

How tax can save the world / System change to avoid climate crisis

Repricing

As our unsustainable economic system drives us rapidly towards the cliff-edge of climate catastrophe, radical tax reform provides a rare opportunity for us to execute a 'handbrake turn' and to change direction before it is too late. Well-designed taxes on fossil fuel exploration and production, and the removal of subsidies on them, can make it possible to achieve the rapid decarbonisation goals promoted by climate activists. Carefully designed reforms of taxes and subsidies aimed at consumers can help, with redistribution to ensure a just transition.

Redistribution

Climate injustice is linked to other forms of injustice and inequality. Those least able to cope and with the least responsibility pay the highest price. We need a just transition to a zero-carbon economy - reducing inequality, rather than creating more suffering for the poorest while allowing the rich to buy their way out. Progressive taxes can redistribute wealth and income from the rich to the poor, reducing inequality between and within countries (including to the most vulnerable in society) and also between the generations.

Revenue

Taxes on wealth and on the profits of industry (including fossil fuels), as well as specific environmental taxes, can raise revenues that governments can use to invest in the green infrastructure projects that will enable rapid decarbonisation. Tax revenues will also be needed to ensure a just transition, both by helping those affected by climate change or by decarbonisation to adapt, and by repairing our crumbling social infrastructure. Secure incomes and strong public services will make people more willing to make climate-related sacrifices.

Representation

We can use taxes to rebuild the social contract so that citizens see the state as an ally in building a more equal society and more sustainable economy, and in restoring true democratic control of political and economic decision-making. We can also tackle the shared structural causes of tax avoidance and continued carbon emissions, challenging the 'business as usual' standards, regulatory regimes, cultures and practices that both enable and incentivise the major polluters and their intermediaries to externalise the climate costs of their activities.

Plans for 2020 / Proposed activities

Advocacy

We will publish a series of articles in 2020, starting with *Tax Justice Focus* in March 2020, setting out our thinking on a range of climate and fiscal policy areas, ahead of the COP26 meeting in late 2020.

Policy

We will co-author a report with *Green New Deal for Europe* on how we can reform tax systems in European countries and beyond to deliver a just and ambitious Green New Deal in the 2020s.

Research

We will run a research workshop in mid-2020 to discuss and agree the joint development of projects such as climate-based rankings of national tax systems or of the main enablers of carbon emissions.

Campaigns

We will consider the options for campaigns, such as one on how the corporate capture of the International Civil Aviation Organization stops any serious consideration of taxing aviation fuel.

We welcome conversations with potential funders and partners as we develop detailed proposals to take forward our work on tax and climate. Contact Will Snell on will@taxjustice.net or +447928858882.