set out in the emissions trading scheme green paper.

But as advocates for small government have argued for decades, there are two parts to every government policy. It is not enough to set a goal. You have to design and implement a policy to reach that goal. And it is most often in the design and implementation phases that policies reveal their critical weaknesses—unintended consequences creep in, and everything just seems to take on a life of its own.

But a discussion of the specifics of the ETS has been notably absent from public debate. And for good reason. For the last decade, public debate on climate change has been predictably orientated—skeptics on the right, alarmists on the left. The debate has consisted of a pastiche of hockey-stick graphs, apocalyptic predictions and ice-coverage maps.

As a consequence, left-wing commentators give the government a free pass on the scheme's merits because they don't fully understand the enormous economic and political complexities of an ETS. Nor do they recognise the opportunities for rent seeking and regulatory gamesmanship that the ETS presents. They don't understand just how large the scheme looms over the economy, choosing simply to dismiss criticism as the ranting of 'denialists'.

The science of climate change continues to be crucial to public policy debate, and the *IPA Review* will continue to interrogate it, as we have done for more than two decades.

But free-marketeers cannot refuse to engage and critique the ETS just because they are not happy with the science. The general public supports some sort of action on climate change, and until that support diminishes the government is unlikely to retreat from implementing a climate change mitigation policy. But as we note in this *IPA Review*, the public may be eager for action on climate change, but remarkably few people understand what that action might entail—let alone understand what 'emissions trading' means.

But if it is introduced, the ETS will define Australian economic life for decades. We have provided a condensed guide to the ETS in this edition (see pages 38-39)—we've stripped out the jargon, targeted the key problems with the scheme, and tried to answer some of the big questions the ETS raises.

This edition of the *IPA Review* was prepared under the shadow of the ETS.

Considering the ETS's monumental importance to Australian prosperity, it could not have been any other way.

