

Greener Taxes, Greener Budgets: On the way to a Greener Economy in a Greener and Fairer Europe



Green taxation as key for sustainable fiscal reform.
The French context and European perspectives. Organised by Green Budget Europe and the Institute for Sustainable Development and International Relations (IDDRI). 29 - 30 October 2012, Paris, Sciences Po
Dr. Anselm Görres, President Green Budget Europe (GBE)

GreenBudgetEurope

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MULTIPLE CRISES

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SOUNDS GREAT – BUT HOW DO WE GET THERE?

HERE SOME ACTUAL TOPICS WE ARE WORKING ON

TO SUM UP: GREENER BUDGET S = GREENER FUTURE

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

Over the years, we've expanded our scope both thematically and regionally

Green Budget Germany	GBE	Over-seas
2010 First Initiatives for Green Budget Asia	X	X
2010 Green growth vs. Post-Growth	X	X
2009 Green Keynes, green revenues	X	X
2008 Foundation of GBE	X	
2008 Changing German Name to Forum Ökosoziale MWS*		
2005 International Country projects on ETR		X
1999 All market-based instruments (EFR)	X	
1996 Build-up of international network	X	X
1994 Eco-Tax Experts (ETR) in D	2008	

* Ökosoziale Marktwirtschaft = Eco-Social Market Economy

Our aspiration

- From German ETR to ambitious EFR in Europe and beyond
- From an often technocratic instrument debate to visions of a greener society
- From a network of experts to Think Tank and Advocacy
- From amateur to professional organisation and lobbying

Over the years, some questions never disappeared, and new questions arose

- If ecotaxes are so logical and efficient, why don't they have more supporters?
- How can we overcome the fear of competitive disadvantages?
- How the related fear of social injustice?
- And since 2009: How can we convince people that environmental progress is not a luxury in times of crisis – to the contrary?
- How can we inspire people of the need for fundamental change, not just greenwashing?



**WO HABEN WIR
EIGENTLICH *KEINE* KRISE
ZUR ZEIT?**



**MULTIPLE CRISIS – AND
EVERYWHERE?**

Environment – Economy – Europe + Euro – Elites: Crises where you look!



All theses crises have very similar roots

Market Failure	<ul style="list-style-type: none">• Driven by perverse incentives, wrong signals• Shortsighted, neglecting the future• An outdated concept of growth and wealth
Government Failure	<ul style="list-style-type: none">• Weak regulation, mainly due to laissez-faire ideology• Captured by from strong lobbies, i.e. energy
Elite Failure	<ul style="list-style-type: none">• Loss of values, bad examples, greed as a virtue• Violation of simplest rules which our kids learn in kindergarten (<i>Clean up your dirt</i>)
All this adding up to	<ul style="list-style-type: none">• Unsustainable behaviour of consumers, firms and governments <p>→ A world behaving like four-year-olds!</p>

Much as I criticize our so-called elites –
I'm not impressed by the opposition!



Protesting alone will not change the world, I've tried it myself...



November 2011: GBE-President demonstrating in front of Bavarian Staatskanzlei, office of prime minister

**WELTWEIT GILT
EUROPA ALS
VORREITER IST ABER
ANGESCHLAGEN**

**EUROPE IS FORERIDER,
BUT MOMENTARILY
UNDER PRESSURE**



Today we are a worldwide fore-runner, lab and exporter of Market-Based Instruments

Classic MBI-Tools

Ecotaxes

Emission Trading

Subsidy Reform

New MBI-Tools

Feed-in Tariffs

Blend-in Quotas

Green Purchasing
Tolls for Roads/Cities
Deposit Rules etc.



