

We know everything we need to act



*About certainties and new challenges, but also
opportunities and a vision (and some Xmas wishes)*

Growth and green tax shifting in an era of fiscal consolidation

Belgian Presidency Conference Brussels, December 15/16, 2010

Dr. Anselm Görres, President Green Budget Europe

Former versions: 2010.07.08+09 Budapest GBE Subsidy Event ■ 2010.10.08 Tallinn EU Greens ■
2010.11.05 Bangkok 11th GCET ■ 2010.11.09 Vienna UDV ■ 2010.11.10 Berlin EU-LAK ■
2010.11.25 Brussels Environment 7EAP ■ 2010.11.27 Munich Technical University TUM

Green Budget Europe

**Thank you all for investing your time at
the busiest time of the year!**



CONTENTS OF THIS PAPER

PRESENTING GREEN BUDGET EUROPE



OUR CERTAINTIES

Prices are key

Europe is forerunner and worldwide lab for MBIs

Our toolbox is well filled

OUR CHALLENGES: PROBLEM AND TASKS GROWING BIGGER, BEST SOLUTIONS NOT ALWAYS MOST POPULAR

OUR NEW OPPORTUNITIES: FROM CRISES AND AUSTERITY

BEYOND AUSTERITY: OUR VISION AND OUR HOPES

A greener and fairer market economy

It's Christmas time – here our wish list

About GBG, GBE and the author

Green Budget Germany / Forum Ökologisch-Soziale Marktwirtschaft

- Founded in 1994 as **single-issue-NGO** (then mainly eco-taxes)
- Worldwide first expert platform on **all Market-Based Instruments for environmental policy**
- Contributor to **German, EU and World eco-tax and ETR Debate**
- 2008 focus enlarged to target vision of **Eco-Social Market Society**

Green Budget Europe

- Launched in Brussels 2008 to bundle **European EFR activities**
- Members and friends from all EU Member States and beyond
- A platform for all: Representatives of authorities, policy makers, international organisations, EU Commission, NGOs, research community, business
- GBE events: Brussels (2008), London (2009), Budapest (2010) and others

Dr. Anselm Görres

- Economist and former McKinsey consultant, owner and manager of ZMM, a leading German interim management company (www.zmm.de)
- Cofounder of FÖS and GBE; numerous books and articles on MBI

As a think tank and platform, our main activities at GBE are communication

Annual Conferences

- 2008.09 Brussels (Kick-Off)
- 2009.07 London (EFR and Crisis)
- 2010.07 Budapest (Subsidies)
- 2011.09 Copenhagen (ETR, innovation and communication?)

Country Dialogues (often in context of EU Presidency)

- 2009.03 Prague (ČR Presidency)
- 2009.11 Madrid (ES Presidency)
- 2010.11+11 Brussels (BE Pres.)
- 2011 Portugal, Poland (PL Pres.), Copenhagen (DK Pres.)

GBE-Policy Papers

- 2009.05 Greener Spending, Greener Financing (necessary evolution of double dividend)
- 2009.05 Greening the Energy Tax Directive

GBE-Policy Papers (cont.)

- 2009.10 Green Public Procurement
- 2009.10 A Global Contract Based on Climate Justice
- 2009.10 Greening Transport with MBI

Other Activities

- 2008.03 Brussels MBI-Forum
- 2008.11 Singapore 9th GCET
- 2009.09 Lisbon 10th GCET
- 2010.06 Meeting with Šemeta
- 2010.07-12 Campaign against coal subsidies in the EU
- 2010.10 Tallinn EU-Greens; meeting with Oettinger; Letters to Oettinger, Šemeta, Potocnik, Barroso
- 2010.11 Bangkok 11th GCET; OECD Subsidy Workshop

Ongoing: Consultations, workshops ...

“SteeCom” and Patrons probably represent 300 manyears of EFR-experience...

Steering Committee

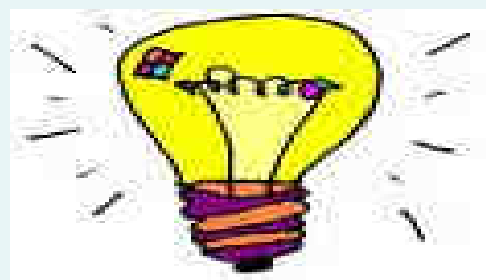
- Dr. Anselm Görres (President)
 - *Kai Schlegelmilch, DE
 - *Prof. Frank Convery, IE
 - Prof. Paul Ekins, UK
 - Miroslav Hájek, CZ
 - Gabi Hildesheimer, CH
 - Stéphanie Favre, FR
 - *John Hontelez, EEB
 - Valdur Lahtvee, EE
 - Sylvie Lefranc, FR
 - *András Lukács, HU
 - Aldo Ravazzi Douvan, IT
 - *Klemens Riegler, AT
 - Prof. Thomas Sterner, SE
 - Prof. Jon Strand, US
 - Eero Yrjö-Koskinen, FI
- * = GBE Vice Presidents

Wise Patrons

- Prof. Jean-Philippe Barde, FR
- Dr. Martin Bursík, CZ
- Ambassador Rae Kwon Chung, KR
- Dr. Franz Fischler, AT
- Prof. Gebhard Kirchgässner, CH
- Prof. Alberto Majocchi, IT
- Prof. Jacqueline McGlade, EEA
- Dr. Paul Metz, NL
- Dr. Peter Liese, MEP, DE
- Yannis Paleocrassas, GR
- Dr. Rathin Roy, UNDP
- Simonetta Sommaruga, CH
- Prof. Ernst-U. v. Weizsäcker, DE
- Alexander Wiedow, EU-COM
- Anders Wijkman, SE

GBE Manager: Jacqueline Cottrell

Everyone has a choice: *Are you here with the solution, or still part of the problem?*



- This is equally true for
- Individuals and Firms
 - Political Parties and Industry Organisations
 - Countries, if not continents

