

The American Party

29 May 2013

James Hansen

[My remarks](#) when receiving the Ridenhour Courage Award were written in Union Station on my way to the event. But my concluding comment -- that we are near a point when the American people should contemplate a centrist third party -- was not an idle spur-of-the-moment reflection.

I was in government 40 years, long enough to understand how aging organizations can evolve into self-licking ice cream cones^a, organizations whose main purpose becomes self-perpetuation rather than accomplishment of their supposed objectives. The public can see this tendency in our politicians, our Congress, and our major political parties.

Our government has failed to address climate, energy, and economic challenges. These challenges, addressed together, actually can be a great opportunity. Our democracy and economic system still have great potential for innovation and rapid adoption of improved technologies, if the government provides the right conditions and gets out of the way.

The Solution is Not Rocket Science

Conservatives and liberals alike can recognize the merit of honest pricing of fossil fuels. Fossil fuels today receive subsidies and do not pay their costs to society. Human health costs of pollution from fossil fuel burning and fossil fuel mining are borne by the public. Climate disruption costs are borne by the victims and all taxpayers.

This market distortion makes our economy less efficient and less competitive. Fixing this problem is not rocket science. The solution can be simple and transparent.

I have described¹ a fossil fuel "fee-and-dividend" approach, summarized on Charts 1 and 2. 100% of a continually rising carbon fee, collected from fossil fuel companies at the domestic mine or port-of-entry, is distributed uniformly to all legal residents (electronically to bank account or debit card). 60% of people receive more in the dividend than they pay in increased prices, but to get or stay on the positive side of the ledger they must pay attention to their fossil fuel use. Millions of jobs are created as we move toward clean energy. Economic modeling shows that our fossil fuel use would decrease 30% after 10 years. A rising carbon fee provides a viable international approach to reduce global emissions, the basic requirement being a bilateral agreement between the U.S. and China. A border duty on products from nations without an equivalent carbon fee or tax would provide a strong incentive for other nations to join.

Reactions to this proposal are revealing. When I spoke to a group of international labor leaders, one of them declared "that's libertarian!". Yet I have found that most people understand that millions of jobs would be created by a system that moves us in a clear way to an honest price on all energies, far more jobs than provided by continued public subsidies of fossil fuels and specific favored "green" energies.

^a A **self-licking ice cream cone** is a self-perpetuating system with no purpose other than to sustain itself. The phrase was used first in 1992 in *On Self-Licking Ice Cream Cones*, a paper by [Pete Worden](#) about [NASA's](#) bureaucracy.^[1]

<p>Fee & Dividend</p> <p>Fee: Collected at Domestic Mine/Port of Entry Covers all Oil, Gas, Coal → No Leakage</p> <p>Dividend: Equal Shares to All Legal Residents Not One Dime to the Government</p> <p>Merits: Transparent. Market-based. Stimulates Innovation. Does Not Enlarge Government. Leaves Energy Choices to Individuals & Free Competition. A Conservative Energy & Climate Plan.</p>	<p>Fee & Dividend Addresses</p> <ol style="list-style-type: none"> 1. Economy: Stimulates It Puts Money in Public's Hands – A Lot Provides Certainty to Businesses and Entrepreneurs 2. Energy: Solves Fossil Fuel Addiction Stimulates Innovation – Fastest Route to Clean Energy Complements Efficiency Regulations & Energy RD&D 3. Climate: Viable International Approach Border Duties on Products from Nations without Fee Most Coal & Unconventional Fossil Fuel left in Ground
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Fee and Dividend: Charts 1 and 2.

After I spoke to a group of conservative politicians, one of them said "that's income redistribution!" Well, yes, overall fee-and-dividend is progressive, and some ambitious low income people who pay special attention to their carbon footprint will be able to save money for other purposes. Wealthy people who own multiple houses or fly around the world a lot, will pay more in added costs than they receive in the dividend. However, the added cost to them is small compared with change of income tax rates -- and lower income tax rates would be much more likely when the economy improves as the system moves toward honest pricing of fossil fuels.

One other experience may be worth relating. I was invited by one Jim DiPeso, policy director of Republicans for Environmental Protection, to give a keynote talk at their meeting. DiPeso had written an article praising my fossil fuel fee-and-dividend proposal as embodying conservative principles. Soon I was disinvented. Rumor has it that DiPeso was last seen being escorted to a boat on the shores of Lake Michigan and being fitted with large concrete shoes.

What Choices Do People Have?