German law adapted by over 60 countries

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

The EUROPE 2020 Strategy contains important and ambitious targets



SMART GROWTH

Innovation – Education
Digital Society

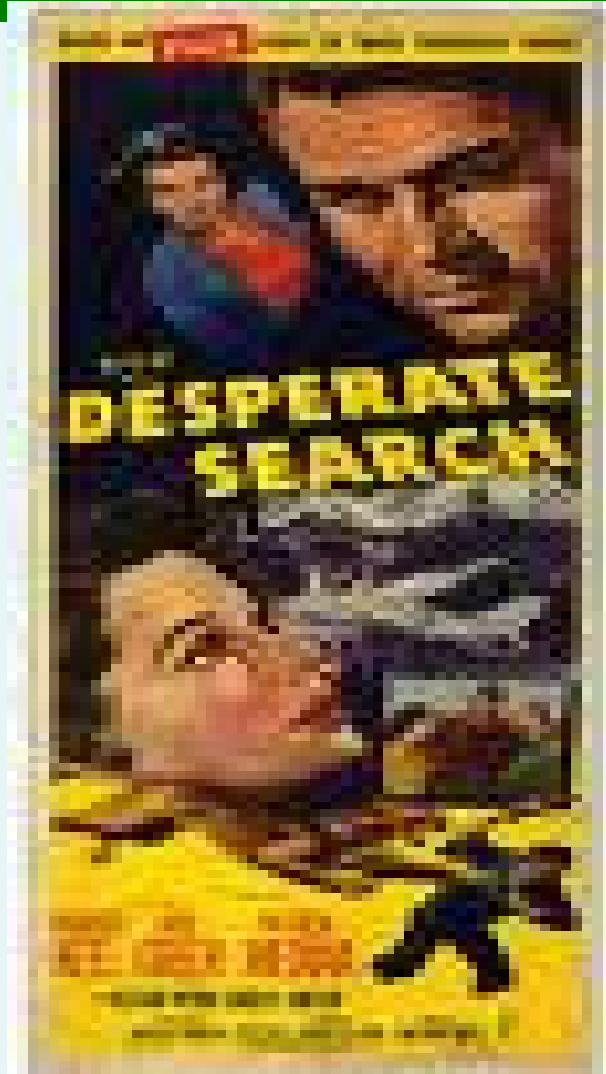
INCLUSIVE GROWTH

Employment and Skills
Fighting Poverty

SUSTAINABLE GROWTH

Climate, Energy, Mobility
Competitiveness

We urgently need a Green Growth Model – and not only for Southern Europe!



The important thing is to keep up the good spirit after the catastrophe (or during it)



“Never have I seen anything breaking down so beautifully...”
Alexis Sorbas to the young Englishman



**ZEIT FÜR EINE
NEUE UTOPIE!**

**IT IS TIME FOR
A NEW VISION!**



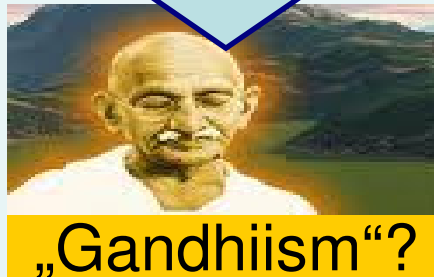
Abolish capitalism – worldwide idealism and selflessness – or improve capitalism?



Worldwide economic and environmental crisis from uncontrolled capitalism



Abolish capitalism?



„Gandhiism“?



Improve capitalism?