CONTENTS OF THIS PAPER

PRESENTING GREEN BUDGET EUROPE

OUR CERTAINTIES

Prices are key

Europe is forerunner and worldwide lab for MBIs

Our toolbox is well filled

OUR CHALLENGES: PROBLEM AND TASKS GROWING BIGGER, BEST SOLUTIONS NOT ALWAYS MOST POPULAR

OUR NEW OPPORTUNITIES: FROM CRISES AND AUSTERITY

BEYOND AUSTERITY: OUR VISION AND OUR HOPES

A greener and fairer market economy

It's Christmas time – here our wish list





**DER PREIS ZÄHLT –
FALSCHER PREISE FÜHREN
MÄRKTE IN DIE IRRE**

**PRICE IS DECISIVE.
WRONG PRICES PRODUCE
WRONG RESULTS**

Prices created the problem, prices can help to solve it

- By and large, our environmental problems are no coincidence, but a *collateral damage* from market growth under misleading incentives
- Problem inputs and outputs are overused due to zero or too low prices
- Many of these inputs and outputs are not detrimental *per se*, but only by their sheer quantity (CO₂ prime example)
- In such cases, banning is neither possible nor desirable – we need to curb them down to decouple growth from problem inputs and outputs
- **After Cancún, Priority No 1 is to remain below the 2° -target line**

- **The three most important instruments are price, price, and price!**
- **Correcting prices will correct most of the errors. But of course we also need ethics, regulation, technology, changes in life style...**

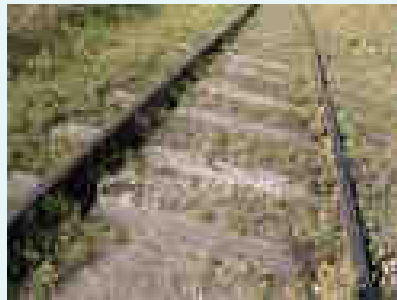
Europeans: Similar clothes and music, even the same toothpaste and drugs...

HIGH SIMILARITY OF LIFE STYLES



... but better trains, smaller cars, homes with more insulation, less AC than U.S.

BIGGEST DIFFERENCES IN ENERGY-RELATED SECTORS



The price paradox



- High energy prices are good for the economy, because they prepare it for the future
- If taxes are the price of civilisation (FDR), energy taxes are the price of sustainability
- Everybody knows it, but no one dares to talk about it in front of the children

(We know it's easier if you sit on a safe NGO or researcher's chair and don't have to sell it and win elections with it, like politicians do)

**WELTWEIT GILT
EUROPA ZU RECHT ALS
VORREITER**

**EUROPE IS TAMING
THE BULL!**



Europe is a worldwide fore-runner, lab and exporter of market-based instruments

- **Regulation:** First positive experiences in the 1970ies, for instance against „Waldsterben“ (dying forest syndrome)
- EU today belongs to the fore-riders, e.g. with „Eco-design“
- **Eco-taxes:** All EU-countries have several variants of it, some also performed **macroeconomic green fiscal reforms**.
- **Emission trading:** On 1.1.2005, Europe starts roll-out of an American invention
- **Green Subsidies:** Overvalued, but very popular nevertheless...
- **Slashing perverse subsidies:** New sex appeal through debt crisis
- **Feed-in tariffs:** Hidden eco-tax (because non-budgetary), copied by over 30 countries worldwide
- **Toll systems:** Another important eco-fiscal instrument, whether on country or city level (London, Stockholm)

➤ **Many countries outside of the EU also have good tools!**

All EU countries have some green taxes

	AU	BE	DK	FI	FR	DE	GR	IE	IR	IT	LU	NL	NO	PT	ES	SE	UK	CY	CZ	EE	HU	LV	LT	MT	PL	SI	SK	
Air/Energy																												
CO ₂																												
SO ₂																												
NO _x																												
Fuels																												
Sin fuels																												
Transport																												
Car sales and use																												
Diff. annual car tax																												
Water																												
Water effluents																												
Waste																												
Waste-end																												
Dangerous waste																												
Noise																												
Aviation noise																												
Products																												
Tyres																												
Beverage cont.																												
Packaging																												
Bags																												
Pesticides																												
CFCs																												
Batteries																												
Light bulbs																												
PVC/phtalates																												
Lubrication oil																												
Fertilisers																												
Paper, board																												
Solvents																												
Resources																												
Raw materials																												

1. Witness of EU-Creativity!
2. Many roads lead to Rome!
3. Autonomy from neighbours!

Examples from EEA 2006

The biggest impediments to action are not the deficits of our knowledge!

Main focus of researchers

Main topics of Green Budget Europe/ Germany



After the House elections, Climate is not exactly priority No. 1 in the US



After Cancún: More than ever, Europe must become the continent of hope



- Main success: No failure of climate-negotiations, great spirit of community
- 2-degree goal no longer hidden in footnote but on front page
- Green Climate Fund (\$ 100 BN/year) for poor nations
- However: no decision on extension of Kyoto-Protocol
- *How will we meet the 2-degree goal?* – question not answered.

- *Cancún may have saved the process, but it did not yet save the climate (Wendel Trio, Greenpeace)*
- Europe must continue to lead the train and set more ambitious goals

