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Ecological Euro Dividend – A Step to Basic Income in Europe

1 How to legitimate an Ecological Euro Dividend

2 How to start it with a revised EU ETS

3 Redistributions effects

Euro Dividend: How to legitimate funding through taxes?

- Big increase of directly felt tax? (volume:10% of BIP)
(+ 19 % VAT?) (+X% income tax?)
- A new principle of social security needs a new tax with a new legitimation, especially when introducing it at a (not from everybody loved) new scale: Europe
- New principle: Taxing our natural goods we all together own, and sharing the revenues (Spence 1796, Barnes 2005)
- Legitimation of a new tax:
Its a very needed contribution to solve a big ecologic problem:
e.g. decrease of natural ressources like fish, water/ air quality
e.g. danger of warmhouse effect
- Can an eco tax be justified as a measure of environmental policy?

Boundaries of Environmental Policies 1:

Administrative Laws

- Forbidding environmental bads

e.g. *nuclear power, light bulbs*

- Limiting environmental bads

e.g. energy consumption per m² (kWh/m² (ENEV))

e.g. *maximum consumption for electrical devices*

e.g. *maximum emission per car km (CO²/km)*

*Size of apartment ?
amount of elt. devices?*

kg meat yearly?

Car miles yearly?

Maximum of cultural events?

*Excessive demand for steering in detail
Big administrative and control effort*

*Intervention in personal daily life!
Not emancipatory!*

Boundaries of Environmental Policies 2:

Appeal Strategies

- Promoting correct socio-ecological values:

Less is More!

Use things together!

Live universal with a correct ecological footprint!

- Appealing to ones public spirit

- Exemplifying ecological correct lifestyle

When having big economic inequalities?

Within an atmosphere of individual survival orientation?

With alienated work?

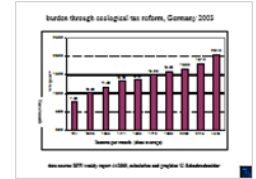
In a social fragmented society?

In a pluralist modern society?

Boundaries of Environmental Policies 3:

Economical Instruments

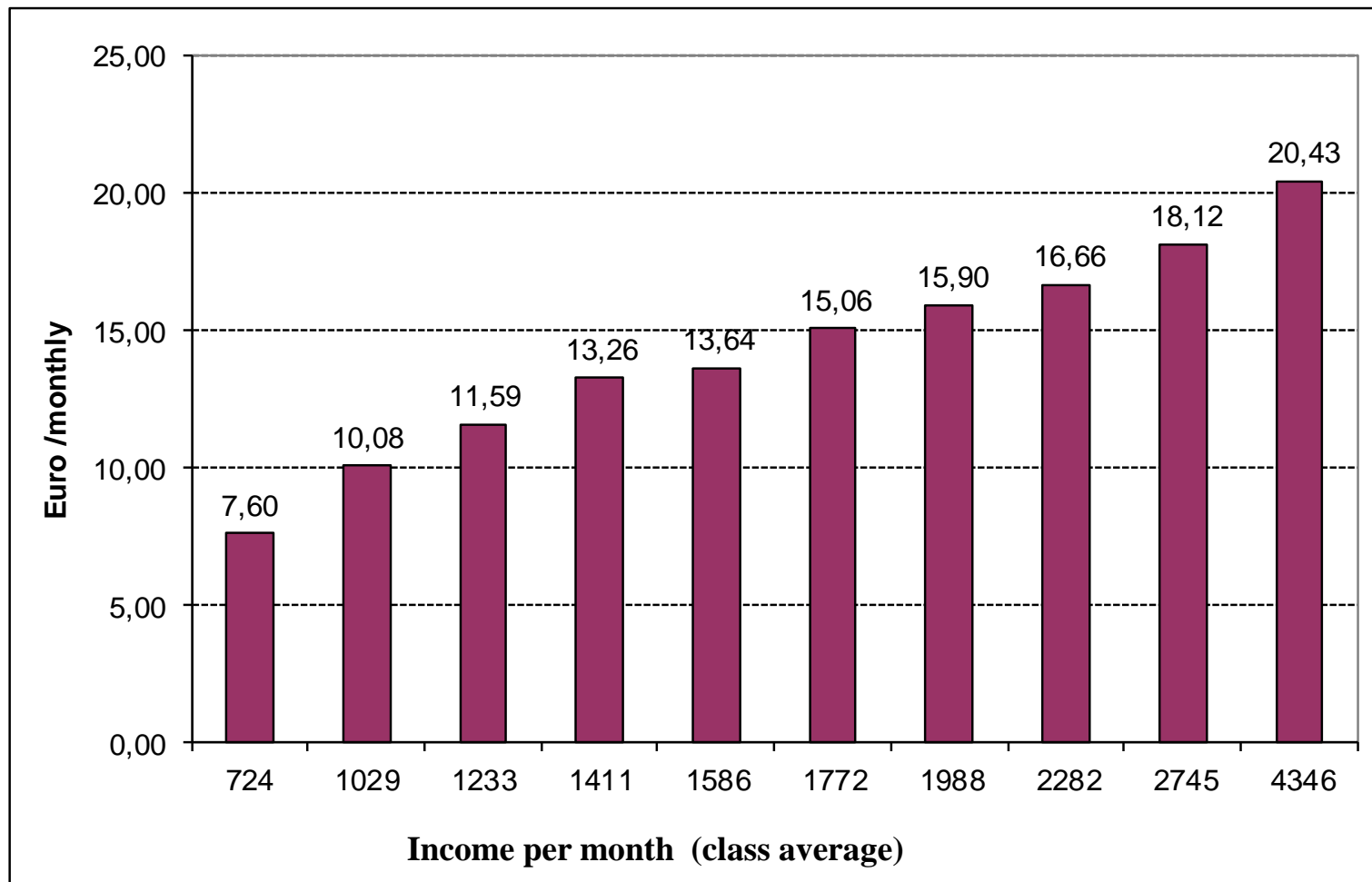
- Taxing environmental bads:
 - e.g. eco tax (CO₂ tax)
 - e.g. auctioning allowances
- Rewarding environmental goods:
 - e.g. subsidies from the state (e.g. energetic house renovation programs)
 - e.g. subsidies from the consumer (e.g. EEG in Germany: all electricity consumers pay a fee to finance renewables)



