

Carbon Taxation in Six Jurisdictions: Good Policy, Complicated Politics

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Although carbon taxation offers a cost-effective strategy to reduce carbon pollution, but one laden with political peril. Despite this, the World Bank reports that 52 governments have adopted carbon taxes, the majority since 2008. Why did politicians in these countries embrace carbon taxes and how did they overcome political obstacles? This paper will summarize a book-length study, employing theories and methods of political science to compare the politics of carbon taxation in four OECD countries (Australia, Canada, Ireland and France), and two subnational jurisdictions (British Columbia and Alberta). Comparison of three policy outcomes - adoption, survival, and price trajectory – yields 27 cases for not only cross-jurisdictional but also within-case comparisons across the six jurisdictions. Although all jurisdictions experienced complex histories of rejection, adoption, and repeal over a two-decade period, in the end five of six jurisdictions that launched carbon tax proposals in the same period in the late 2000s still have carbon taxes in place in 2025.

The cases demonstrate, as expected, that carbon taxes present significant political challenges. Perhaps surprisingly, the greatest challenge was not from carbon-intensive industries but, rather, voters at large. Especially noteworthy was the role as political parties in contributing to partisan differences in voters' perception of costs and policy support. Against that backdrop, all successful cases of initial adoption and ambitious price trajectories shared a common element: policymakers' willingness to accept political risks to pursue effective climate policy. However, pathways for leadership depended on political institutions. In jurisdictions with proportional electoral systems, Green parties exercised leverage at key moments. Westminster parliamentary systems facilitate leadership, though also blame attribution. Multi-level governance offered both opportunities and obstacles, sometimes in the same jurisdiction.

Carbon taxation is a politically-challenging climate policy instrument. Against that backdrop, some have argued that governments should abandon carbon taxation in favour of subsidies and/or regulatory approaches that sacrifice some degree of cost-effectiveness for offer greater political feasibility. Yet, as regulatory backlash emerges and the window for post-COVID spending has closed, it is increasingly apparent that there is no politically easy path to climate change mitigation. Analysis of the politics of carbon taxation offers lessons concerning the form and distribution of opposition, the role of political leadership, and distinctive pathways to success in different institutional contexts.