**DER ÖKOFISKALISCHE
WERKZEUGKASTEN IST
SUPER AUSGESTATTET**



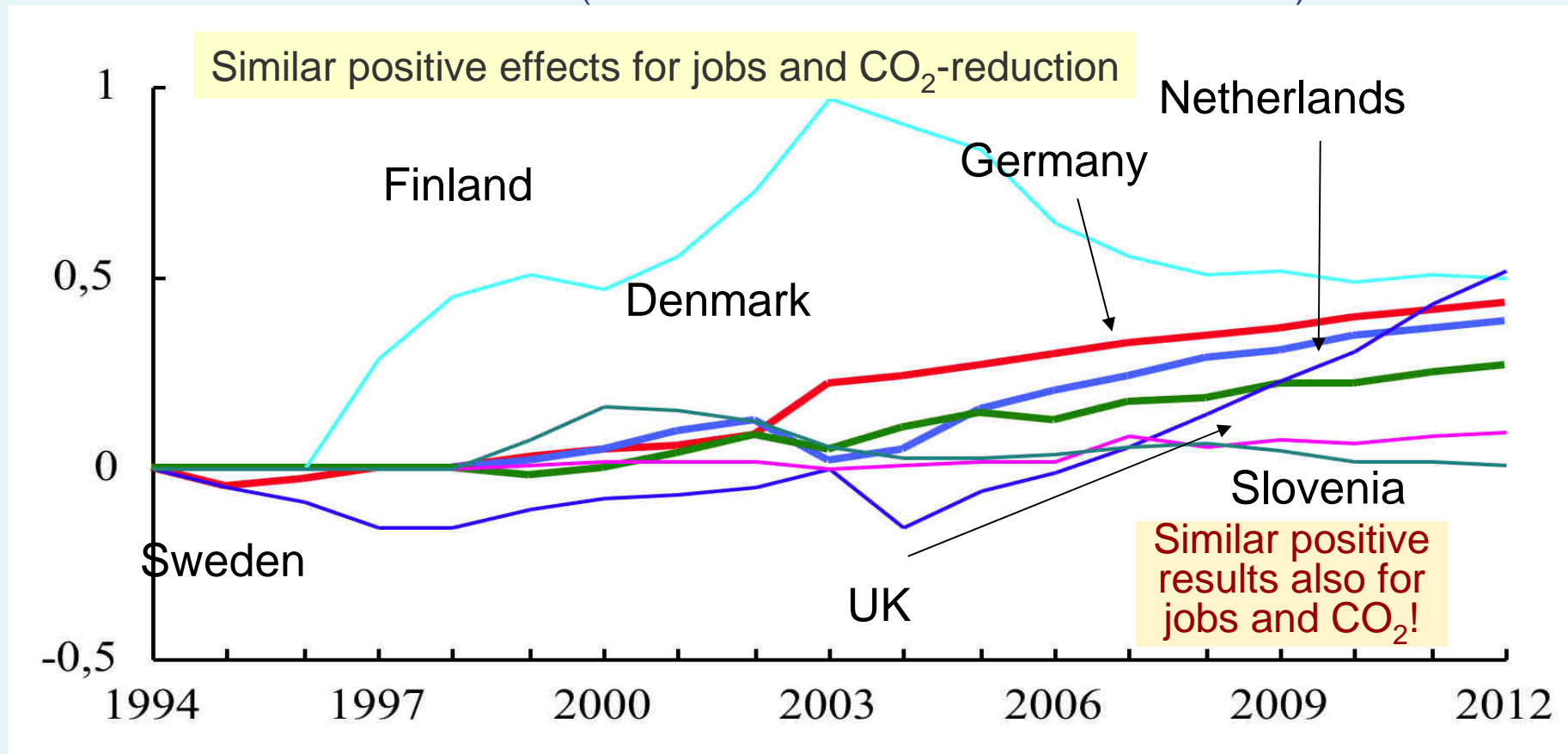
**WE HAVE ALL THE
TOOLS TO FIX
MISLEADING PRICES!**

Eco-taxes are the worst form of taxation – except for all the others

- Within the EU, we have experiences with manifold forms of eco-taxes, both small and large, on all levels of government
 - They come not only as classical taxes, but also as charges, toll systems, or non-budgetary “hidden tax” like in the German EEG
 - They are both effective and efficient, they do the job and do it well
 - They have the lowest administrative costs of all taxes (if not, it’s usually due to exemptions enforced by lobbies)
 - There is ample evidence for positive growth, job, and eco-effects
 - They are older than most taxes, just think of royalties on resources
 - They are the first taxes to create **excess benefit**, not excess burden
-
- **Eco-taxes remain the prime instrument for greening the budget**
 - **The money stays in the country – we are paying it to ourselves**
 - **Every MoF should give high annual donations to GBE!**

Countries with ETR had higher growth rates than they would have had without it

ETR-EFFECTS ON GROWTH (%-DEVIATION FROM REFERENCE PATH)



Note : %-deviation is the difference between the base case and the counterfactual reference case.

Source: Cambridge Econometrics, COMETR project

Emission trading is no longer a rival, but in truth a twin sister to ecotaxes

- The surprising career of EU-ETS is partly owed to peculiar circumstances: Europeans implementing a US-invention, mainly to bypass unanimity. And grandfathering made it look “more market” to neo-lib ideology and less dangerous to lobbies.
- The ideological debate is over. The more we get to 100% auctioning, the more ETS will resemble ETR, particularly in the fiscal effects.
- The crisis made some drawbacks very obvious: High volatility, even reinforcing market swings, and no bottom line, weakening it as a tool.

- **Despite of some sobering results in the crisis, it's a precious option and ETS should not be criticized but improved**
- **Most important in our view are a floor price and dynamic targets**
- **Whether and which sectors to include is still an open debate**

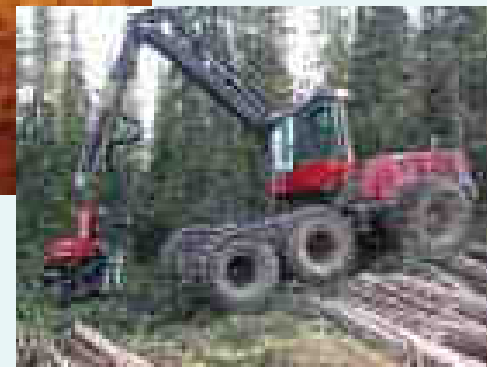
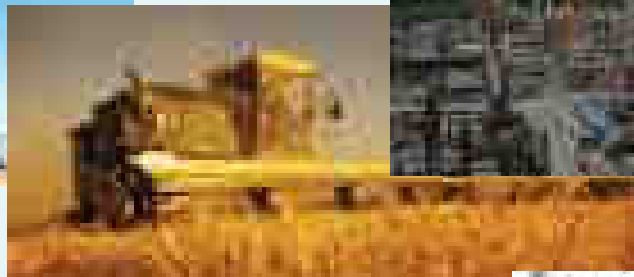
Environmentally harmful subsidies always pose a double, if not triple waste

Usually, they lead to a combination of:

1. environmental damage, with the government paying for it
2. economic inefficiency, because whatever is subsidized will be used wastefully
3. and a huge fiscal burden, bringing some states to the edge of insolvency.

