

Kai Schlegelmilch – The Eco-Tax Man or the "Öko-Steuermann"

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Kai Schlegelmilch was one of those who developed the eco-tax in Germany. Now, he is exporting the concept to the rest of the world. The man from the Federal Environment Ministry has already nearly talked the Chinese into it and is currently working on getting the Vietnamese on track.

In a few weeks, when the heads of China's Communist Party get together to decide on the next five-year-plan for the People's Republic, things will hot up for Kai Schlegelmilch. Hardly anyone in Berlin is waiting for the results with as much expectation as this man. If all goes well for Schlegelmilch, the Chinese government will introduce a CO₂-tax in their Five-Year-Plan for 2011 on. This would mean an eco-tax for the biggest polluters on earth – and the blueprint for it was written by an ordinary desk officer in the German Environment Ministry. This is because Schlegelmilch has been the international coordinator of the working group on economic instruments for energy efficiency and environment, also comprising environmental taxation, in the 'China Council for International Cooperation on Environment and Development – CCICED' (www.cciced.net) for the past two years. The project was financed by the German implementing agency, German Technical Cooperation GmbH (GTZ, www.gtz.de).

The Council is influential in China. Ever since its founding 17 years ago, the majority of its recommendations has been put into practice. In mid-November, the Council argued in favour of a CO₂ tax, and now the Berliner's proposal is lying on prime minister Wen Jiabao's desk.

The proposal is still up for debate in China, but Schlegelmilch has already planted a seed of an idea in the next big Asian country. Last week, he accompanied the Vietnamese Vice Finance Minister Do Hoang Anh Tuan on a ten-day trip around Europe, visiting the finance and environment ministries. Vietnam is planning taxes on energy intensive products, detergent, cigarettes and kerosene. It may seem opportunist, but Schlegelmilch is not being used by finance ministers worldwide to find untapped sources of taxation. But, he is convinced: Taxes should provide a framework for the free market economy – a framework which protects the environment. "Taxes are a market based instrument and in many cases more effective than command and control", he says.

Schlegelmilch became aware of the interdependence between taxes and environmental protection while studying political economy in Frankfurt/Main. In his thesis in 1993, he proved that the economic policies of many OECD states actively encourage environmentally damaging behaviour, rather than preventing it. Schlegelmilch continued working on these concepts at the Wuppertal Institute for Climate, Environment and Energy and as guest researcher at the new European Environment Agency in Copenhagen. His boss is the social democratic environmentalist politician and Ecotax supporter, Ernst Ulrich von Weizsäcker.

Even in the conservative camp, resistance weakened as time went by. By the mid 90s, even the Christian Democrats became enthusiastic about eco-tax. The former leader of the CDU/CSU parliamentary group, Wolfgang Schäuble, called on his parliamentary executive director, Hans-Peter Replik, to work out an eco-tax concept which promised many dividends: higher taxes on exploitation of the environment should make lower social security contributions possible, thus reducing labour costs. The plan failed mainly because of the Bavarian CSU and its former group leader Michael Glos.

Once the red-green coalition took over in 1998, the time had come for eco-tax pioneers. Schlegelmilch's boss von Weizsäcker became elected Member of Parliament in the Bundestag and took Schlegelmilch to Berlin with him. The young expert soon switched to the Ministry for the Environment, Nature Conservation and Nuclear Safety (www.bmu.de). There he worked on environmental tax reform and on EU energy taxation during the German EU Council Presidency. At that time it was easy to find support in politics. Federal Government even dared to promote the eco-tax in Germany with slogans like "more green energy, more sex"

(http://www.bmu.de/oekologische_finanzreform/doc/6880.php), even though the tax increase on electricity, gas and petrol was not very popular. Schlegelmilch kept on working, caring more about substance than climbing the career ladder. During his time working in China, he worked only part-time for the Ministry. Status symbols of success are not his world. His office in a 'plattenbau' ([building made of precast concrete slabs](#)) at Alexanderplatz is tiny; the floor is littered with piles of papers and dossiers. The view from the window reveals a huge construction site.

