

Tackling Greenhouse Gas Emissions is Good. A Carbon Tax is Not.

By Mike Chopowick, April 8, 2015

A policy debate is underway in Ontario over whether to impose “carbon pricing” as a way to reduce greenhouse gas emissions and tackle climate change.

The unfortunate thing is that we can predict how this debate will unfold: Anyone opposed to a carbon tax will be labeled as being opposed to helping the environment. And then we’ll get the new carbon tax without actually reducing greenhouse gas emissions. This doesn’t have to be the case. Here’s why.

What ever happened to “Pollution”?

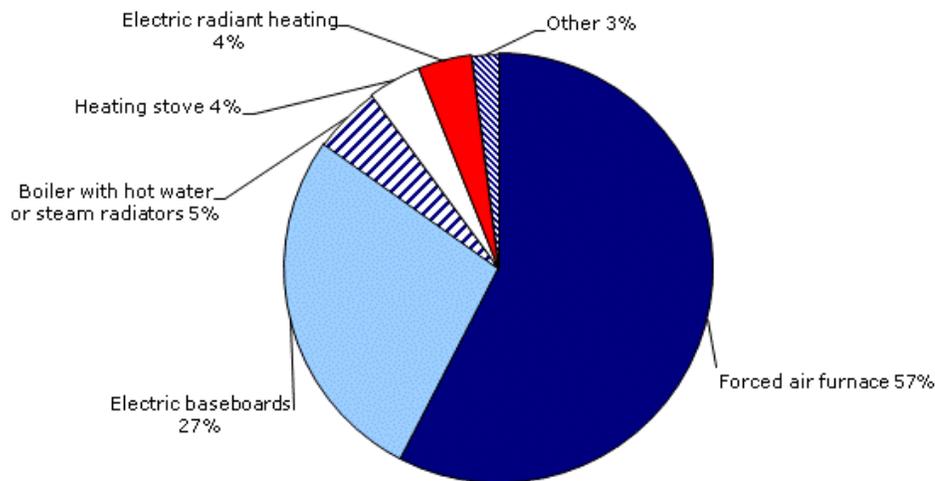
First, today it is almost foolish to be opposed to reducing air pollution. We’ve known this since the 1960’s and 1970’s, that the burning of fossil fuels is devastating to the air, the environment and people’s health. Notice how few times you hear of the word “pollution” anymore? The policy battle now is against “climate change”.

Climate Change is the symptom, not the problem

But this is wrongheaded. Climate change is not the problem, it is the symptom. Climate change and global warming are the result of increased emissions of carbon dioxide and methane into the atmosphere. And we all cause it (yes, you!), from driving cars, flying in airplanes, heating and air conditioning homes and buildings. Even energy used to build iphones and use the internet causes pollution somewhere down the chain.

For the rental apartment sector, the debate over carbon pricing will have significant implications. Yes, it will cost more. It will cost more to build, maintain, and heat and cool rental suites. Rents will have to increase. But, even worse, carbon pricing will not help the environment.

We can’t stop using energy to heat and cool apartments. True, there are alternate forms of energy that don’t emit carbon. Half of Ontario’s hydro is from greenhouse gas-free nuclear power. Someday, even more may be supplied by wind, solar and geothermal. But it doesn’t seem to be clear how carbon pricing will be little more than a tax on total energy use.



Note: The data includes households whose main source of heat was supplied by the dwelling unit, who did not use a heat pump, or who used a heat pump that was not the main source of heat for their dwelling.

Source: Statistics Canada, Environment Accounts and Statistics Division.

If applied to residential buildings, carbon pricing will have a big impact on both homeowners and tenants

Even worse, carbon pricing in some sectors will amount to little more than a user-fee to pollute. There is no proposed policy to reduce greenhouse gas emissions by regulation. The debate now is focused on simply how much to charge people and businesses for the energy they use.

The good news for law makers is that rental housing is already environmentally friendly. Consider:

- In 2011, a one-person household used an average of 72 GJ of energy in the home compared to 149 GJ for households with 5 or more people.
- Similar to 2007 results, apartment dwellers in 2011 consumed less energy than those living in single detached homes: 40 GJ per household compared to 134 GJ per household.
- Households that rented consumed less energy than those who owned - 53 GJ per household compared to 123 GJ per household. The majority of households that rented lived in apartments (64%).¹

The rental housing sector in Ontario should be lauded and rewarded for its positive impact on the environment, not penalized with higher fees.

Lessons from the Acid Rain fight

The other good news is that past experience tells us there are better solutions than carbon pricing, assuming we actually want to reduce air pollution. Remember the acid rain problem in the 1970's and 1980's? Canadian and U.S. governments of the day actually imposed legislative reductions in sulfur emissions. The Clean Air Act

Amendments of 1990 set as its primary goal the reduction of annual SO₂ emissions by 10 million tons below 1980 levels of about 18.9 million tons.²

Now imagine if the government back then merely resorted to “sulfur pricing”? It doesn’t take much analysis to see that many polluters would simply pay the additional tax for the privilege of polluting the air with SO₂, and today we’d still have acidic, fish-free lakes.

Hopefully politicians at Queen’s Park heed this lesson. Air pollution and carbon emissions can and should be reduced. They have the policy levers to transform our energy sources to those that don’t burn fossil fuels. But carbon pricing is just that, extra money, a user fee, we’ll all pay to continue happily polluting the air. There are more effective solutions. They may not raise the revenue the government badly needs, but they sure as heck will be better for the environment.

1. Statistics Canada, 2012. Publication 11-526-S, “Households and the Environment: Energy Use”
2. “Reducing Acid Rain”, The Environmental Protection Agency.
<http://www.epa.gov/air/caa/peg/acidrain.html>