Americans call Obama a socialist – Europeans know better about political systems

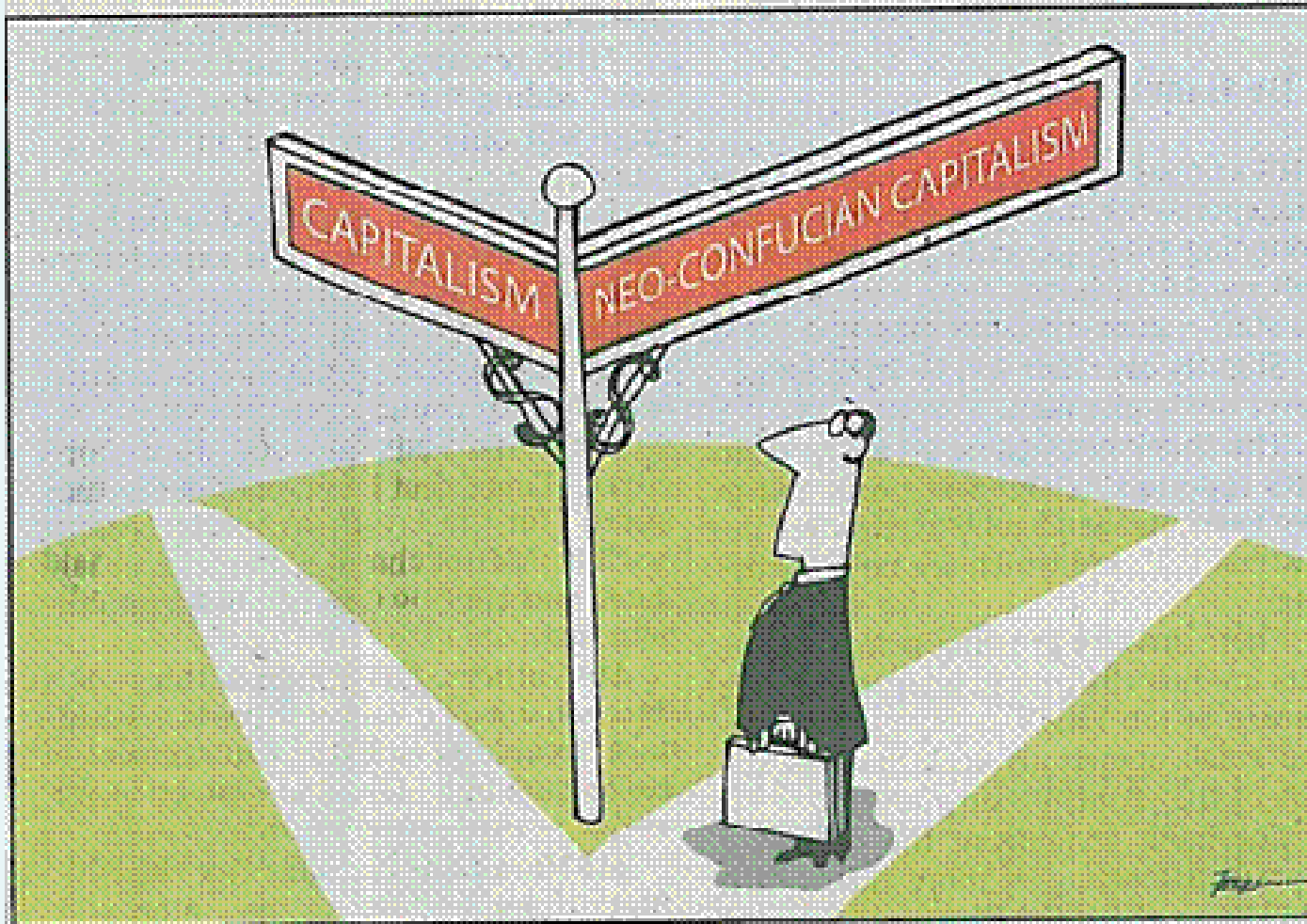


- Americans have never experienced real Socialism, perhaps that's why they get somewhat hysterical about it.
- We Europeans have invented Liberalism, Capitalism, and even Pigou Taxes. Our continent has seen and tested about every possible model: from Manchester Capitalism to Social Democracy, "Real Socialism", Communism, even "National Socialism".
- We **know** what these terms mean. Perhaps after so many errors we can make wiser choices than others.

All we need is to combine the best elements of the three main currents

	Liberalism and Rule of Law	Social State	Green State
POSITIVE	<ul style="list-style-type: none"> - FREEDOM! - Private Property - Free Enterprise - Competition - Efficiency/Innovation <p>→ GROWTH & PROSPERITY</p>	<ul style="list-style-type: none"> - SOLIDARITY! - Proud workers - Protection of the weak/ disabled... - Social fairness - In truth: competitive advantage! <p>→ SOCIAL JUSTICE</p>	<ul style="list-style-type: none"> - PLANET, PEOPLE, PROFIT! - Conserving energy and resources - In truth: competitive advantage! - BRINGS MONEY! <p>→ SUSTAINABILITY</p>
NEGATIVE	<ul style="list-style-type: none"> - Monopoly power - Growing inequality - Media control of the Rich - Plutocracy - Hedonism <p>→ GREED FIRST</p>	<ul style="list-style-type: none"> - Levelling - Rule of officials - Little innovation - Debt Keynesianism - Market scepticism - COSTS MONEY! <p>→ IMMOBILITY</p>	<ul style="list-style-type: none"> - Puritanism, only 1 flight trip p.a.? - Rigorous ascetism, no more growth? - Eco-dictatorship?!? - Escapism <p>→ NO FUN LEFT?</p>

In Asia as well, people are reflecting about the future evolution of Capitalism...



Source: Singapore Times, November 2008

**KLINGT JA WUNDERBAR
– NUR WIE KOMMT
MAN DAHIN?**

**SOUNDS GREAT – BUT
HOW DO WE GET
THERE?**



On a wild and dangerous road, you need crash barriers – on both sides

Social misery!



Ecologic abysses!

Crash barrier/ guard rail (e.) = Leitplanke (g.), barrière de sécurité (fr), guardavia (i.), contracarril (sp.)