Schlegelmilch has found his calling. He also campaigns for eco-taxes in an environmental NGO – as a vice chairman of Forum Ökologisch-Soziale Marktwirtschaft (FÖS)/Green Budget Germany). When he leaves his office to go to the FÖS, he dutifully shows his timecard and checks out of the building. 15 minutes by underground and he is standing in the NGO's new office in Berlin-Wedding. The name of the NGO used to be 'Förderverein Ökologische Steuerreform' [Association for an ecological tax reform] and started as little more than an extension of the Wuppertal Institute. Schlegelmilch wrote many parts of the first memorandum. "It really got started four or five years ago" says the 44-year-old. In the meantime, the organisation has found sponsors and members from business and has become self-financing, as staff in the four-room office e.g. offer their expertise to other NGOs.

What drives a man to occupy himself with the same topic day in, day out – both professionally and in his spare time, unpaid and often late in the evening? Schlegelmilch made his decision early. After his bank apprenticeship and military service he became an environmentalist. "As a banker I would work eight hours a day for one thing and in my spare time for the opposite. I decided I would rather be on the right side for twelve hours." Schlegelmilch is a convinced 'green' but not a 'leftie'. He did not want to break with his Christian-liberal family even when he was studying. In the village where he grew up, Bad Vilbel, northeast of Frankfurt/Main, he joined the Ecological Democratic Party ÖDP and not Joschka Fischer's Green Party. Schlegelmilch also lives as sustainably as possible. His low-energy wooden house in Rahnsdorf, south-east of Berlin, where he lives with his wife and two children, uses rain water for the toilets and generates its own electricity from a 1.7 kilowatt photovoltaic on the roof. The used car he took over from his parents back in the 80s was his first – and his last. Today, he takes the train as much as possible. "He knows European sleeper connections by heart", says FÖS President Anselm Görres, half joking, half in admiration. He takes the train as far as Madrid: for him, flying is unavoidable only when he goes to Asia.

"The ambassador of German environmental policy", Görres calls him, who works as a management consultant in Munich; sometimes also "eco tax Google" because of his [encyclopaedic](#) knowledge. On top of this, Schlegelmilch can rely on a worldwide network. According to Görres: "There are only few countries in the world where he cannot name three to six people working on themes like eco-tax".

In the meantime, his network not only covers tax experts. For more than two years, Schlegelmilch has been active in the Ministerial division dealing with wind energy and electricity networks. He was in Chile this summer, in a country, which would have plentifully renewable energy if adequate networks were available. "They just created a post for an energy minister", says Schlegelmilch delighted. The new leader of the department, Marcelo Tokman, used to be the leader of the Energy Commission with which Schlegelmilch has cooperated for years. "The upgrading is a great success, also for us, supporters from Germany", he says. Tokman is also now a member of the network: In July, the Chilean minister and the German eco-tax expert met for the first time face-to-face at a conference in the capital of Chile, Santiago.

While politicians talk about the export of environmental technology, it is Schlegelmilch who makes sure that legislation in other countries makes those technologies attractive. He hopes that the debate will now start again in Germany. After all, in the 90s the new finance minister Schäuble was interested in the ecological impacts of taxation. Gerhard Schröder, the chancellor responsible for the introduction of the eco-tax, was sceptical when implementing the reform. At the end of October, Schlegelmilch accidentally met the former chancellor in a hotel bar in Wuhan, China, and introduced himself as one of the co-authors of the law. It was a good thing after all, says Schröder today. Then, they drank a toast together, in the middle of China, to the German eco-tax.



"Ambassador of German environmental policy": Eco-tax expert Kai Schlegelmilch on the roof of the company Evergreen Solar in Berlin
FTD/Marc-Steffen Unger

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