

Why progressives in Canada should reject the federal government's carbon tax

[Op-ed commentary by Paul Abela, published in *The Globe and Mail*, May 6, 2019](#)

Economists tell us that the federal carbon tax will provide an end to the “externalization” of the costs associated with CO₂ emissions. Environmentalists tell us that increasing the cost of carbon-intensive energy will alter consumer behaviour and “save the planet.” Politicians levy the tax and tell us that we’re all in this thing together.

These claims by the tax’s champions are advanced in the light of real-world facts, as the [recent spring flooding](#) here in Canada reminds us. Global warming is real. It is caused by rising levels of heat-trapping gases in the atmosphere. Human beings are responsible for the rise. And as the Intergovernmental Panel on Climate Change (IPCC) has demonstrated, the costs of rising global temperatures over the next 80 years – if left unchecked – will be substantial.

So it sounds, then, like a perfect piece of progressive policy – a solution by which we should all contribute, in service to the greater good. But who exactly is “we?”

Taking that question seriously, at the outset, should serve as a reminder that the carbon tax is but one more step down the road of regressive taxation. Since the Mulroney government’s introduction of the GST in the early 1990s, the working and middle classes have been subjected to powerful regressive forms of taxation in Canada.

You don’t need a PhD to understand the damage these consumption taxes inflict. Food, heat, transportation and other necessities are non-discretionary expenditures. As such, people in these classes pay a far higher percentage of their incomes to stay afloat. Progressives have a proud history fighting against consumption taxes. When the provincial Liberals introduced the British Columbia carbon tax – the poster child for the current federal carbon tax – the provincial NDP fought hard against it on social-justice grounds. Why should it be given a free pass now?

Environmentalists claim that we need to change behaviour – that whatever financial pain the tax imposes, it’s a price worth paying because we don’t have the luxury of being distracted by “political” concerns. But that, of course, is a political choice itself. The carbon tax only feeds into the decades-long perception that environmentalism is a class-blind movement and that belief has only made it easier for the populist right to capture portions of the working class. Yes, imposing a financial cost will alter consumption behaviour – the behaviour of those most vulnerable to its sting. When did that form of social policy earn the right to be celebrated?

Rebates, others still claim, mean that the less fortunate will not be hurt. In fact, they will do better. Shame. Working people know that this is a lie, issued in bad faith. When implemented in 2008, the B.C. carbon tax was expected to give the lower-income 40 per cent of families at least as much, if not slightly more, than they were taxed. A commitment was also made that the tax would remain “revenue-neutral,” just like the federal one now.

Unsurprisingly, it didn't turn out that way. Under the B.C. Liberals, the carbon tax increased by more than 300 per cent, but the rebate grew just over 30 per cent. The tax is no longer revenue-neutral. Moreover, a large share of carbon-tax revenues didn't go to the disadvantaged but were directed to corporations instead. The current NDP government is resetting those numbers, but the basic structural problem remains: Once a tax is normalized, the political pressure to supply continued offsetting relief dissipates if the recipients lack political clout. With less focus on the situation, that financial reality on the ground shifts, quietly, under foot.

So what is to be done? One could begin by ending the federal and provincial government subsidies to the oil and gas industries, which are billions of dollars more than what the carbon tax is anticipated to raise in total in 2019. The Overseas Development Institute has recently ranked Canada as the worst offender for fossil-fuel subsidies among the Group of Seven countries.

Perhaps, going forward, one might also have a hard look at the profit statements of the fossil-fuel industry. There is no shortage of money there to tackle the problem. It's a matter of the political will to go after it in a form other than campaign contributions.

We shouldn't be surprised, then, that powerful oil companies like ExxonMobil are now lobbying for a carbon tax. That the public has been led down the path of personalizing the climate-change problem and making the vulnerable responsible for fixing it is, all things considered, predictable. But for progressives to endorse that path is little short of reprehensible.

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