The extreme reactions (libertarian! income redistribution!) do not represent the feelings of most Americans I have spoken with. Most people readily appreciate fee-and-dividend and honest pricing of fossil fuels, once it is explained. They understand that it would help modernize our infrastructure, improve our economic competitiveness, and raise living standards. DiPeso noted that it could be made clear in an elevator talk. The public needs to know, but unfortunately, we do not have a President giving fireside chats on such fundamental matters, despite their importance for the economy, energy independence, national security, and climate stabilization.

The public is rational about such matters, in my opinion. But what present choices do they have?

Some Republicans are so well-oiled and coal-fired that they assert that human-made climate change is a "hoax" perpetrated by scientists seeking research funding (allowing them to work 80 hours a week for a modest wage, after investing 7-10 years in obtaining their higher education). Realistic Republicans, seeing the power of extremists, hesitate to speak.

Well-oiled coal-fired Democrats exist too, but their main problem is addiction to spending our money. Even when they advocate fee-and-dividend, they propose to use much of the fee to "pay down the national debt" (read: "make the government bigger") and to fund their pet energy technologies.

Energy Research, Development and Demonstration (RD&D)

Government has a proper role in energy technology -- it should support RD&D (research, development and demonstration). This topic is crucial to climate stabilization and closely related to the present topic -- our currently dysfunctional two-party system -- so I briefly digress.

Climate stabilization requires phasing out fossil fuel CO₂ emissions, which in return requires a large source of carbon-free electricity. Hydropower is limited in amount. That leaves nuclear power and "renewables" (wind, sun, geothermal, etc.) as principal alternatives to fossil fuels, at least with current technologies.

Unfortunately, proponents of nuclear power or renewables, in promoting their preference, usually attack the other. This helps the fossil fuel industry, but is detrimental to our children's future. Given the urgency of phasing out CO₂ emissions, we need both nuclear and renewables. In the long run, one may win out over the other, but this is no time for mutual destruction.

Solar power and wind power have moved smartly through RD&D in recent years and are beginning to provide significant amounts of electricity, the biggest success story being Germany. In the decade 2001-2011 Germany increased the non-hydroelectric renewable energy portion of its electricity from 4% to 19%, with fossil fuels decreasing from 63% to 61% (hydroelectric decreased from 4% to 3% and nuclear power decreased from 29% to 18%). Germany's renewable energy is continuing to increase (but the fact that Germany is building new lignite power plants is disconcerting as regards their expectations for fossil fuel phase-out).

Nuclear power has demonstrated a capacity for rapid expansion, e.g., in the decade 1977-1987, France increased nuclear power production 15-fold, the nuclear portion of electricity increasing from 8% to 70%. That was 2nd-generation technology, light-water reactors that use only about 1% of the energy in the nuclear fuel, leaving nuclear waste with a lifetime of millennia. Reactors planned today (mostly 3rd generation, light-water technology) include improvements (such as convective cooling that can operate without external power, thus avoiding the basic problem faced by the Fukushima reactors^b), but they still leave most of the fuel as long-lived "waste".

Expansion of nuclear power thus depends on introduction of 4th generation technology^c, "fast" reactors, which allow neutrons to move fast enough to utilize more than 99% of the nuclear fuel. These reactors also can "burn" nuclear waste as well as excess nuclear weapons material². Argonne National Laboratory extensively tested a prototype, the Integral Fast Reactor (IFR), designed with a fuel cycle that minimized the possibility of plutonium acquisition by terrorists or

^b See discussion of nuclear power, including Fukushima, on page 7 of [Baby Lauren and the Kool-Aid](#).

^c Nuclear plants constructed in the next several years will be mainly 3rd generation light-water reactors; nuclear "waste" from these reactors can be used as fuel for the future 4th generation power plants.

a rogue state^d. Using this technology there is sufficient fuel in nuclear waste and excess weapons material to provide our electrical energy needs for centuries without uranium mining.

Given the awareness of climate change that existed in the 1990s, it was a shock when President William Clinton, in 1993 in his first State of the Union address declared: "We are eliminating programs that are no longer needed, such as nuclear power research and development." Although this pleased a vocal anti-nuclear minority, it deprived the nation of the ability to examine and compare all potential alternatives to fossil fuel electricity and reduced our potential to provide international leadership in peaceful uses of nuclear power.

