

# 10 CARBON PRICING MYTHS DEBUNKED



CANADA'S **ECOFISCAL** COMMISSION

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**MYTH**  
PUTTING A PRICE ON POLLUTION IS A NEW, UNTESTED IDEA



**FACT**  
Pollution pricing and carbon pricing are proven ideas that have worked for decades.

- The U.S. reduced pollution that causes acid rain by 34% in 14 years by putting a price on it.
- Carbon pricing has worked in Alberta since 2007 and B.C. since 2008.
- The new federal carbon price will rise to \$50 per tonne by 2022.

**MYTH**  
CARBON PRICING IS A CASH GRAB



**FACT**  
The federal government is returning all carbon pricing revenues to the provinces.

- The federal government is returning 90% of the money to households. They receive the revenues as a credit when they file their income taxes.
- The remaining 10% will fund efficiency projects for small businesses, schools, and hospitals in each province.
- All revenue stays in the province in which it is generated.

**MYTH**  
ONLY VERY HIGH CARBON PRICES ARE EFFECTIVE



**FACT**  
People and businesses respond to price changes—even low ones.

- B.C.'s carbon tax, which grew from \$10 to \$35 per tonne over 10 years, has lowered both per-capita gasoline and natural gas use by at least 7%.
- B.C.'s emissions would be up to 15% higher without its carbon tax.

**MYTH**  
PEOPLE CANNOT CHANGE THEIR BEHAVIOURS IN RESPONSE TO CARBON PRICING



**FACT**  
Many Canadians have more options than they realize. Over time, carbon pricing drives innovation, making cleaner options more affordable.

- In B.C., carbon pricing affected vehicle choices: the carbon tax improved fuel economy by 4%.
- The European Union's carbon price increased patents for clean technologies by 1% and overall innovation by 10%.

**MYTH**  
CARBON PRICING WILL COST CANADIAN FAMILIES



**FACT**  
The carbon price is only half the story. Governments are returning revenue to families to ensure carbon pricing is affordable.

- The federal rebate will cover the direct carbon costs for 80% of households (and total costs for 70%).
- 60% of households receive carbon pricing rebates under the Alberta system.
- Provinces such as Quebec and Alberta also fund infrastructure and public transit, making it easier to avoid the carbon price.

**MYTH**  
THERE IS NO POINT TO CARBON PRICING IF GOVERNMENTS REBATE THE REVENUES



**FACT**  
Rebates help with affordability, but they don't change the incentive the price provides to pollute less.

- Reducing pollution means saving money. The more you cut your emissions, the less carbon price you pay. You get the same rebate no matter what.
- The federal rebate will cover the direct carbon costs for 80% of households (and total costs for 70%).

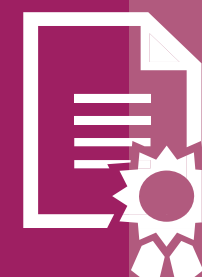
**MYTH**  
CARBON PRICING HURTS JOBS



**FACT**  
Carbon pricing will change the kinds of work we do, not the number of jobs we have.

- The B.C. carbon tax shifted jobs to cleaner sectors such as health care. Evidence suggests it did not significantly affect the overall number of jobs one way or the other.
- Governments are helping train people to work in this cleaner economy, as Alberta has done with coal communities.

**MYTH**  
WE CAN USE OTHER, BETTER POLICIES TO REDUCE EMISSIONS



**FACT**  
Carbon pricing is the fairest and cheapest way to fight climate change. It should be a key part of any meaningful plan.

- Regulations and subsidies usually cost more to reduce emissions. For example, Quebec's electric vehicle subsidies are very expensive—about \$395 per tonne of carbon pollution reduced.

**MYTH**  
BIG POLLUTERS ARE GETTING A BREAK



**FACT**  
Industry pays a carbon price, like households. They also get support, like households.

- Every province is taking a similar approach to carbon pricing for big polluters, though they go by different names: performance standards, output-based allocations, industrial incentives.
- This approach protects jobs and investment, while maintaining incentives to shrink emissions.

**MYTH**  
THERE IS NO NEED TO REDUCE CANADA'S EMISSIONS



**FACT**  
The world is feeling the effects of climate change. Canada produces a lot of pollution. Our example matters.

- Canada is one of the world's top 10 emitters. The average Canadian emits three times the global average.
- The rest of the world is moving: 46 jurisdictions now have a price on carbon, including China.
- Our example can help spur the collective action required to effectively tackle climate change.