



How Laissez-Faire Capitalism Will Save the Planet

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Cleaner, healthier, freer markets – and now Clean Asset Bonds.

At Climate Week in New York, one will hear capitalism blamed, in some circles, for all of the world's ills: pollution, environmental destruction, climate change, economic injustice, and even war.

How surprising to realize that the very laissez-faire principles that underpin both modern democratic capitalism and the discipline of economics, can now be used to accelerate all clean free enterprise.

Many on both right and left believe laissez-faire means: let businesses do whatever they like. The new [Clean Capitalist Coalition](#) would argue that this view misconstrues laissez-faire principles, which the misled have misapplied. On the contrary, freedom has new tools to scale up conservation, clear both air and water, empower inclusive prosperity and tame the dogs of war.

The Coalition emerged from a [CRES Forum](#) discussion of cutting-edge policy solutions to accelerate clean energy deployment. Attendees were either right of center or solidly conservative – all leaders in business, advocacy, philanthropy, or policy. All agreed that removing barriers to clean energy deployment and investment presents a new area of policy innovation more powerful and economically beneficial than traditional subsidies. Barrier-removal offers a healthier, tastier kind of carrot incentive.

It is also the essence of laissez-faire policy, which is the core root of 19th century liberalism, and so the shared root of modern conservative and liberal thought. Shared core principles offer a good starting point from which to renew the fractured American conservation consensus.

Alarm over climate change as well as the policies proposed to “fix it” has resulted in political polarization, opposition and gridlock. The barrier-and-stick-based “solutions” of higher carbon taxes, more regulations and subsidies – seem to most conservatives like a job-killing, big government tax-and-spend, left-wing nightmare come true. Only innovative conservative carrot-based solutions can restore consensus.

Perhaps the most innovative, powerful barrier-free policy proposal is the [Clean Free Market Act](#), a model bill that any state, province or nation could implement to kick start a global clean free market, characterized by low taxes and no tariffs for clean free enterprise.

To accomplish this, the Act employs not one, but two game changing proposals.

The first is the [Clean Asset Bond](#) (CAB), the building block for a clean free market, a new kind of highly cost-effective *leveraged* tax rate cut that removes barriers to capital and participation better than any other incentive. Tax-exempt government bonds have no leverage effect. But CABs and similar loans are *private* tax exempt debt securities, financing historically proven, high impact clean assets. They magnify classic leverage effects: cheaper clean capitaland products, faster growth, and higher return on equity.

Nearly all sectors have such clean assets. So CABS can be SDG neutral, and drive down cost of clean energy, cars, recycling, etc., driving more public buy-in to solutions for multiple pollution problems.

But more than that, by leveraging up ROE, CABs also attract both debt *and equity investment* – the latter taxable! They attract not just the usual high net worth investors drawn to tax exempt bonds. ALL investors are attracted to higher ROE, maximizing market participation.

Taking advantage of the fact that average US ROE is 340% higher than return on debt, CABs cleverly offer a powerful incentive on cheap debt, while driving more investors to, and tax revenue from, high return equity. That means CABs can potentially be more revenue-positive than any other incentive, and more inclusive of all investors and industries.

The second game changer is tax reciprocity, a common feature of most tax treaties; e.g. we recognize UK tax-exempt organizations, and they recognize ours. The Act bakes in tax reciprocity, effectively eliminating all border barriers to rapidly scale up a clean free

market.

Here's how it works: Any state or nation can adopt the Act. Its businesses can then issue Clean Asset Bonds and Loans, which would be tax-exempt to citizens of all cooperating states or nations. Clean assets and products, qualified by the Act, could then also trade between cooperating nations without tariffs. This “plug & play” design allows the rapid global expansion of a clean free market – with low taxes and no tariffs – without the need for cumbersome negotiations required for regional carbon trading markets or free trade zones.

By adopting the Act, a state or nation is immediately part of a vast clean free market with the potential to attract massive international capital flows for sustainable equity and debt investment, much of it taxable.

What better way to end and win trade wars, begun with 30% solar tariffs, than launch a global clean free market?

Rod Richardson is President of The Grace Richardson Fund, Co-chair of the Clean Capitalist Leadership Council, both co-founding members of the new Clean Capitalist Coalition of policy groups exploring barrier-removing policy innovations for conservation and clean free enterprise.



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