➤ **A good example: Generous tax subsidies for company cars**

Typical areas for perverse subsidies (just look for the biggest lobbies...)



Most GBE experts are not too keen about “positive” green subsidies

- As a rule, the more conservative the policy, the higher the share of subsidies. With an ignorant public, subsidies are always popular. For tougher, more effective measures you need courage and leadership
- For instance, the US administration is very reluctant to tax “bad” energies, but generously subsidizes “good” energies
- Such policies are missing the paradox of green energy subsidies*:
You may end up with higher energy supply, lower average energy prices and very little if no carbon reduction!

- **“Green subsidies” are fine to get new technologies and industries started, but should be phased out over time**
- **They are no sufficient substitute for more efficient measures**
- **You won’t get a greener economy only by subsidizing the good-doers – you must also punish the sinners**

See www.foes.de/pdf/GBG-GreenPaper-2005-09-Goerres-Green-Subsidies.pdf

Green Purchasing is perhaps the most underestimated Green Budget tool

- The fundamental philosophy of a Green Budget is to scrutinize **all elements and both sides of all budgets for green impulses**, not only some revenues and some expenditures on the federal level
- In every country, the public sector belongs to the biggest buyers of goods and services
- Today, this enormous purchasing portfolio is almost completely neglected as a tool for setting greener standards
- Governments could give tremendous signals by using this potential

- **Green purchasing should be top priority for governments aiming for Greener Budgets**
- **Green Budget Europe will put much more priority on this tool**

CONTENTS OF THIS PAPER

PRESENTING GREEN BUDGET EUROPE

OUR CERTAINTIES

Prices are key

Europe is forerunner and worldwide lab for MBIs

Our toolbox is well filled

OUR CHALLENGES: PROBLEM AND TASKS GROWING BIGGER, BEST SOLUTIONS NOT ALWAYS MOST POPULAR

OUR NEW OPPORTUNITIES: FROM CRISES AND AUSTERITY

BEYOND AUSTERITY: OUR VISION AND OUR HOPES

A greener and fairer market economy

It's Christmas time – here our wish list

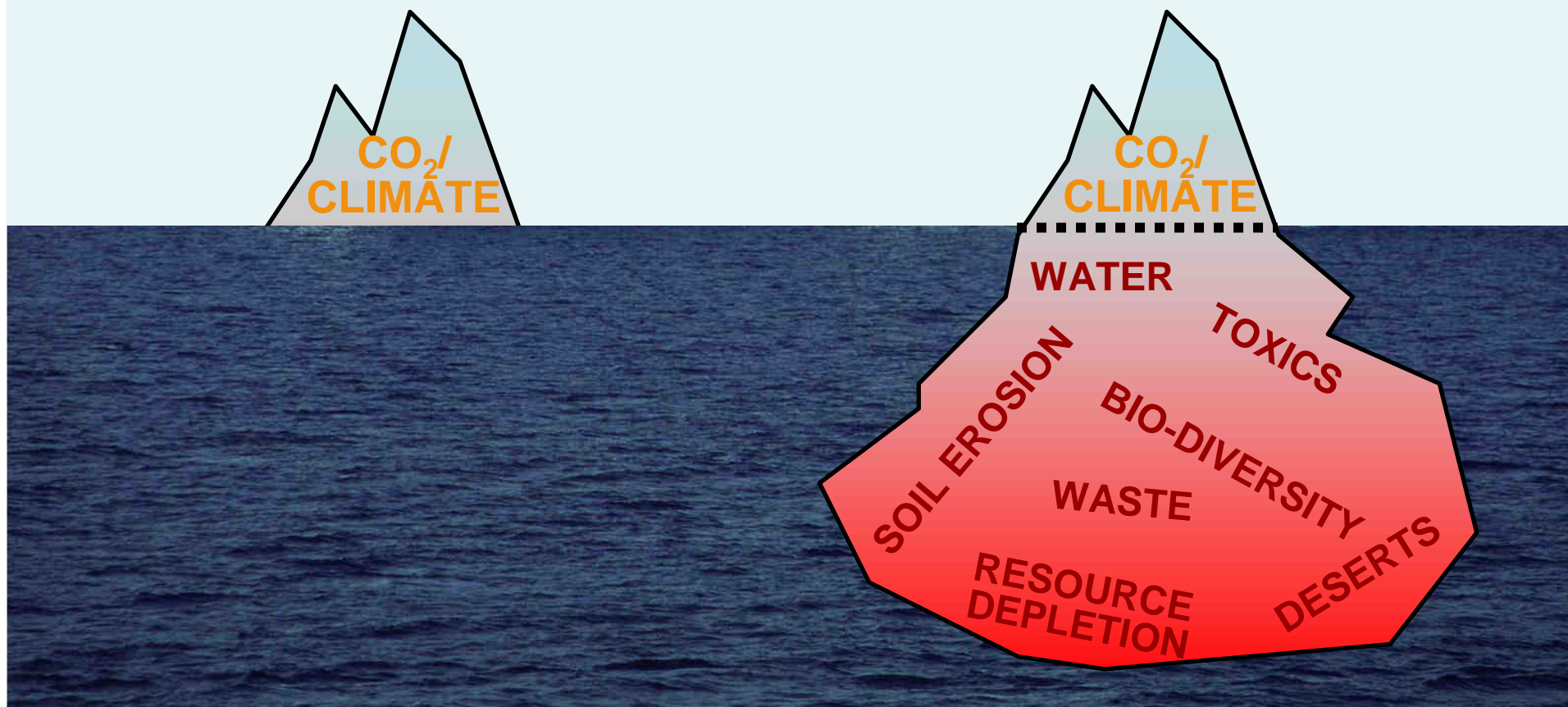


Europe has all the tools, but must also face the true extent of problems and tasks

- Europe is far ahead of all other continents, not only in targets, tools, and actions taken.
- The European public (with large differences between member states) is the only one that is willing to face the environmental problem in its full dimension. We know it's much bigger than just the Climate!
- Whether we like it or not, the Cancún Accord is putting even more responsibility on European shoulders. Finally, we have a common target.
- To safeguard the fruits of our leadership, we must even expand it.
- But we know ambitious policies are not always the most popular ones.

