

**Motion: to call for fairer comprehensive carbon tax with citizens dividend
to drive rapid reduction in polluting emissions and protect the climate we all depend on**

On 23 Sept 2021 UK businesses asked the PM for more 'leadership' on climate issuesⁱ. The same day, **Prime Minister Johnson** warned *"it's time for humanity to 'grow up' and tackle climate change"*. In the UN the PM asked countries to commit to **substantial emissions reductions**. *"Increases in temperature...are associated with spread of diseases ..such as Lyme;.. severe drought, and our oceans would become more acidic..., negatively impacting .. species, (and) fish."*ⁱⁱ.

The government is considering making the UK's carbon tax scheme **fairer**ⁱⁱⁱ as **we host the COP26 Climate Change Conference** in Glasgow November. A **fairer Comprehensive Carbon Tax** on all GhGs emitted in providing all goods and services (so no "leakage"), and with a **"Carbon Border Adjustment Mechanism"**^{iv} to help UK businesses compete more fairly with imports of goods made in countries still using dirtier fuels, **and a dividend**^v for UK citizens (see below) can incentivise the shift we need to cleaner more sustainable local energy sources.

**Therefore, we propose
that this Council resolves to support calls for a fairer *comprehensive carbon tax* by;**

1. Writing to our Leaders who are considering a fairer UK carbon tax with dividend:

1. The UK Prime Minister Boris Johnson,
2. Alok Sharma MP, President of COP26, and to
3. Our six Cornwall MPs

In our Letter, voicing local support requesting that the UK government:

1. **Propose an International comprehensive carbon tax framework to the COP;**
2. **Introduce a UK-wide fairer comprehensive carbon tax** to be applied to imports of fossil fuels as well as their domestic production **and a "carbon border adjustment mechanism"** import levy on goods produced in countries that pollute more dirty GhGs, by the end of 2022 as we Build Back Better.

Our UK gov are working to cause this preferably as part of a framework agreed at COP26, but in the absence of such an agreement we have responsibility to show responsible leadership.

3. **Include a citizens' dividend mechanism to fairly return carbon tax earnings to British citizens** and support the UK's transition to a cleaner economy.

2. Taking Local Action, inline with the Newquay neighbourhood plan, by promoting Solar installation on all new developments (as appropriate/ which do not already have them).

Recent flooding in the UK and Europe, fires raging in the USA, Greece, southern Europe, Russia and Australia, bleached corals, and rising sea-levels wiping out Bangladeshi villages

evidence how **our planet is undergoing human-caused climate change** (due to rising concentrations of **GreenHouseGases** (*the pollution greenhouse gases CO2/carbon dioxide, methane, nitrous oxide, etc*) in our atmosphere), as *the Intergovernmental Panel on Climate Change (IPCC) (including UK officials)* reported August.

SkyNews reported growing human caused climate change as a *“Code Red for Humanity”*^{vi}. The **“Polluter Pays” principle defines the moral and economic case for a comprehensive “carbon tax” with citizen dividends to Build Back Better with the reasoning that:**

1. Currently the *costs of destabilising of our climate are borne by farmers, fishing and tourism communities* who depend on reliable weather patterns yet are *facing ever-greater impacts from increasing climate volatility, rather than the industries and activities that are causing the damage* (most of all the oil & gas industry).
2. We can *incentivise the phase-out of dirty* fossil fuels which create sooty *particulate emissions in our communities* (causing asthma and other health issues linked to some 64,000 deaths in the UK every year), and *support investment in clean alternatives*, as other countries have been doing, with better carbon taxes set at the right level.
3. We can *raise a dividend* from better carbon taxes that can fund and support *a fair transition* for UK communities facing rapid change (as Canada has), *helping our communities* adapt to the disruption that climate breakdown is already bringing.

The BBC said^{vii} that *“If we combine forces now, we can avert climate catastrophe. But... there is no time for delay”. What has been lacking to lower GhGs/carbon emissions as much as needed in the UK are effective mechanisms to incentivise and support us all to transition to lower-emission technologies and lifestyles.”*

Comprehensive Carbon Tax and Dividend FAQs

- 1) **What do British people think?** Surveys show that a majority of UK voters support a tax on carbon emissions^{viii}. The Times has reported that *“higher carbon taxes ‘could cut income divide and emissions’^{ix}”*.