An eco-social concept means to have crash barriers on both sides of the road



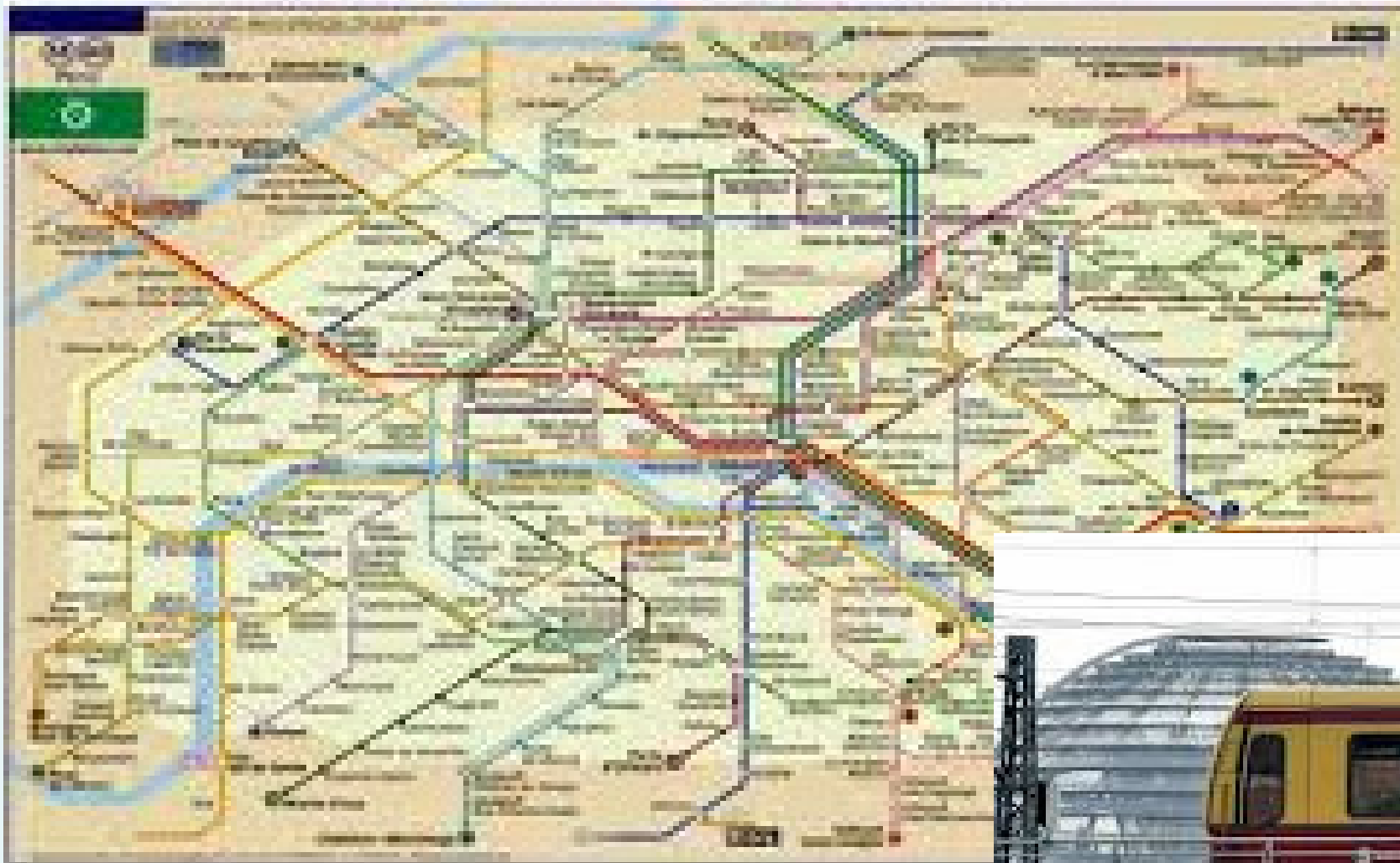
IN BOTH CASES:

- **Protection of the weaker: members of society, future generations, or Nature**
- Against overexploitation, reckless greed, or sheer myopia