- **We can no longer afford ideological luxuries in the tool debate**
- **We need all the tools, and from all of them more, not less**
- **There's only one way out, namely forward! The bigger the challenge, the bigger the opportunities for the forerunners.**

Climate priority is undisputed – but it understates the true scope of the problem



Even while we are talking, they're digging, drilling and spilling all over the place...



A lot of people think about choices in eco-policy like eating out in a nice restaurant

THE “MENU ILLUSION” OF INSTRUMENT CHOICE



**The bitter truth is:
Even combining all
known instruments,
we cannot be sure if
we will prevent the
Climate Crisis!**

**Which mix of
instruments?**

The tragedy of eco-taxes: They are a bitter medicine – effective but often unpopular



Red-Green German government under pressure 2003

CONTENTS OF THIS PAPER

PRESENTING GREEN BUDGET EUROPE

OUR CERTAINTIES

Prices are key

Europe is forerunner and worldwide lab for MBIs

Our toolbox is well filled

OUR CHALLENGES: PROBLEM AND TASKS GROWING BIGGER, BEST SOLUTIONS NOT ALWAYS MOST POPULAR

OUR NEW OPPORTUNITIES: FROM CRISES AND AUSTERITY

BEYOND AUSTERITY: OUR VISION AND OUR HOPES

A greener and fairer market economy

It's Christmas time – here our wish list





**AUS DER KRISE
ENTSTEHEN CHANCEN –
AUCH BEIM SPAREN**



**PROBLEMS CAN TURN
INTO OPPORTUNITIES:
GREEN CONSOLIDATION**



Crises and austerity create new opportunities for greener budgets

- GBE supported the worldwide stimulus programs of over USD 3-4 trn. – no one could risk **not** to have them
- Unlike China and South Korea, most states missed the opportunities for greener spending in Keynesian programs
- Now we have the chance for greener refinancing, at least
- The Euro Crisis did by no means *create* the consolidation pressures, but strongly *increased* them



- **We all witnessed the failure of neo-liberal voodoo economics to protect the economy, the car industry, let alone the environment**
- **Perhaps now, people will be willing to look for a combination of fiscal and environmental sustainability**
- **With luck, both Euro as EU will emerge stronger and better!**

In 2008/ 2009, most governments found themselves with very limited options



Perhaps it's similar with Europe and our real options are **more Europe**, or **much more Europe**?

South Korea and China had the highest green share in their stimulus packages

Country	Stimulus Package	Volume US bn \$	Green Share (%)
South Korea	Green New Deal	38	69%
China	NDRC	581	34%
EU	Recovery Plan	253	14%
Germany	Stimulus Plan	130	13%
USA	Emergency Economic Stabilization Act	700	2%
Japan	Stimulus Package	476	2%
Italy	Emergency Package	101	1%

Sources: HSBC; for Germany GBG-Analysis



- We wasted most of the chances on the spending side. Now let's try and maximize the opportunities from refinancing the debt!

Consolidation pressure from high debts and/or deficits is mounting

1. Most states had high debts/ deficits even before crisis
 2. Crisis leads to heavy revenue losses ...
 3. ... plus huge expenses for saving banks ..
 4. plus financing Keynesian impulses
(worldwide 3-4 trillion US dollars)
 5. Additional pressure from Greek and Euro Crisis...
 6. ... plus hidden risks from parafiscal shadow budgets
(*bad balance sheets in truth always even worse*)
 7. New money for new tasks, like climate, demography ...
- STATES VERY CREATIVE IN SEARCH OF NEW REVENUES!
 - WHO WANTS TO BE IN THE SHOES OF GREEK PM GEORGE PAPANDREOU OR MoF GEORGE PAPACONSTANTINOU?



In Germany, a lib-con government surprisingly embraced eco-fiscal elements

WITHIN THEIR NEW SAVINGS PACKAGE THEY PROPOSED

- Cutting (some) eco-tax exemptions
- Introduction of a new air traffic charge
- Eco-tax on nuclear elements
- Extending truck toll to 4-lane-highways below *Autobahn*
- ... and promised: a Tobin tax on financial transactions.



SOME OF THIS UNDER THE HEADLINE:

„*ECOLOGISATION OF THE SOCIAL MARKET ECONOMY*“

- **“GREEN CONSOLIDATION” is used by many other EU countries: (e.g. Estonia, Greece, Hungary, Ireland, Iceland)**