In 2021 over 100,000 Brits signed a petition^x to the government calling for a **comprehensive carbon tax**: *“the Government must...introduce charges on producers of GhG emissions. (This) ... would encourage industries and organisations to reduce their carbon emissions, and could raise billions for the UK economy. The UK should utilise its position as host of COP26 ... to drive global progress...”*

- 2) **What do British businesses think?** UK businesses want a carbon tax, especially as a comprehensive carbon tax (with border adjustment) would support our local businesses to compete against less clean-powered competitors internationally.

The “WeMeanBusiness” coalition including *Aviva, Alliance Trust, BAE, Barclays, AstraZeneca, Marks and Spencer, Sainsburys*, etc states that^{xi}, whilst business must make efforts

“if Governments create the conditions for success, business will innovate and scale climate solutions – many of which already exist.

(Governments) must do it now, because companies have much to do to decarbonize ...

We need millions of companies to get on track for halving emissions by 2030 – and to reach these goals, governments need to play their part. The severity of the climate crisis demands transformational policies in every country and sector.

Businesses urgently need clear and consistent government policies aligned with a 1.5°C target to urge them to make investments and decisions that will decarbonize the global economy. Governments can gear the market towards low-carbon activities in the pandemic recovery by ...putting a price on carbon....”

- 3) **What do we mean by a “carbon tax”?** A tax levied on every unit of greenhouse gas that is emitted in the UK or emitted outside the UK to provide goods and services used in the UK. This is sometimes called a “carbon fee”.

This is explained in detail by *Friends of the Earth (FOE)* at:

<https://policy.friendsoftheearth.uk/insight/making-polluter-pay-transition-net-zero>.

As FOE states: *“The extraction and use of fossil fuels in the UK equates to at least £44 billion every year, based on the social cost of carbon (SCC) methodology...*

Since 1990 the cost of harm caused is around £1.65 trillion: a vast cost borne by society at large, rather than by the polluter.”

- 4) **What are greenhouse gases?** The main greenhouse gas (GhG) is carbon dioxide (CO₂). Methane and nitrous oxide N₂O are also significant, as are some fluorinated hydrocarbons (“F gases”).
- 5) **What do we mean by a “dividend”?** This is the money that is raised by carbon tax, which can be used both to invest in the big changes needed for a zero-carbon economy and/or to distribute to citizens, either directly or indirectly through the tax system. Alternatively, low-tax paying citizens could be provided with vouchers which can be used to pay for low-carbon goods and services such as trains, buses, solar power, home insulation, etc.
- 6) **What’s the purpose of such a levy?** The tax has two main purposes: 1) to rapidly drive down fossil fuel usage and remove the ability of companies to profit from extracting them, and 2) to raise funds in the short term to finance a just transition to a zero-carbon economy.

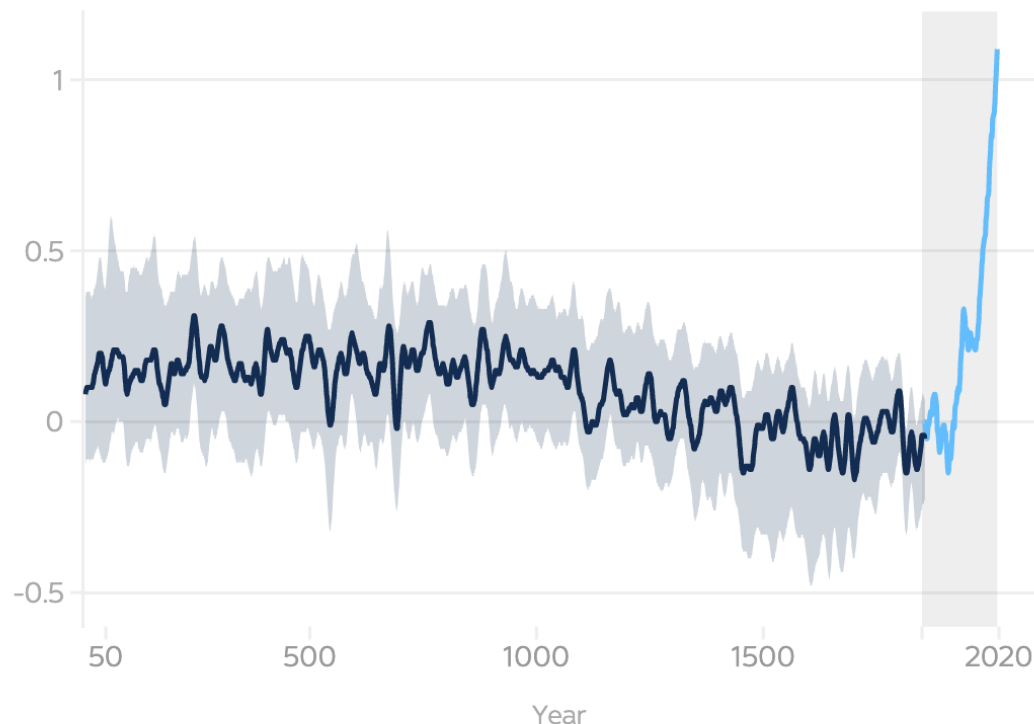
- 7) **Don't consumers already pay carbon taxes, e.g. on petrol?** Yes, but these are piecemeal whereas what is needed is an across-the-board tax that can truly drive down fossil fuel usage and carbon emissions – a tax (without offsets and loopholes) paid in the first instance by the **producers** rather than the consumers of such fuels.
- 8) **But wouldn't this put up the prices of fuel for industry and consumers?** Yes, if fossil fuels remain cheap to consume or to use for industrial purposes, we would continue to burn these dirty fuels in large quantities with no market incentive to transition to cleaner solutions. However, we have already seen that economic policies such as taxes and legal standards have, when applied, incentivised innovation, and the economies of scale from rollout of and innovations in low-carbon technologies (e.g. hybrid and electric vehicles, and air-source heat pumps for domestic heating) mean lower prices of these every year.
- 9) **But won't fuel price rises make things harder for ordinary people, particularly those who aren't so wealthy?** That's where the dividend comes in. It will help cover the extra costs for people on low incomes. Much of the money raised by a carbon tax would be invested in the big changes that are needed to make a zero-carbon economy possible – and affordable for ordinary people. This will create jobs as well as making public transport cheaper, homes easier to keep warm, etc.
- Some things, such as flying, will become more expensive until the carbon tax incentivises more proliferation of battery powered planes (as DHL recently invested in a fleet of in the USA due to pressures such as carbon taxes^{xii}).
- 10) **Is human caused Climate Change actually bad, and doesn't the earth's climate change anyway?**

