

FSR Climate Annual Conference 2021 – 7th edition

Dates: 29 & 30 November on Zoom Webinar

Monday 29 November

14:00-16:00 – Session on Environmental taxation

Presenter: Xavier Labandeira (University of Vigo)

Title: *Environmental taxation in the 2020s: promises and barriers*

Abstract:

Although environmental taxes have not lived up to the expectations of the late 1990s (double dividend ideas, built on economists' support of pricing approaches since the 1960s), there are several reasons to anticipate a bigger role in environmental and fiscal policies over the next two decades, particularly in advanced economies. Indeed, ambitious short-term objectives in the areas of climate mitigation, local pollution, water and circularity will necessarily demand significant pricing incentives that are cost-effective and provide continuous signals to clean investment and new technologies. However, the barriers that have prevented a widespread and intense deployment of these instruments are also likely to continue or even worsen, namely by the growing opposition by non-economists and the public, the related preference for conventional mandatory approaches, or concerns about competitiveness and distributional impacts. In this context, environmental taxes might only play its important role in public policies if i) they are selectively introduced to take advantage of their positive properties; ii) they are gradually implemented and with a schedule that prioritizes some applications; iii) they are part of a well-balanced policy package (ie with proper account of interactions and synergies); iv) distributional impacts are properly accounted for and well-targeted compensation introduced; and v) particular emphasis is given to information on the benefits of this alternative (and costs of other approaches) to the public.

Webpage and programme [here](#)