

Elon Musk says robust carbon tax would speed global clean energy transition

Innovator tells Sorbonne students that failing to price in damage done by carbon pollution is a \$5.3tn a year subsidy for the fossil fuel industry

Lenore Taylor in Paris

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Elon Musk, the renowned innovator, believes the widespread introduction of a carbon price could halve the time it takes the world to transition to clean energy and make a huge difference to the impact of climate change.

Addressing students at the Sorbonne University on the sidelines of the Paris climate summit, the electric car, Powerwall battery and space tycoon said the obvious solution to runaway global warming was to remove the effective subsidy of not pricing the damage done by carbon pollution, urging the students to campaign and lobby governments to implement the policy.

“To make it neither a left nor right issue we should make it a revenue-neutral carbon tax - increasing carbon tax and reducing tax in other areas like consumption taxes or VAT and in order to give companies time to react it should be a phased in approach,” he said.

“If countries agree to a carbon tax and it’s real and it’s not super watered down and weak we could see a transition [to clean energy] that has a 15- to 20-year timeframe as opposed to a 40- or 50-year timeframe, we could probably cut it in half and that would have a huge impact on the ... welfare of the world ... it really matters where we do this transition sooner or later.”

“For developing economies, they could leapfrog the fossil fuel situation with power lines, you could have remote villages with solar panels and a battery pack. Just like mobile phones - a lot of countries just didn’t do the landlines, they skipped right over landlines.”

The alternative, he said, was “more displacement and destruction than all the wars in history combined ... the dumbest science experiment in history”.

Musk said Australia would be the first mass market for his Powerwall battery storage technology because it had “such a large percentage of homes with solar panels and Australia correctly prices energy at a consumer level, people pay more during peak times than non peak, so the economic incentives are aligned for consumers.” His firm Tesla has said that its 7kWh home energy storage units would be available by the end of the year in Australia.

The businessman and inventor warned that getting rid of the “hidden carbon subsidy ... of enormous size, \$5.3tn a year according to the IMF” would continue to encounter tactics by fossil fuel companies similar to those used by the tobacco industry for many years.

Musk will give an address at the Paris talks later in the week, but is not engaging in political meetings, although he said he had “a good feeling” about the Paris summit.

“It is going to be degrees of success, but nothing came out of the Copenhagen climate talks, I think there was a net increase in global warming,” he said. “We need to send a clear message that this time there needs to be significant change.”

Tesla Motors is already assembling batteries to be used by utilities and building owners at its huge battery factory in Nevada, and Musk said there was a “huge potential” to use storage units to make existing energy grids more efficient and shut high polluting generators.

He said there would be “announcements next year from quite advanced discussions with a number of European utilities”.

Addressing the charge that carbon taxes would also help his electric car and solar companies, Musk said “if what I really cared about was my net worth, I would never have invested in a car company ... it has to be one of the dumbest way to invest money, and solar is not far behind it ... because we have these crazy rules in place.”

And he said his concerns had been elevated by the widespread use of fracking.

“Fracking has elevated my concern about the carbon problem dramatically. I always thought the scarcity of oil would drive up the price ... unfortunately some smart inventors, I wish they could have invented something else ... the net result, the accessible oil and gas reserves are dramatically higher, maybe by a factor of 10, and that is crazy for the climate,” he said.

The businessman and inventor has been calling for a carbon tax to drive clean power investments for years, using speeches like the one to the Sorbonne to urge community pressure for the policy.

His own companies having reportedly received billions in subsidies as start-ups, but Musk argues a carbon tax is a much better policy lever.

The LA Times calculated companies owned by the billionaire, including Tesla Motors Inc, SolarCity Corp and Space Exploration Technologies Corp, known as SpaceX, had benefited from about \$4.9bn in government support.

Innovation to drive advances in clean energy technology has been a theme of the Paris meeting, with billionaires Bill Gates, Mark Zuckerberg, Richard Branson and other high-profile entrepreneurs pledging to spark a “new economic revolution” based around clean energy with an investment drive for renewables. The US president, Barack Obama, and 20 other leaders promised to double their research and development spending on renewables.

Musk said he had not been asked to join the initiative.

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