Here selected examples from other EU countries

Austria	<ul style="list-style-type: none"> Plans for higher Diesel and Petrol tax; new ticket tax, less energy subsidies for services...
Denmark	<ul style="list-style-type: none"> Danish Tax Reform 2010: Higher energy taxation of businesses and households Most energy taxes - except petrol and diesel - will be raised 15% Continued yearly price indexation of energy taxes from 2015 New taxes on air conditioning, road lighting, lubricants, and greenhouse gases
Estonia	<ul style="list-style-type: none"> Air pollution charges for CO₂, NO_x, VOC, heavy metals and mercaptans and water pollution charges for BOD₇, suspended particles, SO₄ and pH plus 5-10 p.a. Waste disposal charges rise on average plus 20% p.a. Mineral resources charges increase considerably during 2010-2012. Oil shale extraction charge increases 20 % p.a.; construction minerals charges rises 10-25 p.a. From 2013, rates of most minerals plus 5% p.a. Water abstraction charges increase gradually 10 % p.a. in 2010-2012, after 2013 5%
Greece	<ul style="list-style-type: none"> Gasoline prices raised by a further €0.12 per litre (revenue about €1 billion)
Iceland	<ul style="list-style-type: none"> (May 2009) petrol went up by 10 kronur, diesel by five
Ireland	<ul style="list-style-type: none"> Carbon Tax will be doubled to 30 Euro per tonne until 2014 (Revenue: 330 million Euro) Introduction of water charges for households (expected revenue: 500 million Euro)
Hungary	<ul style="list-style-type: none"> Preparation of distance-based road fee (revenue will substitute taxpayers' contribution to road infrastructure)
Portugal	<ul style="list-style-type: none"> Introduction of electronic toll tax for several highways
UK	<ul style="list-style-type: none"> Air Passenger Duty (APD) raised to £170 for premium long-haul flight (Revenue £2.3 billion) Fuel duty raised by 1 penny/litre on April 2010 and October 2010, plus 0.76p on January 2011

Crises and problems create great opportunities for intellectual progress

FOR GOVERNMENTS OF ANY COLOR	Green revenues are not from the devil, but a god-sent gift to combine environmental and fiscal sustainability
FOR TRADITIONAL KEYNESIANS	After 30 years of supply-side melodies, the crisis gave you a splendid comeback – but this time, please don't forget to repay the debts
FOR ECO-TAX ADVOCATES	Even the definition of our beloved Double Dividend may evolve over time, for instance from a <i>budget-neutral tax shift (from labour to nature)</i> to <i>more deficit consolidation</i>
FOR THE LEFT	Don't believe for one second you can advance social progress by fighting environmental progress!
FOR THE RIGHT	Please forget everything you used to think about a conflict between Green and Growth!

We urgently need a Green Growth Model for “PIGS” and Easter European countries



CONTENTS OF THIS PAPER

PRESENTING GREEN BUDGET EUROPE

OUR CERTAINTIES

Prices are key

Europe is forerunner and worldwide lab for MBIs

Our toolbox is well filled

OUR CHALLENGES: PROBLEM AND TASKS GROWING BIGGER, BEST SOLUTIONS NOT ALWAYS MOST POPULAR

OUR NEW OPPORTUNITIES: FROM CRISES AND AUSTERITY

BEYOND AUSTERITY: OUR VISION AND OUR HOPES

A greener and fairer market economy

It's Christmas time – here our wish list



**SUBVENTIONSABBAU
GENÜGT NICHT – ZEIT
FÜR EINE NEUE UTOPIE!**

**BEYOND SUBSIDY RE-
FORM AND AUSTERITY –
TO SOCIETY REFORM!**



Austerity is not enough: We need a new growth model and new values

Simple austerity programs will not solve the crisis but enforce it. There is no return to the august times of pre-Lehmann.

We need a new, smarter growth model than in the past to build a better future, including

- New houses and buildings
- New traffic systems, cars, trains, ships, airplanes
- New agriculture, new foodstuffs, new bio products
- New technologies and new factories
- New products in all areas, with less waste and packaging
- And a new life style



- **This will create many new jobs.**
- **But it will not be possible without new values and visions**

Abolish capitalism – worldwide idealism and selflessness – or improve capitalism?



Worldwide economic and environmental crisis from uncontrolled capitalism



Abolish capitalism?



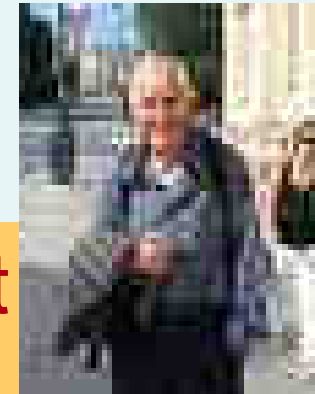
„Gandhism“?

Improve capitalism?

“Socialism collapsed because it did not allow prices to tell the economic truth.

Capitalism may collapse because it does not allow prices to tell the ecological truth.”

Oystein Dahle,
former Vice President of Esso for Norway and the North Sea



How about a price system that will finally tell the truth in all three dimensions?

.... the economic truth:

→ fair competition and efficiency

.... the social truth:

