

The title slide features a green background with a small globe icon at the top center. Below the globe, there are concentric, glowing green circles that resemble ripples in water. The text "Green Budget Europe" is written in a large, white, sans-serif font across the middle of the slide.

Green Budget Europe

Jacqueline Cottrell

**Improving the communication of environmental fiscal reform
to increase public acceptance and support**

25 September 2014 · GCET · Copenhagen, Denmark

Presentation structure

1. Attitudes towards taxes and environmental policy in the EU
2. Unravelling negative perceptions of EFR – what are the underlying causes?
3. Possible responses
 - a) Better policy design?
 - b) New ways of framing the debate?

Setting the scene: Attitudes towards tax and environmental policy in Europe

Some Eurobarometer survey results:

- 2011: 95% of Europeans describe protecting the environment as “important to them personally”
- 2011: 80% of Europeans believe efficient use of natural resources and environmental protection can boost growth

BUT...

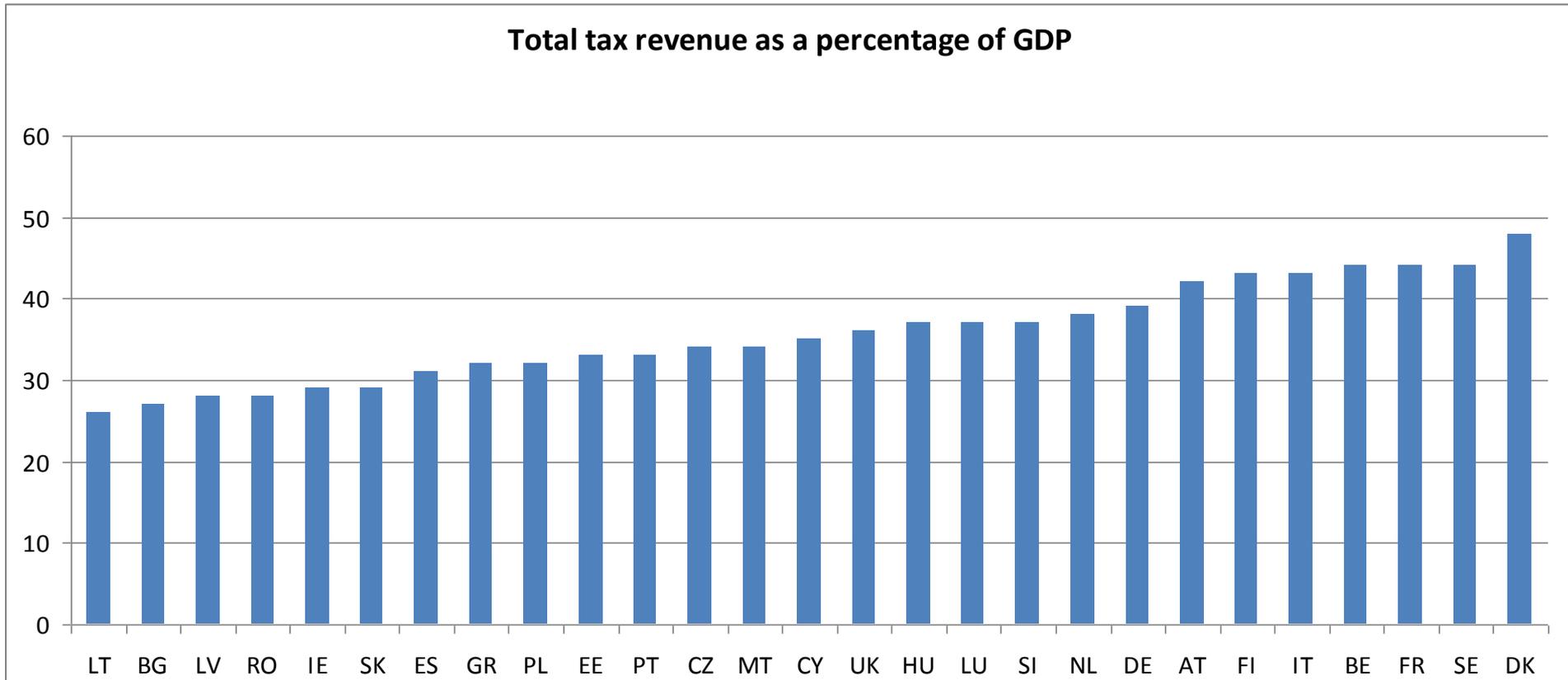
- 2011: 2% of Europeans put “paying a little more taxes to protect the environment” as a top 3 policy priority
- 2013: 4% of EU population put environment, climate and energy in top 2 issues facing their country

