

What is the Canada Carbon Pricing and Rebate System Designed to Do?

It is becoming increasingly clear that we all are going to be paying something, sometime for effects of the rapidly increasing amounts of CO₂ in the atmosphere as a result of human activity. The payments may be obvious – for example carbon pricing, or less clearcut – like not being able to get insurance on a cottage in the woods or near the ocean, higher food prices due to increasing pest damages, or wars in parts of the world where ways of life are disrupted by more intensive droughts.

Carbon pricing and the carbon rebate are market-based mechanisms that are designed to be incentives to change our spending behaviour now for future gain. There are many other examples of such incentives, such as employer-subsidized pension plans. In order to accept a job with that kind of pension plan the employee has to agree to forego salary now for future financial security. We consider those people very fortunate, and they do too! How many times has someone said, I'm so lucky to be able to retire now because I have a good pension plan. Yet maybe if they have a young family getting that money now would pay down a mortgage quicker.

In effect, carbon pricing and the rebate is paying us to change our behaviour by giving us the opportunity to save money both in the long term and in the short term. We all directly get the tax-free carbon rebate AND indirectly we pay less carbon tax if we consume fewer carbon-intensive products now. If we change our behaviours now, climate change is mitigated and we will be paying less in the future. We are being paid to change our behaviour.

Why are so many people so angry about carbon pricing and rebate? Is it because we don't trust the federal government or like their leadership? Is it that the long-term payback is more nebulous than for a pension plan where an employee can watch the growth in their monthly or annual statements? Is it that we know some people have less capacity to reduce their carbon footprint, for example if they must drive more or live in a colder climate or can only afford a house with poor insulation? At least some of the above are likely true. But do we insist that employer-subsidized pension plans are thrown out? It seems worthwhile to think carefully about the reasons for opposition to the carbon tax.

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