

Submission to the Department of Finance

Consultation on the options for the use of revenues raised from increases in Carbon Tax

from

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We welcome the consultation and note its concern for fairness and for helping the more vulnerable in the transition to a zero-carbon society.

Of the consultation options offered, this submission makes the case for option (e), namely: **to return the proceeds by way of a dividend to citizens or households through the social welfare and/or tax system.**

We submit that the proceeds should be divided into 2 portions and used to:

- Fund a Temporary Universal Carbon Income payable to all individual citizens and legal residents, as in the manner of a universal basic income;
- Promote international climate justice, by partnering with a country in the ‘Global South’.

Rationale

Option (e) would relieve financial pressure on low-income households and ensure that those who use greater-than-average amounts of fossil fuels are systematically compensating everyone else.

Option (e) best reflects the fact that the atmosphere is a common resource and responsibility. Allocating the funding elsewhere would effectively mean ‘enclosing’ the ‘rent’ derived from emissions for the use of whoever had control of the funding, whereas distributing it as a Temporary Universal Carbon Income would correspond much more closely with the principle that a clean atmosphere is our collective responsibility and right.

As with Basic Income in general, people would have autonomy and diversity of choice; they could be creative about how to reduce their carbon footprint, they could cooperate with others in this endeavour without the need to do things in a uniform way.

Over time, this could bring about lifestyle changes as people make different choices regarding food, energy, transport, jobs, leisure and work of all kinds. It could lead to a gradual appreciation for the improved quality of life that is available in a zero-carbon society.

Basic Income Ireland is concerned by the lack of reference to international climate justice in the consultation call. A carbon-pricing programme needs to have international climate justice and equity built into it from the start. A country-confined carbon tax does nothing to help with a just global transition. One approach could be to establish a “climate justice partnership” between Ireland and a Global South country, as proposed by the Feasta

Climate Group in August 2017 to the Citizens' Assembly¹. This would mean that Ireland would effectively be working with a low-income country of similar population to make its energy transition. It would take into account the fact that the atmosphere is our collective global responsibility and would reflect Ireland's long-standing solidarity with low-income countries.

While this might be difficult to sell to the Irish public, it would establish Ireland as forward-looking, global-minded and ethical in its approach to climate stabilisation. Its uniqueness and emphasis on global justice would probably attract international attention and could be a trigger for more comprehensive action worldwide. It could establish Ireland as a leader in tackling climate change, a stated aim of government.

Qualifications

To ensure that option (e) is effective, we propose the following qualifications.

The Temporary Universal Carbon Income should be allocated to all individual citizens and legal residents, in the manner of a universal basic income. It should not be allocated on a household basis as this would significantly penalise larger households in favour of smaller ones, and might even encourage a further atomisation of living arrangements in Ireland, which is not optimal in terms of energy use (and probably not either in terms of social relations). It would also exclude the homeless.

If the payment is made through the social welfare system, it will be important that it not affect any other payments a person may be receiving. There would still be vulnerable households and communities (as outlined in section 2.5 of the consultation call), who would have requirements above the amount provided by the carbon cheque and these would need to be supported by special measures.

As the aim is to eliminate fossil fuel usage and the need for carbon taxes, it may be useful to designate the tax, the revenue and the distributed benefits as temporary.

On the partnership with a country in the Global South, given the urgency involved and the fact that it would take time to set up such a partnership, the Irish government could set aside a portion of the revenue generated until it finds an appropriate partner and sets up the necessary implementation arrangements.

¹ <http://www.capglobalcarbon.org/2017/08/11/submission-to-the-citizens-assembly/>