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Regional variations: Total tax revenue as a percentage of GDP in EU countries

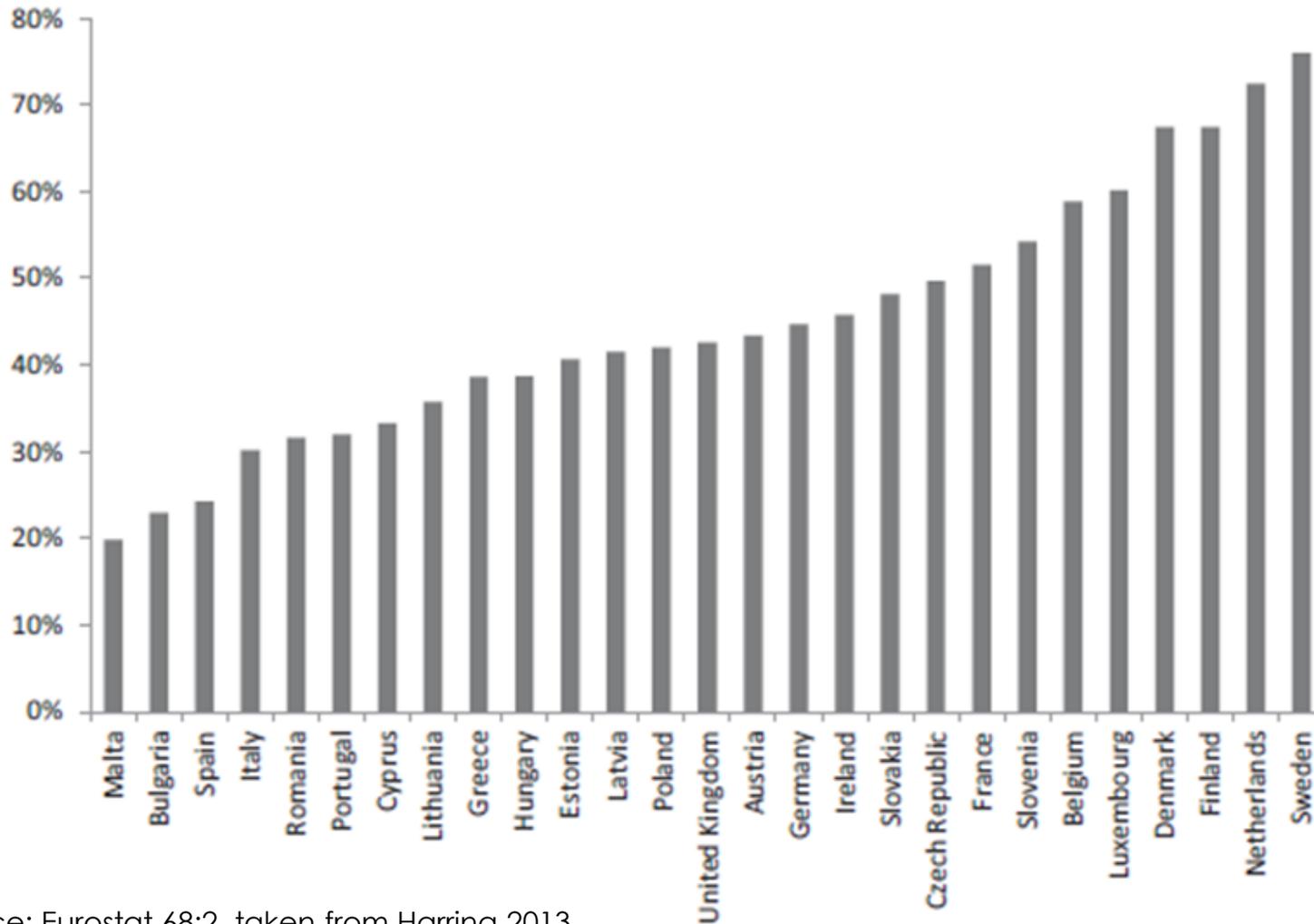
Total tax revenue as a percentage of GDP



Source: Eurostat 2013

IMPROVING THE COMMUNICATION OF ENVIRONMENTAL FISCAL REFORM TO INCREASE SUPPORT

Perceptions of how effective economic instruments are varies by country and region



Source: Eurostat 68:2, taken from Harring 2013

Tax aversion and fiscal illusion



IMPROVING THE COMMUNICATION OF ENVIRONMENTAL FISCAL REFORM TO INCREASE SUPPORT

Perceptions of EFR as...

