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Why Covid-19 is the right time to increase carbon taxes

Updated / Friday, 4 Dec 2020 12:30



"If Covid-19 has taught us anything, it is that we cannot put off long-term problem

Analysis: strengthening carbon pricing during the pandemic is the best time to do so for both consumers and governments

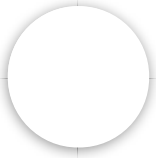
Last month, petrol prices rose as the Dáil increased carbon pricing provisions in the Budget, so you might well be now seeing some changes at the pump. Given the hurting economy that we face in light of the pandemic, you could think that this is a horrible time to introduce these kinds of policies. But what if I told you that now is actually the *right* time to institute these carbon price increases if you wanted to increase them at some point?

A recent study from UCC finds that reasons for doing so include the current restrictions; the economy not needing a price stimulus, lower than usual petrol prices, a need for new forms of government revenue and the importance of thinking long-term.

It is worth asking why we have carbon taxes in the first place. Petrol and other carbon prices are not meant to punish drivers, but rather ensure that those who pollute bear the costs of that pollution. As moral philosopher Peter Singer explains, one plausible principle is that "whoever caused the pollution should pay to clean it up". It is not fair for some to pollute and profit from it while the costs of that pollution are borne by everyone in society in terms of sickness and environmental damage, all of which have to be paid

Privacy

for by the government via our taxes.



03:59

From RTÉ Prime Time Explained, Robert Shortt and Mark Coughlan on how the carbon tax is set to quadruple over the next ten years

Furthermore, there are many reasons to believe that carbon prices work and change people's behaviour. Politicians, economists, and thought leaders argue so, as well as the successful Irish Citizens' Assembly, which is composed of everyday people who made recommendations after carefully learning about the issues.

So if there is a good case for having carbon prices, why now? First of all, ongoing Covid restrictions means these increases will hit people less than they would during normal periods. We should all be doing less driving or flying at this point, so it is less damaging to our wallets to introduce them now. Even when restrictions end, it's not the right time to incentivise short flights which might put both people at risk

Second, while we might think that we want cheap petrol as a stimulus to the economy, people's spending is not limited by price right now, but by Covid-19 and restrictions. Even if things were a bit cheaper, that wouldn't greatly increase how much we would buy. What is stopping us from buying non-essential things is not their price, but closed shops.

05:22

From RTÉ Radio 1's Morning Ireland, RTÉ political correspondent Paul Cunningham on how petrol and diesel prices have risen after the Dáil passes carbon tax measures as part of Budget 2021

Third, petrol prices are lower than recent historical levels, so it is less of an imposition to increase carbon prices now. The low energy prices now come partially from lower demand due to Covid-19, but also from the extra oil that resulted from a price war between Saudi Arabia and Russia and ended up with both producing more oil than was agreed to. This gives us the opportunity to introduce these prices without hurting consumers as much as they would with normal oil price levels.

Fourth, Covid-19 increases government costs, both in terms of getting less revenue via taxes (since there is less economic activity) but also from paying for more social and medical services that we all benefit from—and the poorer and those more at risk benefit more most of all. Any new potential sources of income that could help offset that would help pay for addressing the costs of the pandemic. In other words, those carbon prices can be used to help protect us all and provide more support from the government, support that is needed in a crisis more than ever.

Finally, Covid-19 teaches us that we need to have policies that help cushion us from long-term threats and climate change is*also* a long-term threat. The Citizen's Assembly recommended carbon taxes to help curb excessive emissions and send co-ordinated signals to markets that we want to live in a safer, greener economy with jobs for the long-term.

11:20

From RTÉ Radio 1's Drivetime in 2019, motorists and those who drive for a living give their views on carbon tax

If Covid-19 has taught us anything, it is that we cannot put off long-term problems. The longer we do so, the more we lock-in our current structures and the more difficult and costly they are to change for our children and the long-term. That is why now, amidst the pandemic, is the best time to strengthen our carbon prices.

The views expressed here are those of the author and do not represent or reflect the views of RTÉ

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