- While possibly minimizing bureaucracy or abuse
- Combining a free, social, and environmental state

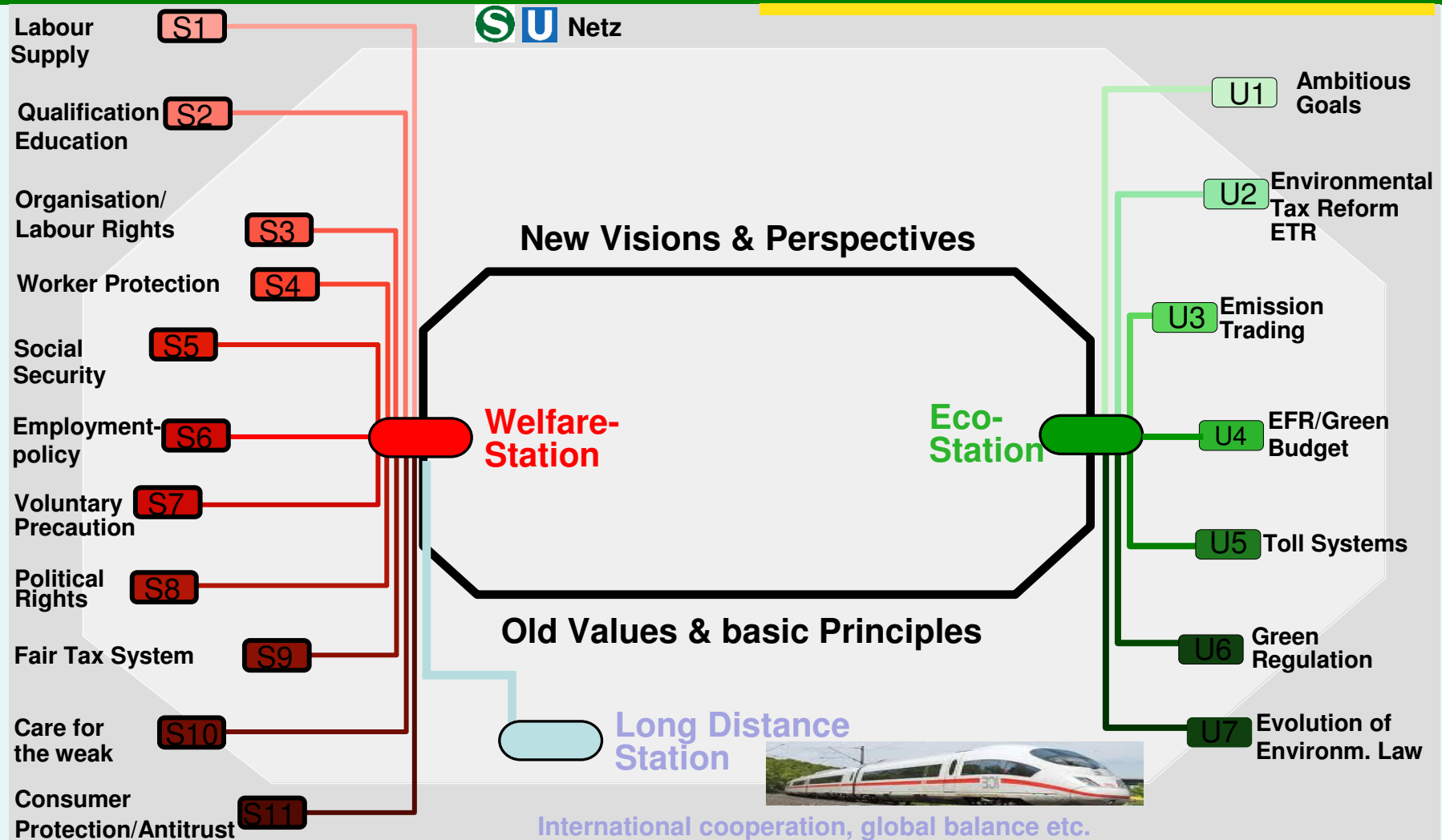
- **Fight for Social State took >200 years**
- **Ecological State must come much faster!**