...unfair, regressive, coercive, punitive...

- Perceptions of EFR in general as unfair and regressive, so it is often opposed for fairness reasons
- Measures perceived as progressive e.g. aviation taxation, tend to be met with support
- “Push” measures are less accepted than “pull” measures (coercion – infringement of individual freedom?)
- Acceptability is greater when EFR policy is in line with social norms – otherwise there is a risk policy will be perceived as punitive.

...I will return to this later...

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Better policy design: 4 proposals to help clarify how and why EFR is effective

1. Revenue neutrality – poorly understood
2. Earmarking – to boost support and facilitate transition / behavioural change
3. Transparency and accountability – to create trust and facilitate access to data
4. Protecting the vulnerable – to lay fairness concerns aside
5. Shifting emphasis to benefits and incentives – pull & push elements of EFR

New ways of framing the debate (1)

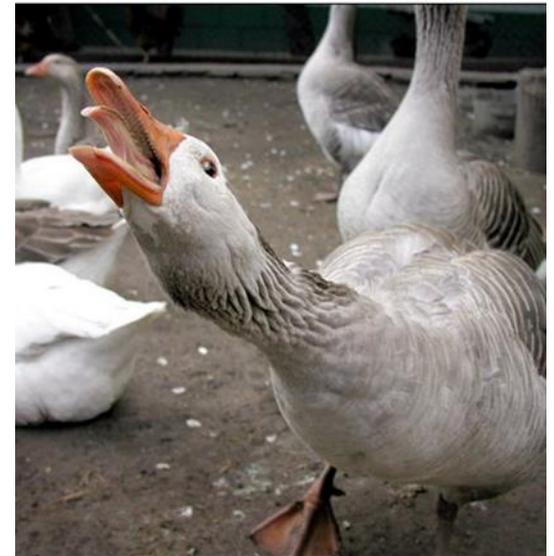
Evolving vocabularies

Avoiding the T word!

...talking about fees, levies, charges, tariffs, a cess, a carbon price, cap and trade...

“...the art of taxation consists in so plucking the goose as to obtain the largest possible amount of feathers with the least amount of hissing...”

Jean Baptiste Colbert 1619-1683



New ways of framing the debate (2)

Reclaiming the discourse

OR: “The joy of tax”
...reclaiming the tax discourse

“Taxes are the price we pay for a civilised society”

(popularised by Franklin D. Roosevelt, originally Oliver Wendell Homes Jr.)

Improved design could feed into this process

New ways of framing the debate (3)

Presenting EFR as a policy choice

What are the costs and benefits of different policy options, e.g. different kinds of taxes, or taxes or regulation?

For example: choosing between VAT, income or Carbon-energy tax
Vivid Economics 2012



New ways of framing the debate (4)

Reconfiguring fairness

Shift focus from *equality* of economic outcomes towards *equity* – i.e. those who pollute have a moral responsibility to take action to deal with that pollution

Quite simply, green taxes are about the *polluter pays principle*

Conclusions

1. Improvements to policy design may boost acceptance – earmarking, change of emphasis towards rewards and benefits, measures to facilitate transition and protect vulnerable
2. Governments should be called upon to provide data on relative costs and benefits of policy instruments – EFR is a policy choice
3. Changing how EFR is framed: New vocabularies, reconfiguring the fairness discourse

Green Budget Europe

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4 November 2014, Brussels (Belgium):

Become a founding member of GBE, a unique, non-profit expert platform on environmental fiscal reform

5 November 2014, Brussels (Belgium):

GBE Annual Conference:

Recovery, Jobs and Sustainable Prosperity - A New Agenda for Green Fiscal Reform in Europe

Including the presentation of the 2014 *Environmental Fiscal Reformer of the Year* award.

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THANK YOU!

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