

# Carbon taxes and carbon pricing are not solutions to th...

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I have for some time resisted writing about why I found the issues of carbon pricing and carbon taxation so difficult. I think the time to address those issues has arrived.

At its core the reason why I dislike both those notions is that they miss the point of the climate crisis. What they presuppose is that we can price our way out of an emissions crisis that we now know threatens the future of life on earth. And the simple fact is that we can't do that. There is no way we can be priced out of this issue. We can only solve the emissions crisis by stopping emissions. And taxing them won't do that, any more than taxing tobacco has ever stopped smoking. Other measures - like bans - have been needed to make progress on that goal. That is even more the case for carbon.

As importantly, the essence is that what both carbon tax and carbon price arguments suggest is that business can carry on supplying products emitting carbon as before, but that those products will simply suffer a price differential when compared to lower or non-carbon emitting products and what we are then supposed to rely on is the price mechanism of the market to alter consumer demand. I suggest that logic is wrong.

First, this assumes that none of the responsibility for the climate crisis rest on the manufacturers of the products that have get us into this mess. That's definitely wrong. They are primarily to blame. They have known for decades what they have been doing with regard to carbon emissions, and have carried on doing it regardless. And we can be quite sure that they will carry on doing so into the future if they can pass the blame to us as consumers who, they will say, clearly indicate we still want their polluting and life-threatening products if we still buy them after carbon taxes are added. What this ignores is the fact that much of that demand will be driven by an absence of alternatives, which business will have no incentive to promote if there are carbon taxes, and that consumer behaviour is anyway heavily influenced by supplier behaviour through advertising and other market-distorting activities.

Second, this assumption presumes that we, as consumers, know as much about the products that we buy as those who sell them do. It is presumed, therefore, by the proponents of carbon taxes and carbon trading that we can make rational, informed

decisions on this issue after tax is added to a price. That, though, is clearly absurd. The makers of products known massively more about the carbon impact of what they are doing than a consumer might ever do. The asymmetries between the two are enormous. In that case to presume that the consumer can make an informed choice on such an issue, even after a tax is added, is just wrong.

And third, there is no market for carbon. There has never been. It's a fictional creation that pretends that something is being done when that is not true. No one wants to buy or sell carbon. It's an externality that cannot be priced. That's partly because no one wants it. That essential quality of a market - a willing buyer - does not exist. But it's also because you cannot price something that we know has to be unavailable to any market. A market presumes that there will be demand. The reality is that we have to eliminate that demand to ensure there can be life on earth.

The ideas behind both carbon taxes and carbon pricing are, then, wrong. But carbon tax is also wrong in practice. First, that's because there is no one who denies that these would be regressive, because all consumption taxes are and this would have to be a consumption tax. Second, that's because this would mean that any carbon tax would have to be matched by redistribution through other tax and benefits mechanisms, largely neutering its impact and making the whole thing a folly. And third, if the goal of the carbon tax was to create a fund for redistribution beyond international boundaries so that carbon emissions in developing countries can tackle their energy issues that oil not going to happen a) because politically that is nigh on impossible to achieve with tax and b) there will little or be no tax to redistribute for the reasons already noted. Tax is an amazing thing, but there are some tasks it cannot achieve and this is one of them.

In summary then (and this could, and maybe will, become a much longer piece) carbon taxes, like tobacco taxes, will not kill demand for the 'bad' product that forms their tax base.

Carbon taxes also shift the whole blame for carbon consumption from the manufacturers, who willfully create the carbon outputs, to consumers, who are offered few or no alternatives to polluting products.

In addition, carbon taxes, by shifting the blame to consumers, put no responsibility for innovation or change on manufacturers. The result is that they will still sell polluting products, knowing they will still be bought.

And consumers will, because of the differences in information available to them compared to manufacturers, have no choice but go along with this.

Whilst, alongside this, carbon trading is just a charade or sham because there is no such thing as a carbon market at the literal end of the day. What there is, instead, is a need to eliminate the carbon and that will be the last thing carbon traders will want whilst they can make a living from its perpetuation, at cost to us all.

Of all the ways to tackle climate change these ideas are, then, just about the worst way to go. The primary fault is that they perpetuate the status quo by maintaining the market's right to pollute, neatly hidden behind a convenient claim that we will have paid the supposed price for doing so. Little could be worse for our futures than that.

Carbon taxes and carbon pricing are not the way to tackle climate change.