SkyNews summarised IPCC report data stating “*The rate of warming hasn't been seen in the preceding 100,000 years. The decades since 1850 are "unprecedented"*”

Warming since 1850 is unprecedented in more than 2,000 years

Change in global surface temperature in °C

■ Observed ■ Reconstructed



SOURCE: [IPCC, 2021](#)

Paleoclimatic archives, which show how temperature has varied over the ages, show that temperatures have gone up and down during that time, **but at no point during those 100 millennia, has it been as warm as it is now.** The report authors found that if only natural drivers of temperature change had been active in the last 170 years, the planet would be roughly the same temperature as was in pre-industrial times, not 1.2°C warmer, as it is calculated to be.”

11) Aren't some of the oil companies advocating a carbon tax? Why would they do this?

Some of them are, yes. But what they're proposing is far less than what is needed in scale and impact. The oil companies could live with a carbon tax at a relatively low rate - in fact they may calculate that this would be good for them politically as it would provide a revenue stream that governments would find hard to give up. What is proposed is a tax that will, over a short time-frame, incentivise the phase-out of fossil fuels and the take-up of cleaner options. As the tax rises over time it will become impossible for oil companies to continue to profit from the destruction of our environment.

12) Would every country impose such a tax at the same rate? Ideally yes, that's what many would like to see. This obviously calls for an international framework agreement, which is one reason why gatherings such as the climate conference COP26 in Glasgow in 2021 are so important. But even in the absence of such an agreement, individual countries must press ahead with better carbon taxes. Setting targets is not enough – we need robust

economic mechanisms that can make sure those targets are actually met.

13) Won't industries in countries that don't introduce a carbon tax, or only a low-level tax, have a competitive advantage? That's an important point, and is one reason why imports from such countries will need to be subject to tariffs that reflect their "embedded" carbon emissions. This type of tariff is sometimes called a "carbon border adjustment mechanism", and would prevent countries from simply exporting their consumption-related emissions to countries with lower rates of carbon tax, as the UK has been doing. It would also be a powerful driver for such countries to introduce their own carbon tax.

14) What rate would this carbon tax be set at? Some propose starting at the rate of £100 a tonne (i.e. per tonne of carbon dioxide that's emitted when the fuel is burned), increasing by 10% a year to reach £400-£500 a tonne in ten years' time. For greenhouse gases other than CO₂ the standard IPCC factors for Global Warming Potential can be used.

15) Is a carbon tax the same as "cap & trade" and Emissions Trading Schemes (ETS)?