too low: ineffective

too high: unsocial

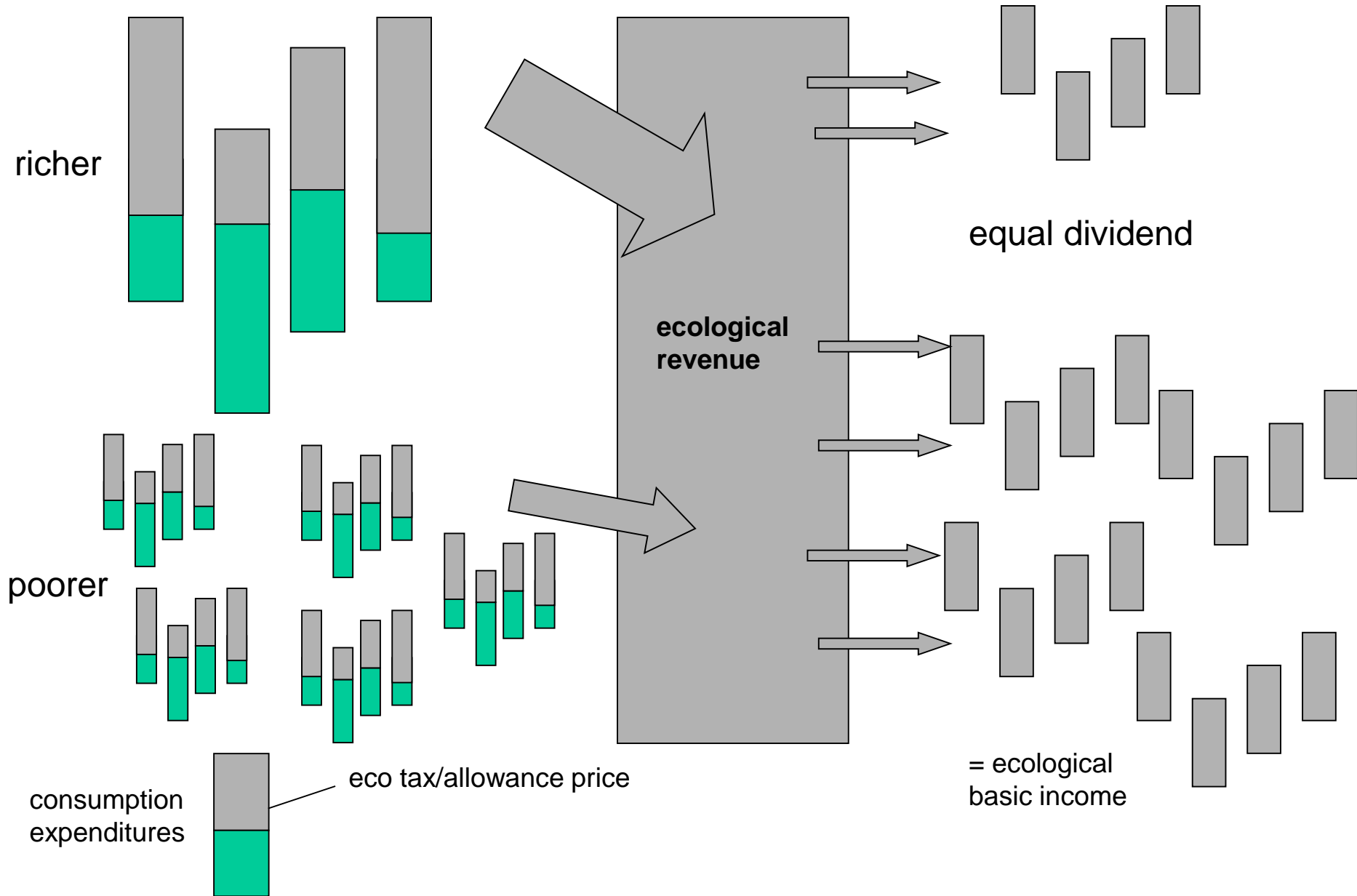
burden through ecological tax reform, Germany 2003



data source: DIW weekly report 14/2009, calculation and graphics: U. Schachtschneider



Tax and Share = Ecological Steering and Redistribution = (partial) Ecological Basic Income



