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**STEVEN STOFT:  
*CARBONOMICS: HOW TO FIX THE CLIMATE  
AND CHARGE IT TO OPEC*, NANTUCKET, MA:  
DIAMOND PRESS, 2008.**

This book is a clear and well-written volume aimed at those who are curious about the future of energy policy in a growing world. Consisting of thirty-one chapters broken up into five sections, each chapter highlights a different topic or question related to energy production, energy use, and the policies that effect energy consumption. While space limitations prevent us from discussing each chapter in-depth, it should be noted that each chapter nicely addresses a specific question related to the theme of each section. To his credit, Stoft presents the current energy debate in way that nearly any reader can comprehend, making the book suitable for adoption as a supplementary text in an undergraduate energy or environmental course. Beyond the fact that it is clear and well-written, the primary reason that it would be suitable as a supplementary text is that he goes beyond discussing current energy policy to put forth his own plan for addressing global climate change. In our opinion, his plan would lead to very interesting and fruitful classroom discussion and debate.

The first section of the book is labeled “Fossil-Fuel Myths”. Stoft starts by discussing what he feels an effective energy policy to be and the challenges that must be overcome in order for a policy to be successful. “I believe the two challenges-climate stability and energy security-are not only compatible, but that solving either requires solving both” (p.4). By using calculations and arguing against current greenhouse gas programs, he presents what he feels would be an oil policy

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that would work to achieve the twin challenges. The myths and realities presented by Stoft allow him to successfully state his idea of an "untax." The word untax is a creation of Stoft's, that while a bit problematic because it is not in general use, is defined by Stoft as a tax on carbon use that is collected and redistributed evenly across society once a year, similar to the Alaska Permanent Fund.

Section two, labeled "Energy Market Realities" is targeted toward learning from past efforts such as cap and trade policies. Stoft starts this section by explaining the role that OPEC plays in determining world oil prices and how in the late 1980s OPEC's attempts to keep the price of oil high led to consumer conservation and reduced consumption. This is a key part of his argument of how his untax concept would actually charge the costs of improving global climate stability and energy security to OPEC. For Stoft, the untax creates a "cartel of consumers" who hold down the growth of oil demand through their conservation efforts in the face of higher prices created by the untax.

Stoft does a good job of discussing alternatives that have been proposed or used such as synthetic fuels like ethanol and production processes like carbon capture and storage techniques. He states "I am not opposed to synfuels per se, only to yet more subsidies for fossil fuel-and for types of fossil fuel that are even worse than oil when it comes to climate change" (p. 101). His argument against subsidies for synthetic fuel programs allows him to address the common question of whether or not they will really work in reducing the world's current trend of oil consumption. He views the subsidies as a waste because they do little to engender conservation.

In the section called "Core National Policies," Stoft focuses on the implementation of policies on a nation-by-nation basis. This section covers all aspects of the untax, from his argument why it is the best option, to how it can be implemented in the United States. He argues that "a carbon untax breaks the [political] deadlock by dividing the carbon tax into two steps and fixing the expensive step" (p.145). That is to say that the money collected from the initial tax will be redistributed evenly across the population instead of going into government coffers. Stoft's hope is that by making it clear that it will be refunded, and thus is not a tax, it will be more politically palatable. His untax is thus a mix of Pigou and public choice. From a Pigouvian perspective he is undoubtedly correct that the solution to overconsumption of energy is to "get the prices right".

From a public choice perspective, however, we are less optimistic that the untax will be any more politically successful than a conventional tax. Regardless of what you call it the program that changes the relative price of carbon consumption, the majority of citizens will remain rationally ignorant of the program and its effects. Without some organized group with an incentive to promote the untax, we are less sanguine than Stoft that an untax will be any more successful than a tax. This is not to say that proposing the untax is a bad idea – good economics is

rarely good politics – just that our view of the political economy of an untax differs from Stofts.

Where Stoft is perhaps his best is in section four on “Global Policy.” Here he explains the problems of most global environmental policies. For example, he describes the difficulties and failures of global policies such as the unfair caps set under the Kyoto Protocol. He argues that it is unfair to set caps on poor countries on a per person basis that are several times higher than that of rich countries. “But without such caps, poor countries have no obligation at all, and unfortunately, developing countries have the fastest growing levels of emissions” (p. 208). Here Stoft is a bit better on the political economy of climate change when he notes that developing countries will not accept caps and certainly not caps set by other countries.

Stoft concludes his case for the untax in the final section of the book labeled “Wrap-Up”. There is much to admire in Stoft’s argument for the untax, as this point from page 261 shows “So the best plan is to keep it simple, do what’s obvious, and rely on the market to make the complex decisions”(p.261). Encouraging people to rely on markets and the price system is rarely a bad thing. Regardless of whether he is correct in his assessment of the political feasibility of the untax, the clarity and importance of his core message is an important one that deserves attention.