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Tackling affordability and climate change

Climate change is a scientific reality. The effects of climate change surround us. The call to action has never been more resounding.

But as we take action, it must be in the most thoughtful ways possible - ensuring that the costs of fighting climate change are as low as they can be and that the economic upside is maximized.

Putting a price on carbon pollution is one tool. It provides financial incentive for people and businesses to pollute less. It is widely accepted by international experts as one of the most effective and efficient approaches to reduce the greenhouse gas emissions that cause climate change while driving innovation.

Canada is among approximately 50 countries that have some form of carbon pricing – double the number ten years ago. The Supreme Court of Canada recently described carbon pricing as “critical to our response to an existential threat to human life.” Canada’s independent Environment Commissioner says it is responsible for 30% of the emissions reduced in Canada since 2019.

A price on carbon is also fundamentally about personal choice. The idea is to leave it to people and businesses to decide for themselves the best ways to lower their carbon footprint and associated costs. It is far more democratic than trying to reduce greenhouse gases through solely relying on regulations which tell households and companies what they must and must not do.

Affordability

Further, if well designed, putting a price on pollution can also ensure that fighting climate change will be affordable for Canadians.

In provinces where the federal carbon price applies, Canadians receive quarterly

rebates. These rebates are, in dollar terms, larger than what is paid by eight of ten Canadian families. And in fact, the rebates have a progressive impact where those who live on modest incomes typically are significantly better off as a result of the rebates they receive.

It is important that we keep these facts in mind even in the context of rising concern around affordability.

Presently, such affordability concerns appear to be weighing on Canadians’ priorities. The proportion of those saying climate change is among their top issues facing Canada has dropped from 40 per cent in 2019 to 22 per cent in a recent Angus Reid study. More than three-in-five of those surveyed said that the cost of living must be the top priority, even at the cost of climate change related policies.

This need not and must not become an either / or proposition. A well-designed carbon price policy can ensure that fighting climate change will also be affordable for Canadians.

Ironic

It is a bit ironic that carbon pricing began as a conservative idea promoted by leaders, including Preston Manning, as an economically logical way of using prices – the basic mechanism of free markets – to reduce pollution.

With the future of our life-sustaining environment at stake, we can ill afford to treat climate policy as a political football for short-term electoral considerations.

It’s time to assign carbon pricing to an appropriate place in the climate policy discourse and refocus, in a thoughtful and non-partisan way, on the big ideas that will restore climate stability and build a more prosperous and sustainable economy for everyone.

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