Mais bien sûr, vous n'êtes pas venu en voiture!

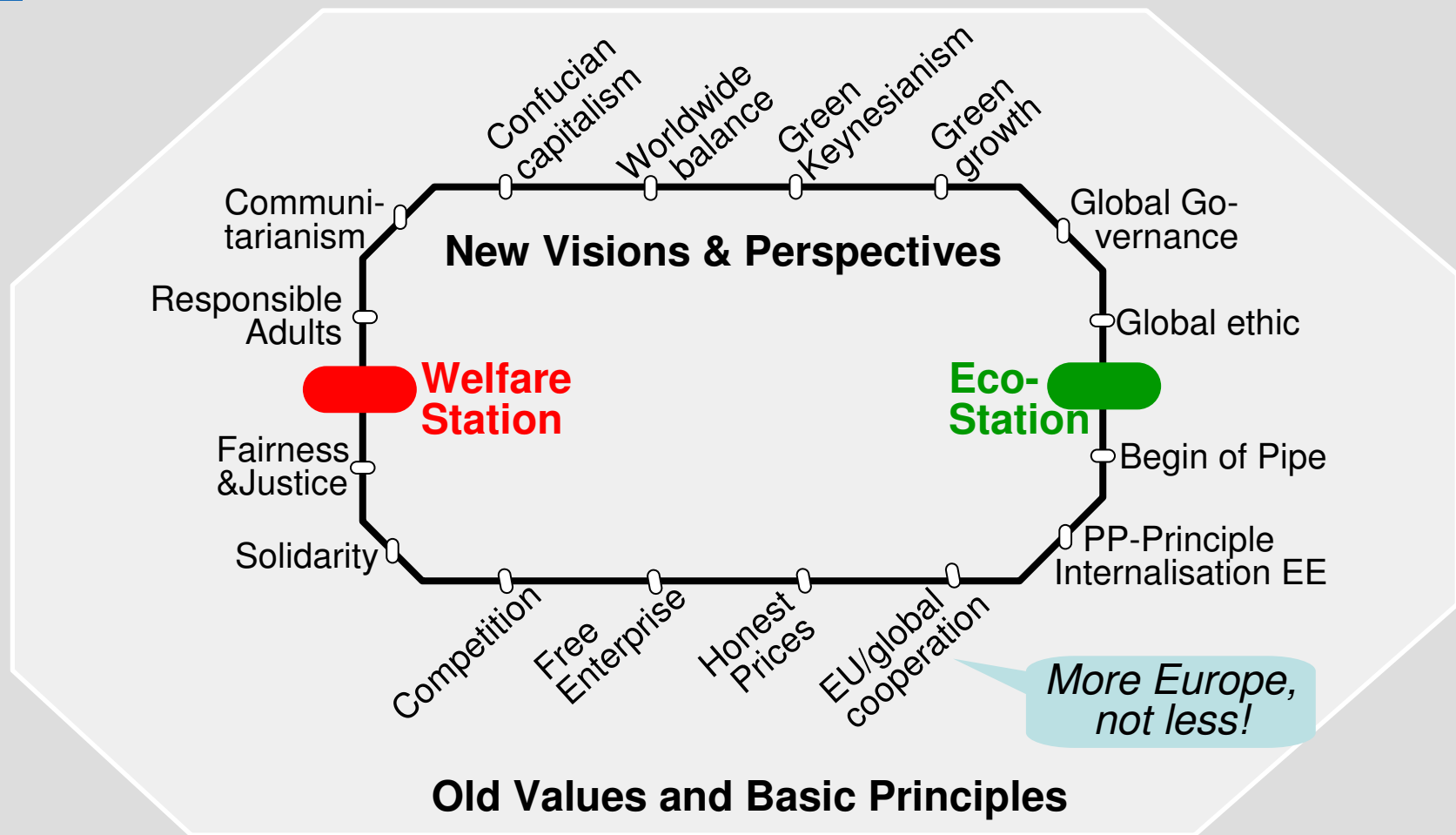
LE METRO DE PARIS



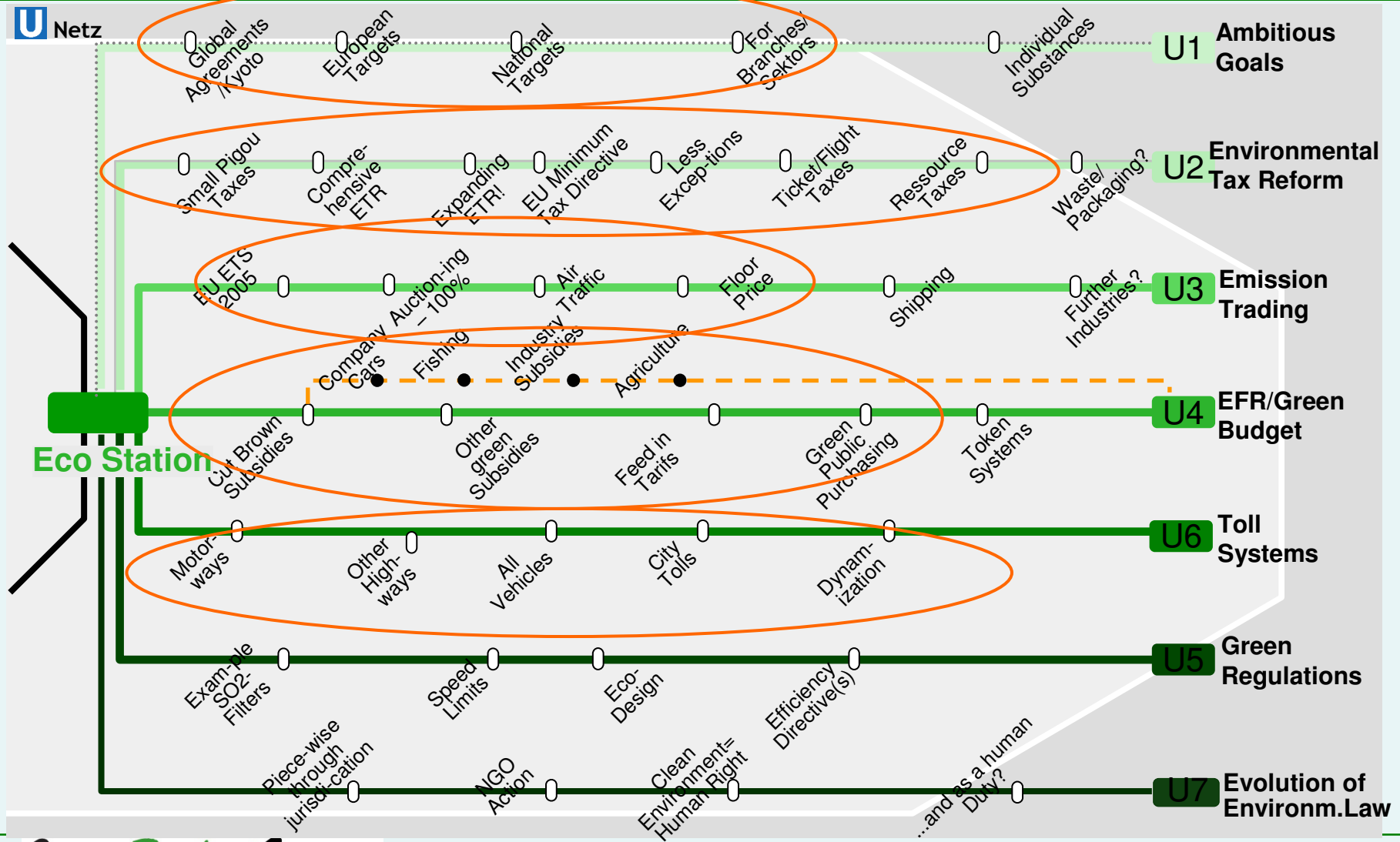
Our network has two stations, two trunk lines and a lot of S-Bahns and U-Bahns...



