



### CLIMATE SURCHARGES

**Point of control:**

- *Surcharge on import and extraction of fossil carbon.*

**Purpose:**

- *Raises comparative price of fossil-carbon intense products and services, rendering sustainable alternatives cheaper.*

**Effects:**

- *Encourages investment in alternatives.*

**Revenue distribution:**

- *Revenues go directly to taxpayers' accounts.*

**Mechanism:**

- *Surcharges levied on existing taxes and raised until fossil fuel use starts to follow reasonable phase-out trajectory.*

**Psychological effects:**

- *Consumers know they are charged extra for climate-affecting services, and that the revenue goes to promoting alternatives.*
- *Regular adjustment of fees tells enterprises that the government is serious about finding the point where alternatives are cheaper.*

**Works with:**

- *Full employment mechanisms to ensure green job transition, land maturity taxes to ensure circular economy for major nutrients. House loan interest rate surcharges/discount mechanism to ensure affordable housing.*

## The compelling case for carbon taxation and a citizens' climate dividend

Let us start by agreeing that the fossil carbon economy presents some tricky issues: much of what we see around us, and the standard of living we enjoy, comes to us thanks to an economy driven by energy and chemicals extracted from fossil fuels. The best jobs are thanks to them and our pensions are invested in them; these largest companies in the world rely on fossil energy or are suppliers to those industries. That is hard to just give up, especially when no alternatives as agreeable are in sight.

### Fossil fuel drives the extractive economy

The availability of fossil fuels has made it possible for us to create an extractive economy: what we use, from iron in our machines to the phosphorus and nitrogen we use to grow our food is extracted. And because we can extract so much we can emit it at the other end of the production process causing pollution.

### Preparing for replacement

Although we are enjoying the warm luxury of the fossil fueled economy just now, we have to understand that it will come to an end. We are seeing global warming accelerate as a result of climate-changing emissions, and we are seeing depletion as we need to extract oil from more and more difficult sources. We are seeing what the extractive approach is doing to the Earth, bringing soil depletion, water pollution and the depletion of precious rare elements.

Extraction is a key word here. Thanks to movable and portable machinery, we are able to continue our extractive (and disposal oriented) practices. If we reduced our overall energy intensity we'd be on the way to treading much more lightly on the Earth. We would leave fossil fuels in the ground. However, much has been invested in what is in the ground, expectations of profits (and pensions) are riding on their extraction.

## ***Surely we are looking at economic havoc: Or are we?***

### **We can create a functioning economy without fossil fuels**

Well, we have a lot going for us, including our ingenuity in creating comfort and security without fossil fuels and our ingenuity in negotiating ways to keep economies prosperous. If we just concentrate on phasing out fossil carbon, much of our extractive ways would adapt concordantly.

### **Implementing the Flexible Pollutant Fee mechanism**

One single supplementary surcharge on import or extraction is what TSSEF is proposing. How we go about levying the tax is important if we are to achieve a transition of the economy. We can't just extract a fee – what we do with the fee is important too. TSSEF prefers a good proportion of the fee to go to taxpayers as a climate dividend. They will then have more money in their pockets and be able to buy less energy-intensive (and less extraction-causing) products and services.

In fact, TSSEF claims that the tax should be raised (at say once a month intervals) until the desired rate of phase-out is achieved. TSSEF calls this the flexible part of the mechanism. That way, the market will get the message and we will discover the ceiling, the price of living supported by fossil fuels, by finding out what people are willing to pay for non fossil-fuel intensive alternatives.

## **BENEFITS**

Modern Information technology allows dynamic control of the economy: all actors benefit in the long run.

Redistribution of fees increases security for poorest citizens

Encourages green consumption and green jobs

Encourages new investment

**Give people a climate dividend.** The heavy-hitter large car owners, the private jet flyers etc., will pay more and more for their pleasures. This will put more and more in the pockets of the ordinary taxpayers.

**To learn more** about the power of flexible surcharges and climate dividends go to TSSEF website which includes white papers and explanatory videos. TSSEF offers live simulations too. These simulations are run like business games where you can explore all aspects of changing the dynamic of the economy towards low-carbon operation.

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