Eco Tax: at the Beginning and the End



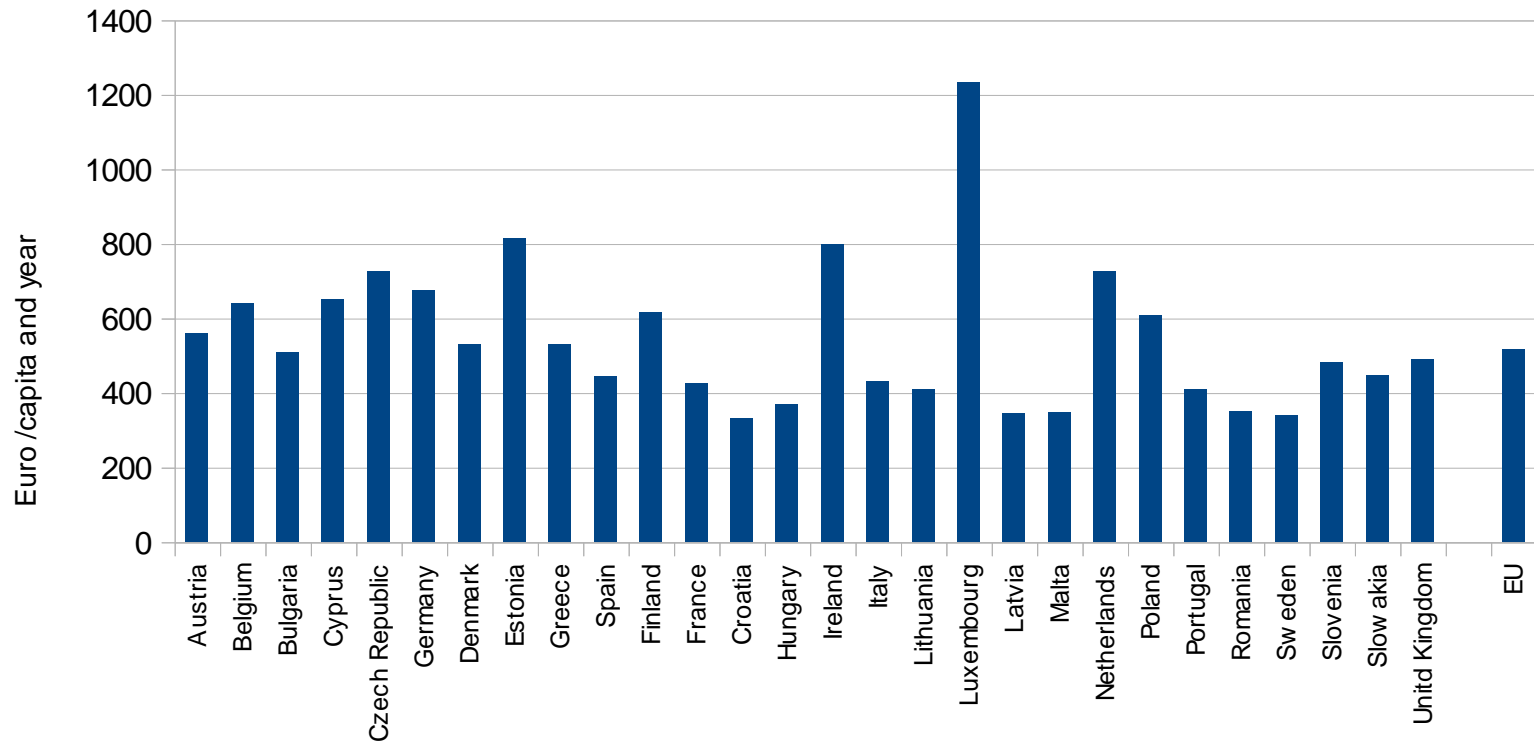
Ecological Euro Dividend

- Eco tax at the beginning (and the end):
psychological advantage: paid by companies, not by final consumers (even if this is not the whole truth ..)
- Difference to Alaska Permanent Fond:
 - direct sharing (not using a fond with dependency of capital market performance)
 - ecological steering (we rise the price for scarce ressources)
- Need for ecotax at European scale:
 - common market: otherwise disadvantages for first mover ...
 - environmental problems are crossing national borders:
a policy beyond the nationstate is needed
- Redistribution from rich to poor with individual possibility to switch status from net payer to net earner

Ecological Euro Dividend: Starting with a Revised EU ETS

- It's an introduced system (even if it's not running very well because of too many allowances)
- Nations have the right to auction a fixed share of EU overall allowances (following grandfathering principle) and to use the revenues intranational:
overall EU revenue 2013-2015 (average): 4 bn/year
- Reform proposal from environmental scientists
e.g. PIK/ MCC (Prof. Edenhofer):
 - minimum price 20 €/t CO₂ (average price 2013-2015: 2 €/t)
 - sectoral extension: include mobility and housing sector (actual electricity and industry is included which cover 45% of CO₂ emissions)
 - auctioning 80% instead of 40%
- Reform proposal eco movement: reducing the cap, 100% auctioning with goal 100 €/t: possible revenue: 431 bn/year
 - 40% CO₂: 259 bn/year = 517 €/year a. capita (492 m EU residents)