New Visions & Perspectives, Old Values and Basic Principles



Here some of the most important “green lines” and our main topics



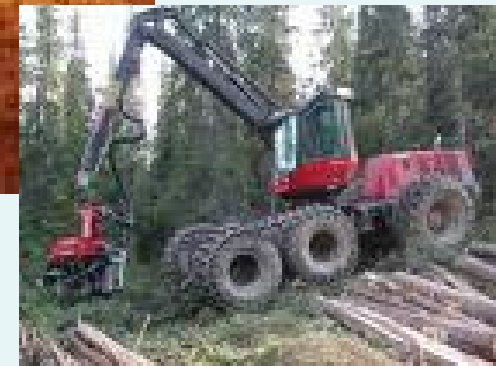
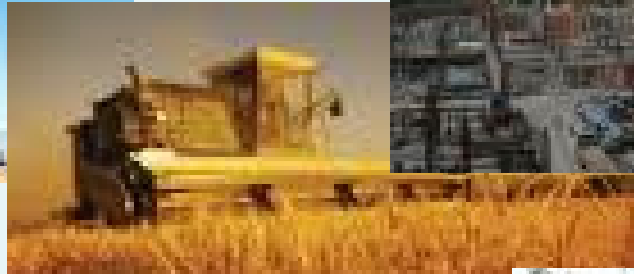
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We know everything we need to act
– Exhibit 27

**HIER EINIGE KONKRETE
THEMEN, AN DENEN
GBE ARBEITET**

**HERE SOME ACTUAL
TOPICS WE ARE
WORKING ON AT GBE**

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



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!)



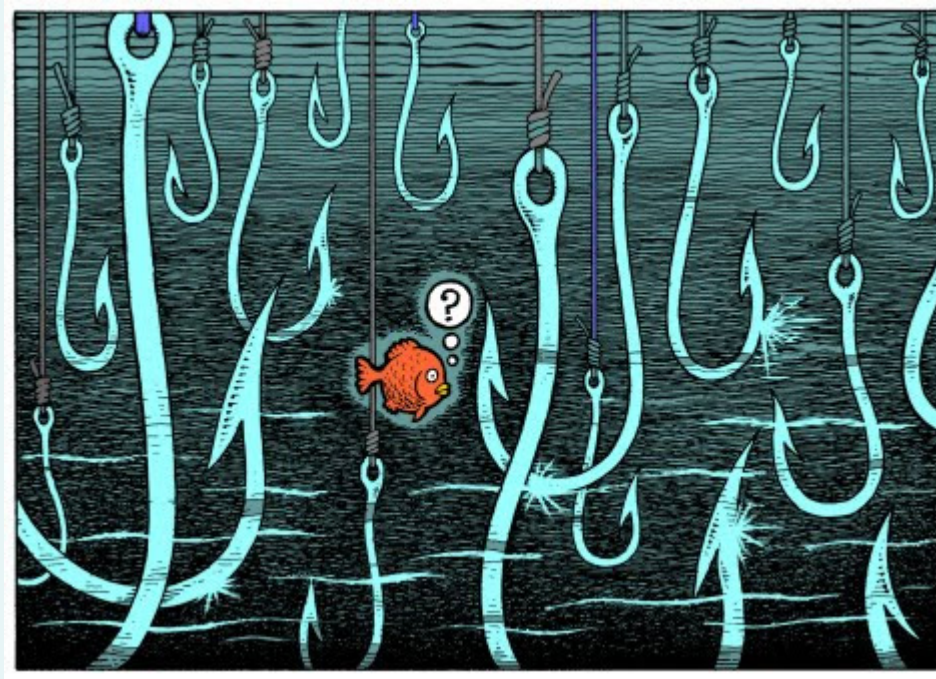
Why company car treatment often amounts to a particularly perverse subsidy

Is the Tax Treatment of Company Cars environmentally harmful in the EU?

**TAXUD Workshop Brussels, February 28, 2011
Dr. Anselm Görrres, President GBE**



Supporting actions against the deplorable EU inactivity in fishery policy/ subsidies



We are supporting a “Greener Keynes” and “Sur Verde”

NOCH GIBT ES
CHANCEN FÜR DEN
GRÜNEN KEYNES



There are still chances
for a greener Keynes!



GREEN BUDGET GERMANY
FORUM ÖKOLOGISCH-SOZIALE
MARKTWIRTSCHAFT

ÖSM als nächste Entwicklungsstufe?
© Dr. Anselm Görres 2010

November 5, 2011

Serà posible el Sur Verde?
A Green Recovery Strategy for the
European South (and the EU)



12th Global Conference on Environmental Taxation (GCET 12), 20-21 October 2011,
Madrid, on Environmental Taxation: Market Instruments & Sustainable Economy

Dr. Anselm Görres, President Green Budget Europe (GBE)

GreenBudgetEurope

2011/02/01

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We know everything we need to act
– Exhibit 33

Toll schemes are working successfully in London, Stockholm, Milano...

The central London Congestion charge is in operation

The central London congestion charge is a 10-day charge which allows motorists who would otherwise be charged to drive into the city centre.

The boundaries of the central London congestion charge area are shown on the map. The charge is in operation from 8am to 6pm on weekdays. The charge is 10 pounds per day. The charge is in operation from 8am to 6pm on weekdays. The charge is 10 pounds per day. The charge is in operation from 8am to 6pm on weekdays. The charge is 10 pounds per day.