This 1993 decision, to at least some extent, has caused a 20-year delay in development and refinement of advanced nuclear power technology in the United States. Just as with solar technology, there is great potential for technology development that reduces costs of nuclear power, especially via standardized modular construction. [Bill Gates, who points out that nuclear power is already safer than all other major energy sources](#), is using a part of his personal wealth to develop a specific 4th generation reactor^b, but for the sake of optimizing results and minimizing future electricity costs it is desirable to have more broad-based RD&D.^c

Past failure to carry out this RD&D has created a situation in which gas is the likely energy source for continued and expanded electricity generation. In turn, this means that political leaders in many countries will be practically forced to approve hydraulic fracturing ("fracking") for gas on a large scale, unless sufficient effective alternatives are available.

Gas will truly be a transition fuel between coal and clean energies only if better, inexpensive, clean alternatives for electricity generation are developed. Otherwise such fuel-switching could backfire, because usable gas resources are enormous. It would be helpful if advocates for nuclear power and renewables would be mutually supportive. Let competition and the public decide what energy sources they prefer on the long run. That decision can be made best as experience allows the full potential of all alternatives to be tested. A rising fee on carbon can then be successful, leading to phase-out of fossil fuel emissions.

The American Party

The public recognizes and is fed up with the failure of both political parties to work for the common good. So is it time to abandon them for a third party? Perhaps not quite.

Some conservative thought leaders recognize the merits of a carbon fee, a non-tax, 100% of collected funds distributed to the public on per capita basis. I have mentioned a Wall Street Journal [article](#) endorsing this approach by George Shultz and Gary Becker, Shultz having been Secretary of State under Reagan and Becker being a Nobel prize winning economist. It seems

^d All uranium-fueled nuclear power plants produce plutonium and there is no expectation that nuclear power will be eliminated by all nations on Earth, so it is important for the United States to stay on top of nuclear technology to help make it as safe and proliferation resistant as possible. The IFR replaces the usual PUREX (Plutonium and Uranium Recovery by Extraction) with a safer "pyroprocessing" approach².

^e Although I am suggesting the merits of further RD&D on advanced generation nuclear power, General Electric says that it is ready to build 4th generation PRISM reactors, a refined version of technology that Argonne National Laboratory developed two decades ago, i.e., they suggest that the technology is ready for demonstration.

worthwhile to work hard to gain support for this approach, with expectation that conservative support would be conditional on liberals not using any of the funds to expand government.

However, it may turn out that no matter how we try, such a rational approach cannot gain sufficient support within any reasonable period. The rumor about DiPeso's concrete shoes is only half facetious. Among potential supporters there seems to be a palpable fear of ostracism if they were to endorse a moderate conservative approach such as fee-and-dividend.

And yet moderation is just what most Americans seem to want.

In such case, the fastest way to progress may be a 3rd party, a centrist party. It is very possible that the United States is ready for a centrist American Party. In 1992 Ross Perot garnered almost 20% of the votes for President. At times he had led in the polls, but he damaged his credibility in several ways, including his assertion that he had once seen Martians on his front yard.

Compared with 1992, a much larger fraction of the people is fed up with the failures of both major parties. If, following the mid-term elections of 2014, there is not a strong indication of bi-partisan progress, it may be time to consider the possibility of launching a major centrist 3rd party effort, not only for the Presidency but for Congress as well.

Citizens Climate Lobby

Implausible dreaming, you scoff. Not so fast. For example, consider Citizens Climate Lobby. If you don't know about them read [today's article](#) in the New York Times. These are honest, hard-working people trying to educate politicians and the public about the need for a revenue-neutral carbon fee via op-eds, letters-to-the-editor, meetings with editorial boards, meetings with congressional staffers, and meetings with congress people.

Citizens Climate Lobby is made up largely of volunteers, with continual training of new recruits. They have doubled in size each year for the past several years and are active in most states. They are positive, dedicated and respectful, creating a good impression with congress people.

What is the chance that they can compete against the well-heeled fossil fuel lobby? Hard to say. But if they fail to move our present government by 2015, and by then have doubled in size a few more times, they just may be a democratic force to be reckoned with. They seek to persuade and are unfailingly respectful and polite, but determined. So, if in a few years the two major parties remain uncompromising and unsupportive of a carbon fee, it would not surprise me if Citizens Climate Lobby became a major force for a centrist third party.

Everybody is welcome to join Citizens Climate Lobby -- a link to an introductory call is at <http://www.tfaforms.com/275537>. Their summer conference in Washington this year is 23-25 June; registration is at <http://citizensclimatelobby.org/2013-international-conference>

¹ Hansen, J., Storms of My Grandchildren, Bloomsbury, 319 pages, 2009.

² Yoon and Till, C. and Yoon, C., Plentiful Energy, Amazon, 395 pages, 2011.