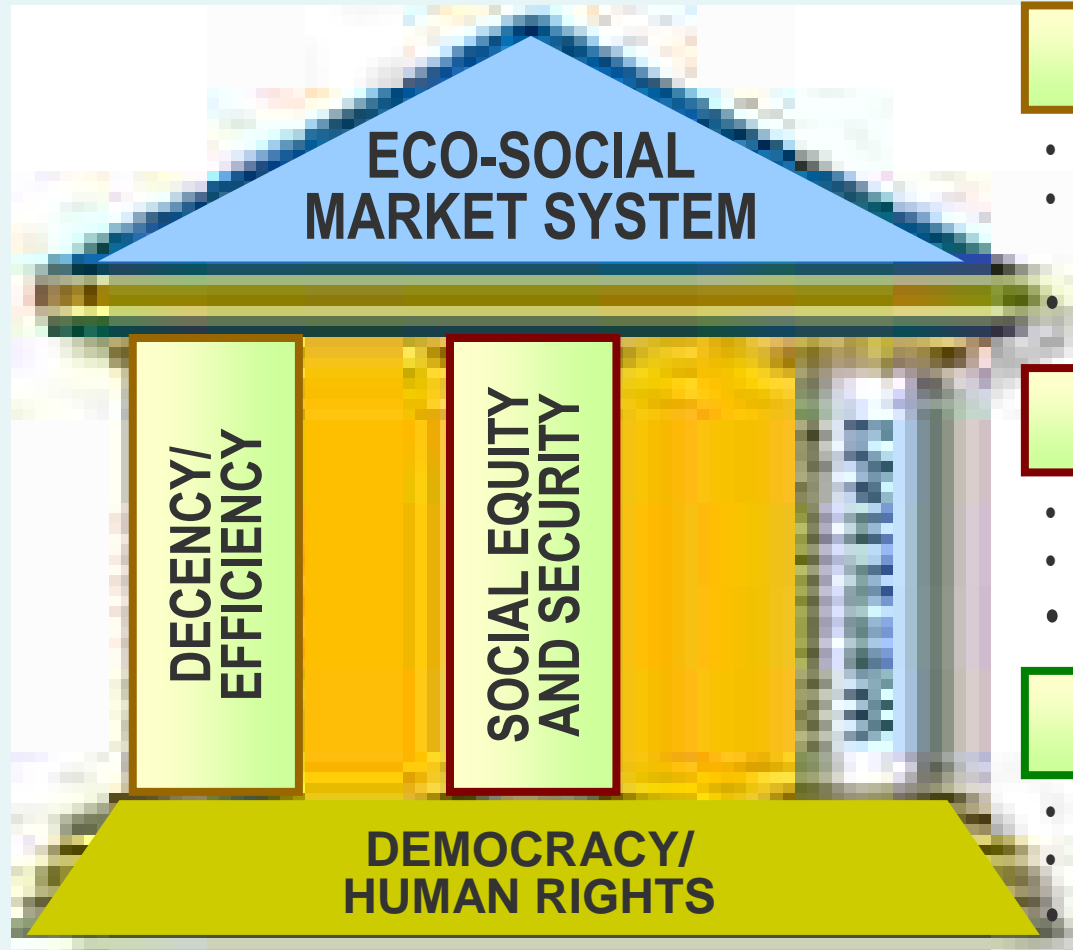
→ fair wages and social security

.... and the ecological truth:

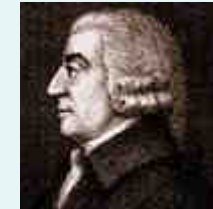
→ internalisation of external effects

➤ **Wrong prices lead markets in wrong directions!**

The new vision: A greener capitalism, with more equity and decency



DECENCY/ EFFICIENCY



- Adam Smith...
- Decent markets, efficiency, fair competition
- **Prices tell economic truth**

SOCIAL EQUITY AND SECURITY



- Mill, Marx, Bismarck, Beveridge...
- Social security, 8h-day, unions..
- **Prices tell social truth**

ECOLOGICAL SUSTAINABILITY



- Pigou, Kapp, Meadows, Weizsäcker...
- Eco-regulation, green budgets
- **Prices tell ecological truth**

We can see important parts of this vision in the EUROPE 2020 strategy

**DECENCY/
EFFICIENCY**

**SOCIAL EQUITY
AND SECURITY**

**ECOLOGICAL
SUSTAINABILITY**

SMART GROWTH

Innovation – Education
Digital Society

INCLUSIVE GROWTH

Employment and Skills
Fighting Poverty

SUSTAINABLE GROWTH

Climate, Energy, Mobility
Competitiveness

**FÜR WEIHNACHTEN
HABEN AUCH WIR
EINEN WUNSCHZETTEL!**

**IT'S CHRISTMAS TIME –
SO PLEASE ACCEPT
OUR WISH LIST**



Long awaited: The GBE Christmas wish list for 2011

FOR THE EU AND GOVERNMENTS

- Higher carbon-targets for the EU. Let us go from **20 to 30%**!
- A **roadmap to subsidy reform**
- Overdue: **The new energy directive**. Perhaps a big help for most countries.
- **Higher taxes on air traffic** on EU and member states level
- Stop begging your EU neighbours with low energy taxes (example LU)
- Consolidation programs which show **much more concern for jobs, social justice and green opportunities**
- Better Green Growth models for the PIGS countries and Eastern Europe

FOR NGOs, ACADEMICS AND OURSELVES

- A **larger definition of double dividend**, to include also green consolidation, not only green tax shifts
- More research in the probably large potential of **Green Purchasing**
- Much more concrete blueprints to visualize the path into a greener future
- **Annual MBI-Forum**, with help from GBE and EEB, to exchange best practices
- **More GBE members – all 27 EU states should be represented!**

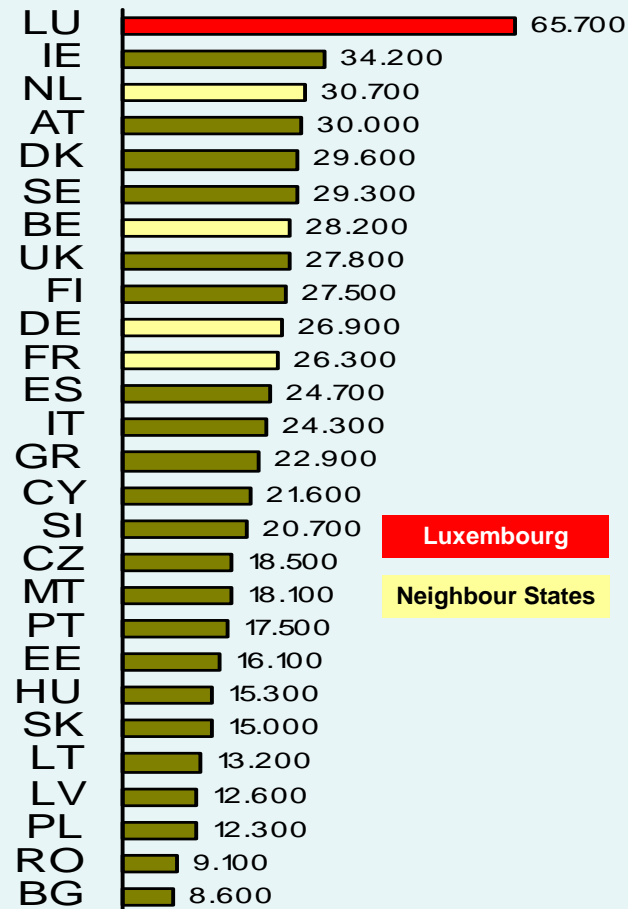
Finally taxing air traffic could also be seen as scrapping an outdated subsidy



- VAT on flights out of EU
- Ticket tax/ Take-off tax
- Air fuel tax
- Integration with ETS (alone not sufficient!)