Stockholm:

Erlöse (in Mio € pro Jahr):	rund 95
Einrichtungskosten:	rund 200
Wirkungen:	22% weniger Verkehr



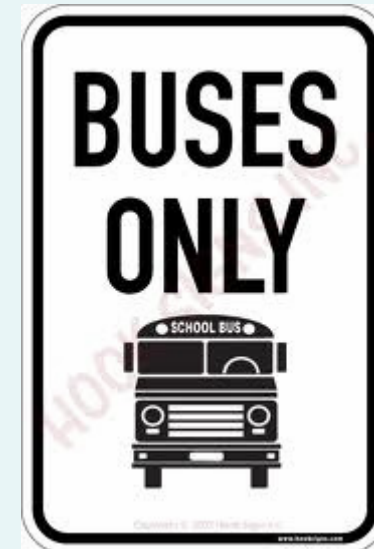
“Our goal is to reconquer public space for pedestrians”

Zurich City Planner Andi Fellmann

NYT Süddeutsche Zeitung July 4, 2011



Athens must have dedicated bike and bus avenues – with no cars allowed



.. Why not in Athens? It would save fuel, improve life quality, and generate funds



IZB-4320



11.360:12.85

REG-No.

Bar Code

valid for 90 days

EXPECTED RETURNS p.a.

**€ 500 Million
to 2 Billion**



We must think of many other new ideas, from a Desertec test plant to speed limits



Desertec plant for Crete?



Enforced spending thru tougher building rules



Plastic bottle tax or mandatory deposit



Mare Nostrum: Enforcing shipping and fishing modernisation in Med



Spain reduced speed limit from 130

Some other current GBE activities

- Revitalize EU emission trading by a floor price
- Support Tax Commissioner Šemeta and his new Energy Tax Directive
- New rules for taxing hauliers (against fuel tax tourism)
- How can we overcome the unanimity rule?
- Support ecotax reform in Slovenia
- and, and, and...



Executive Summary



**ANSTELLE EINER
ZUSAMMENFASSUNG**

TO SUM UP

$$7 + 3 = 10$$

Budget and tax policy tell the truth about your priorities, not proclamations!

Tell me what you tax and what you spend, and also what you don't tax and don't spend, and I'll tell you what your true targets are.

(AG)

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!**

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

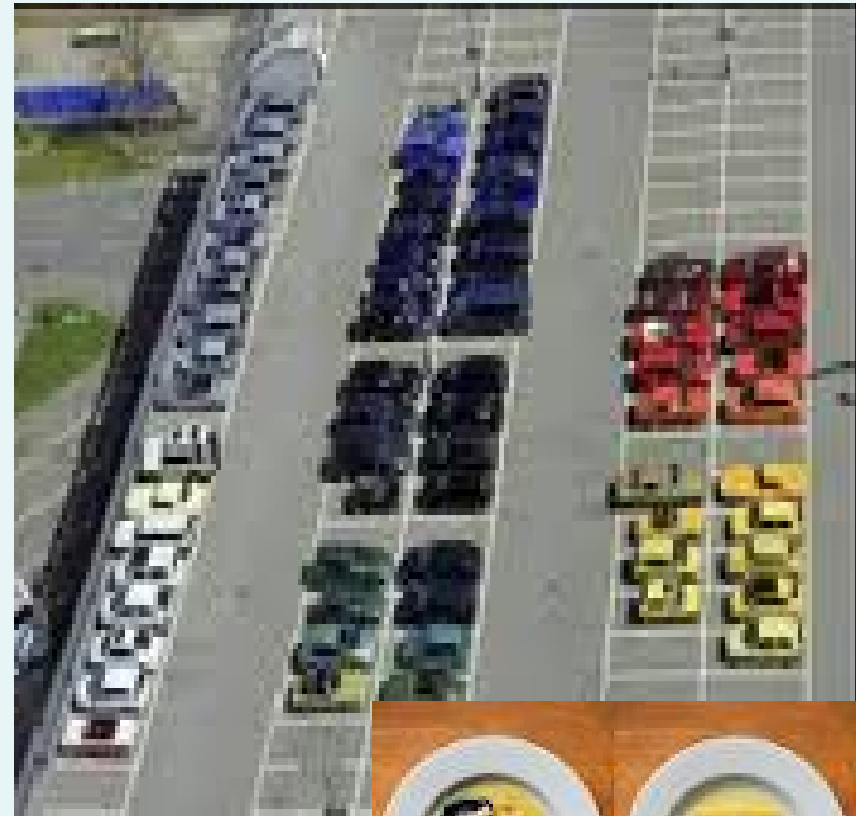


Es kommt auf die richtige Reihenfolge an!

1	PROFIT	PLANET	Ökologisch-
2	PEOPLE	PEOPLE	Soziale
3	PLANET	PROFIT	Markt- wirtschaft



A Swiss artist has great ideas for ordering things in Europe much more beautifully



Source: Ursus Wehrli



USA

CAN

Merci beaucoup

Danke vielmals!

THANK YOU KINDLY!

Moltes gràcies /
Muchas gracias

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!

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!**