No. Cap & trade systems such as the EU's Emissions Trading System (EU ETS), and the UK's post Brexit ETS launched in 2021 are much more complicated and apply only to individual industrial facilities. A cap is set on the total amount of certain greenhouse gases and carbon emissions that can be emitted by an installation covered by the system. This is reduced over time, the aim being to push down total emissions. But within the cap, installations can buy or receive emissions "allowances", which they can trade with one another. This type of "offsetting" has allowed all sorts of special allowances and loopholes and is very hard to monitor effectively – one reason why cap & trade has proved to be ineffective in cutting emissions. Taxing carbon at source is much simpler.

16) Would taxing fossil fuels at the point of extraction/import be more acceptable to consumers than taxing them at the point of consumption? Yes, research suggests that such an "upstream" carbon tax would be more acceptable to consumers because it would be the fossil fuel companies paying this tax in the first instance. Of course, they may pass on the tax as higher prices, but these can be offset with dividend payments or vouchers for consumers to spend on cleaner alternatives.

17) Didn't the UK have a consultation in late 2020 on a "carbon emission tax"? Yes, but this was regarding a scheme to replace the EU Emissions Trading Scheme (ETS), which only applied to stationary industrial facilities. Furthermore, this was not a "carbon tax" (as described by FOE) but a "cap and trade" scheme (see above).

18) Is it possible for businesses to go carbon free? Yes, whilst challenges exist, British companies *Barclays, BT, AstraZeneca, Deloitte, Sky and Unilever*^{xiii} and many smaller have already set and in some cases achieved goals of being powered by 100% cleaner renewable energy^{xiv}, showing what is possible even in heavy industry. Even in the mining

sector, battery vehicles are being tested for heavy machinery.

ⁱ <https://www.ft.com/content/9ff0a2ce-0682-42ea-8733-a72adfbdd8aa?segmentId=3f81fe28-ba5d-8a93-616e-4859191fabd8>

ⁱⁱ <https://climate.nasa.gov/news/2865/a-degree-of-concern-why-global-temperatures-matter/>

ⁱⁱⁱ UK considers import taxes to combat 'carbon leakage', Sky News, Ed Conway - Economics editor, 21 July 2021

<https://news.sky.com/story/uk-considers-import-taxes-to-combat-carbon-leakage-but-wants-global-deal-12360576>

^{iv} UK considers import taxes to combat 'carbon leakage', Ed Conway, Economics editor, 21 July 2021 <https://news.sky.com/story/uk-considers-import-taxes-to-combat-carbon-leakage-but-wants-global-deal-12360576>

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^v "Carbon dividends work by recycling the proceeds of a carbon tax back to households." From *Why carbon dividends are having a moment*", LSE, 5 August, 2021 <https://www.lse.ac.uk/granthaminstitute/news/why-carbon-dividends-are-having-a-moment/>

^{vi} **'A code red for humanity':** Landmark climate report says global warming limit to be hit within 20 years. IPCC assessment finds 1.5C warming target will be breached without "immediate, rapid and large scale reductions in greenhouse gas emissions". **Sky News, 9 Aug 2021** <https://news.sky.com/story/climate-change-global-warming-limit-of-1-5c-to-be-hit-in-next-20-years-landmark-un-report-warns-12376737>

^{vii} **Climate change: IPCC report is 'code red for humanity'**, BBC, 9 Aug <https://www.bbc.co.uk/news/science-environment-58130705>

^{viii} „A majority of UK people support carbon emission taxes, 25/02/2021, MSNMoney <https://www.msn.com/en-gb/money/other/a-majority-of-uk-people-support-carbon-emission-taxes-but-how-would-they-impact-you/ar-BB1e0m9w>

^{ix} Higher carbon taxes 'could cut income divide and emissions', Catherine Sanz, June 06 2019, The Times <https://www.thetimes.co.uk/article/higher-carbon-taxes-could-cut-income-divide-and-emissions-t6gqd9kxp>

^x <https://petition.parliament.uk/petitions/574678>

^{xi} <https://www.wemeanbusinesscoalition.org/blog/why-business-and-government-must-act-on-the-ipcc-climate-change-report/>

^{xii} DHL to Add Electric Planes to Fleet in Pursuit of Zero Emissions, Bloomberg, 3 Aug 2021 <https://www.bloomberg.com/news/articles/2021-08-03/dhl-to-add-electric-planes-to-fleet-in-pursuit-of-zero-emissions>

^{xiii} See <https://www.there100.org/re100-members>

^{xiv} RE100 considers as renewable the electricity generated from geothermal, solar, sustainably sourced biomass (including biogas), hydropower and wind energy sources.