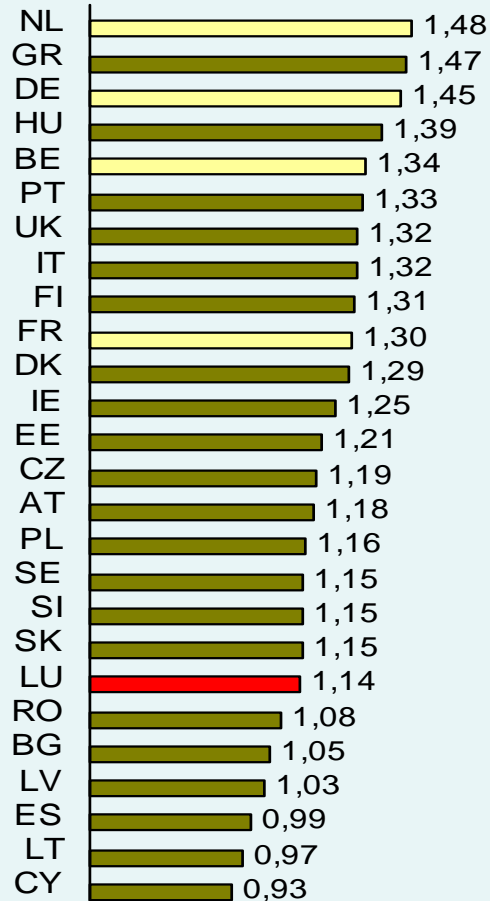
Luxembourg: highest per capita income in the EU, but fuel prices comparable to Cyprus, Malta, Lithuania, Romania...

GDP per capita (PPS)

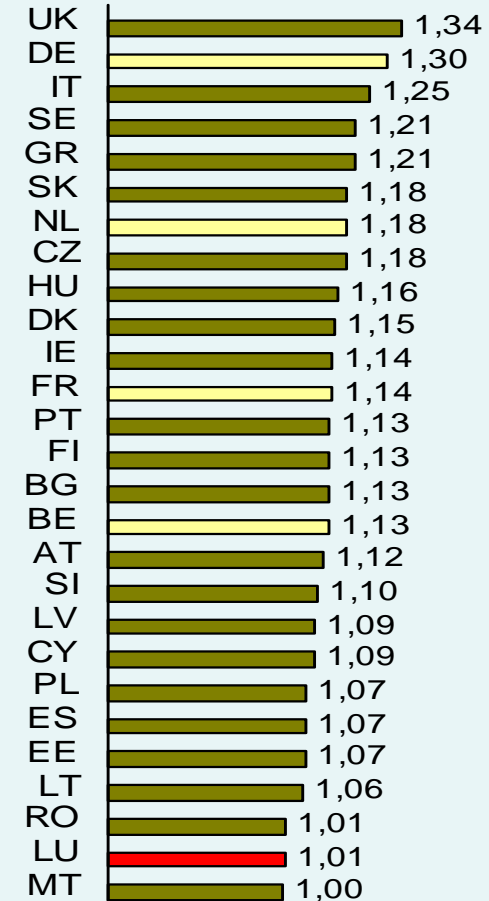


Luxembourg
Neighbour States

Petrol costs (€/l)



Diesel costs (€/l)



Sources: www.europa.eu; www.benzinpreis.de

So where's the European Spirit?

Future campaigns should stress benefits, innovation, and future jobs – not dangers



One not so far day, everything we make
and buy will be green....



Here some practical suggestions about what you and I can do

Read New York Times or Süddeutsche Zeitung

Don't vote for parties that ignore the climate threat or fight market based instruments. (If you prefer to stay in such a party, work to change their position.)

Watch your personal CO₂-balance

Drive more BMW (= Bike, Metro, Walk)

Compensating air miles is a good idea
(but no substitute for tickets taxes, ET or other strong tools)



Never forget: this is a political issue at first
(an issue of personal ethics only in second or third place)

➤ **Something's foul in this planet, not because people are bad, but because of failing institutions, ignorant elites, and misleading prices!**

Personally, I sold the big station wagon use the new company car most of the time



242 gram CO₂/kg



With 112 gram CO₂/kg
most eco-efficient
German car (2008)

IF YOU LIKED THIS PAPER AND OUR IDEAS:

- Don't be surprised if perverse incentives produce perverse results
- Please support Green Budget Germany or GB Europe
- Please help us organize future conferences in your city/ country/ organisation
- Please help us to create a fairer and greener Capitalism; in the EU and elsewhere!

Green Budget Germany: Our publications on subsidy reform

Overviews on environmental counterproductive subsidies

www.umweltdaten.de/publikationen/fpdf-l/3780.pdf

The paradox effects of well-intended “good” subsidies

www.foes.de/pdf/GBG-GreenPaper-2005-09-Goerres-Green-Subsidies.pdf

Company cars, one of the most perverse subsidies

<http://files.foes.de/de/downloads/studien/FiwaDiwaRef-Fassung2.0.pdf>

www.greenpeace.de/fileadmin/gpd/user_upload/themen/energie/Greenpeace_Subventionsstudie_final.pdf

On coal subsidies: Artificial life extension for a dying industry

www.foes.de/pdf/Kohlesubventionen_1950_2008.pdf

Subsidies for nuclear power plants: Prolonging risks and expanding nuclear waste (also available in English language)

www.foes.de/pdf/90903-Subventionen_Atomkraft_Endbericht-3%20li.pdf

Subsidies accelerating the decline of biological diversity

<http://files.foes.de/de/downloads/studien/subventionsstudie.pdf>