

Bath and North East Somerset Council

Full Council meeting 18th November 2021

Motion on a Carbon Tax

To be proposed by Councillor Joanna Wright

Motion to call for a comprehensive carbon tax with a citizen dividend to be agreed at the 2021 Climate Change Conference (COP26)

This Council believes:

Man-made climate change is widespread, rapid, and intensifying, affecting every part of the globe. Since the second half of the 19th century, the release of greenhouse gases (GHGs) from human activities has warmed the planet by 1.1C. Rapid reductions in GHGs are needed immediately otherwise limiting global warming to 1.5C or even 2C will be impossible. These are the stark conclusions from the latest Intergovernmental Panel on Climate Change (IPCC) report, released in August 2021[1]. The report presents the findings from years of in-depth work from over 200 scientists in 66 countries. It provides key evidence for the 2021 United Nations Climate Change Conference (COP26), which is hosted by the UK Government in Glasgow from October 31st to November 12th 2020.

This year has already seen record extreme heat in both North America and Europe, the hottest July globally since records began, catastrophic floods in Europe and China, and raging wildfires in Siberia, Europe, and California. And this is with only 1.1C warming. It will get worse, but how much worse depends on how quickly GHG emissions are reduced.

It is estimated that the UK will be responsible for ~800 million tonnes of CO2 equivalent in 2021[2]. We need mechanisms to reduce GHG use quickly. One potentially 'game changing' mechanism is a carbon tax that covers all GHGs emitted in the provision goods and services. For the tax to be socially and economically fair, the money raised should be used to pay a 'citizen dividend'. A carbon tax dividend, starting at £100 per tonne of CO2, would generate up to £80 billion, which could make the necessary changes for a rapid transition to a zero-carbon economy, while supporting UK residents[3].

The moral and economic case for a comprehensive carbon tax with citizen dividends lies in the 'polluter pays' principle:

- Currently the costs of climate breakdown are not borne by the industries and activities that are causing the damage but by people and communities coming under increasing pressure and danger.
- Outdoor air pollution from fossil fuels causes 3 million deaths globally each year and up to 36,000 in the UK. [4]
- *Unless where specifically set out in the statute, motions approved at Council do not bind the Executive (Cabinet) but may influence their future decisions.*
- *Councillors are reminded of their public sector equality duty which requires the Council to consider or think about how their policies or decisions may affect people who are protected under the Equality Act.*

- A carbon tax, set at the right level, will drive fossil fuel consumption out of the economy and promote investment in clean alternatives.
- A citizen dividend from the carbon tax, returned directly to UK citizens through equal lump sum rebates, would ensure that the less well-off actually benefit financially.

There is widespread support for a comprehensive carbon tax with a citizen dividend. In 2019, the Wall Street Journal published a call for such a tax from US economists, including 27 Nobel Laureates and 4 former Chairs of the Federal reserve[5]. They stated, “a carbon tax should increase every year until emissions reductions goals are met”. In the UK, an Opinion survey revealed that two thirds of UK voters support a tax on carbon emissions[6]. A 2019 study from the Economic and Social Research Institute, reported in The Times[7], found that a carbon tax could reduce GHG emissions and reduce income inequality.

This year’s COP26 meeting in Glasgow should establish an international carbon tax framework, but if this doesn’t happen, the UK should introduce its own comprehensive carbon tax, paying dividends raised back to citizens. A carbon ‘border adjustment mechanism’ should be applied to goods imported into the UK to ensure that the GHGs emitted in their production are also taxed. A border adjustment mechanism would protect more cleanly produced UK made goods and incentivise other economies to lower emissions.

Therefore, we propose

1. that this Council resolves to support calls for a comprehensive carbon tax by writing to our leaders who are currently considering a fairer UK carbon tax with dividend:
 - a. The UK Prime Minister Boris Johnson
 - b. MP Alok Sharma, President of COP26 (the Glasgow 26th United Nations Climate Change Conference), and to
 - c. Our Bath MP and our Northeast Somerset MP

In our letter, calling for the UK government to:

2. Propose an international carbon tax framework to the COP
3. Introduce a UK-wide carbon tax by the end of 2022, this tax to be applied to imports as well as to domestic production (and/or “carbon border adjustment mechanism” / tax / tariffs) unless an international framework is agreed at COP26
4. Include a citizens’ dividend mechanism to fairly return carbon tax earnings and support our transition to a cleaner economy.

[References overleaf]

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[1] IPCC, 2021. *Climate Change Widespread, Rapid, and Intensifying*.

[2] *The Climate Change Committee, 2020. The Sixth Carbon Budget – The UK’s part to Net Zero; Department for Business, Energy & Industrial Strategy, 2018. Methodology Paper for Emission Factors; Department for Environment, Food & Rural Affairs, 2018. UK’s Carbon Footprint 1997-2018 report.*

[3] *PERILS catastrophe insurance data provider, Zurich, 2021. PERILS sets final £368mn estimate for Feb 2020 UK floods; Royal College of Physicians, 2020. Outdoor air quality in the UK - position statement.*

[4] *Public Health England.2019. Review of interventions to improve outdoor air quality and public health.*

[5] *The Wall Street Journal. 2019. Economists' Statement on Carbon Dividends. Bipartisan agreement on how to combat climate change.*

[6] *The Guardian, Opinium Survey 2021. Carbon tax would be popular with UK voters, poll suggests.*

[7] *The Times, 2019. Higher carbon taxes 'could cut income divide and emissions'*

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