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TITLE: Palmer puts climate in the centre

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The day after Clive Palmer announced he would oppose the Abbott government's efforts to abolish the 20 per cent renewable energy target, the price of market-traded renewable energy certificates jumped 27 per cent. The same day shares in Infigen, a company with a big portfolio of renewable energy generation, jumped 16 per cent. The next day, as the news sunk in, the shares rose another 2 per cent.

But while the renewable energy end of the sharemarket reacted favourably to Clive's big announcement with Al Gore, some reacted with pessimism and hostility. The Greens and Labor have every right to defend their now identical approach that abandons the carbon tax in favour of an immediate ETS. But the Palmer United Party's plans to protect the RET, the Clean Energy Finance Corporation and the Climate Change Authority need to be encouraged or risk being unwound.

Symbolism is important in politics. Al Gore's endorsement was clearly valuable to Clive Palmer. But Al Gore's objectives were more than symbolic. He wanted to help achieve real outcomes. By sharing a stage with Palmer, he helped reshape Australian politics. Had he done a press conference with Christine Milne, he'd have simply locked in politics as usual.

Tony Abbott's hostility to carbon pricing is entirely symbolic. We know it's not a deeply held view, as he has confessed to being a "weather vane" on the issue. We know it's not an economic standpoint because he not only has he told he finds economics boring, he can't find a single academic economist who prefers his direct action plan to a simple price on pollution.

Symbolic or not, Abbott's recent hostility to carbon pricing was central to his destruction of the Gillard government. He has no choice but to abolish it and the PUP senators' votes make that abolition more likely. Palmer's step towards the political centre on Wednesday night ensures not

only that large numbers of wind turbines will continue to be built but that Abbott's carbon tax victory lap will be short lived.

As of Wednesday night Bill Shorten, Christine Milne, Clive Palmer and Malcolm Turnbull support carbon pricing. Not only will the next prime minister introduce a carbon price, the next Senate will almost certainly offer many paths to its passage.

The idea in Australia that climate science and carbon pricing are left wing agendas is not common overseas. Conservative governments in Germany and the UK have driven some of the world's most ambitious emission reduction policies. Former California governor Arnold Schwarzenegger drove massive investment in renewable energy.

A POWERFUL SYMBOLIC MESSAGE

While his support for the renewable energy target and the \$10 billion Clean Energy Finance Corporation will deliver real investment and emission reductions, Palmer is sending a powerful symbolic message. When a billionaire coalmine owner accepts the economics of climate change, it is a lot harder for the fossil fuel industry and Abbott to suggest it's a left wing issue.

Climate change has made a mockery of political philosophy and language in Australia. The allegedly free marketeer Liberals are temporarily adamant that market-based mechanisms are the worst way to tackle climate change while the alleged "nanny state-ists" in the Greens are implacably opposed to direct action. Of course, the Greens used to love direct action policies when they were called "complementary measures" and the Liberals loved market-based mechanisms when Howard took one to the 2007 election, and again when they invented the renewable energy target.

Palmer's decision to repeal the carbon price and propose a new one is disappointing to those who want to keep the simple and efficient measure that we already have. It no doubt reflects his assessment of what the people who voted for his party expect him to do. From an economic point of view it makes no sense, but from a political point of view it makes perfect sense.

For the Greens and others to single out Palmer for having a confusing approach to climate policy is the pot calling the kettle black. Abbott will be remembered as the PM who created uncertainty and wasted billions by temporarily scrapping a modest carbon price. Rudd is the PM who abandoned his great moral challenge. Milne wants a high carbon price and cheap petrol while Clive Palmer is the first coal baron to enthusiastically embrace the economics of a carbon price and vote to protect renewable energy.