Global carbon tax may be more feasible than previously thought

January 16 2019

A recent large survey conducted in five countries, published today in *Nature*, shows a consistently high level of support for a global carbon tax among the general public, given that the tax policy is carefully designed.

While environmental taxes, such as increased fuel and energy taxes, often create tension and political dispute, new research show that the general public is positive to introducing a global carbon tax. A unique survey conducted in India, the United Kingdom, the United States, South Africa and Australia gives an alternative insight to one of the world's most challenging policy issues.

Lack of public support is a major obstacle

"We have asked around 5,000 people in 5 countries their opinions on different carbon tax designs. Their high level of support suggests a major rethinking of how we approach carbon taxes and international cooperation. The majority of the respondents supported carbon taxes, in scenarios were revenues are given back to people or spent on climate projects", said Steffen Kallbekken, Research Director at CICERO, a Norwegian Climate Research Institute.

British Columbia in Canada for example, introduced a carbon tax in 2008. Initially, parts of the public were upset and wanted to remove the tax, but this criticism faded once the residents received rebates on income tax and greenhouse gas emissions fell.

"Lack of public support is often the main obstacle to introducing carbon taxes. Knowing this, policy makers need to carefully design and communicate the taxes in a way that will generate sufficient support" said Stefano Carattini, Assistant Professor at Georgia State University.

In the survey, the respondents were asked whether they would support a carbon tax to be implemented in their country in 2020, if this was also done in all other countries. The researchers simulated the effects of the carbon tax in an economic model to be able to allow respondents to make an informed decision. In this way, they also informed the scientific community about the economic and environmental effects of a global carbon tax, simulating different tax rates and different uses of revenues.

"A worldwide carbon tax would not disrupt the global economy" said Anton Orlov, Senior Researcher at CICERO. The economic simulations showed that the economic impact would be modest in countries with a clean energy supply, but greater in countries that rely on fossil fuels, especially coal. This is true even without taking into account the large benefits from avoided climate damages.

Harmonizing carbon taxes

Imposing a cost on carbon is the most economically efficient way to reduce greenhouse gas emissions. A worldwide carbon-pricing system would speed up emissions cuts, but still, this is not happening.

"The most feasible option would be a global system of harmonized carbon taxes, as countries do not have to agree on the use of the revenues, and can choose the option that is most appropriate domestically", said Stefano Carattini.

"Public support for carbon taxes needs more study, especially in developing countries. It is important to understand and communicate

information to voters about carbon taxes and their economic, social and environmental effects. Policy makers should identify the best compromises between efficiency and acceptability", said Steffen Kallbekken.

"Understanding people's tax preferences is essential for designing policies to set a global carbon price. Knowing this, researches should continue to evaluate the best use of revenues and ways to distribute them" said Kallbekken.

A system of harmonized carbon taxes, in which countries agree on the tax rate but maintain control over tax revenues, would be the easiest way to achieve a global carbon price.

More information: Stefano Carattini et al. How to win public support for a global carbon tax, *Nature* (2019). DOI: 10.1038/d41586-019-00124-x

Provided by CICERO