CO2 Dividend, 100€/t CO2, -40% Reduction

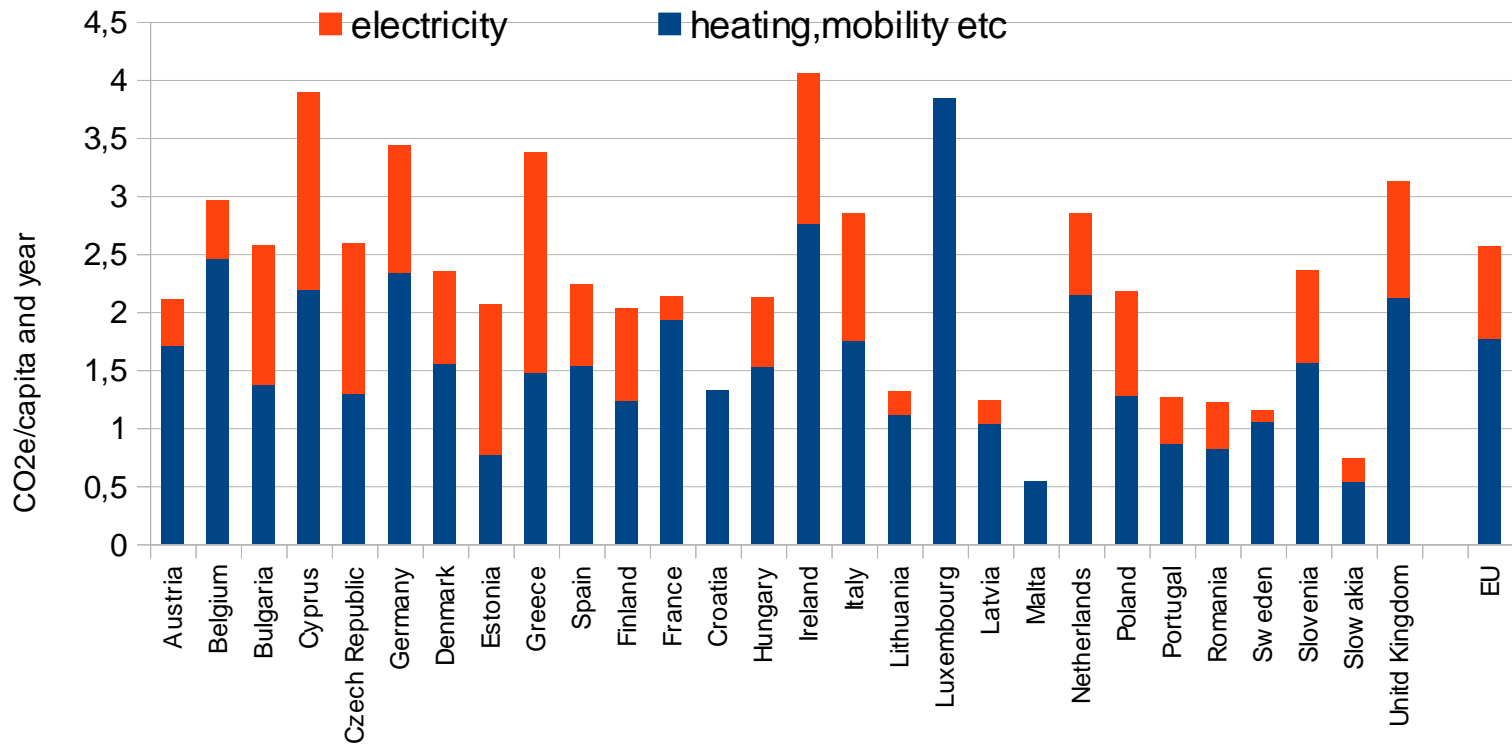


Own calculation, data source:

- national revenues from the EU ETS (average 2013-2015): , Maximizer et al 2016: Smart Cash for the Climate: Maximising Auctioning Revenues from the EU Emissions Trading System

- calculation principle: revised EU ETS: extension EU ETS with 100% of CO2 emissions, auctioning 100%, 100 €/tCO2, -40% CO2 reduction

CO2 Emissions by Household Consumption



Own graphic, data source:

- heating, mobility: Eurostat o.J.: Greenhouse Gas Emissions Statistics (data for 2015)

- electricity: Climatepolicyinfohub o.J.: Households Contribution to Buildings Carbon Footprint (data for 2012)

Ecological Euro Dividend: Beginning with EU ETS

- Current EU legislation (directive EU 2018/410):
national auctioning of allowances
recommendation: min. 50% of national revenues for domestic climate change prevention, mitigation (subsidies, research etc.,)
- Reform of EU legislation
 - sampling revenues central in the EU and using them for Eurodividend
 - argument: emission trading all over Europe sharing the revenues all over Europe
- Goal: Reaching 100 €/t: **259 bn/year:**
517 €/year → **43 €/month** for every EU resident (492 m)
and keeping the temporary 4 bn for domestic climate change prevention ..
- Possible First Step:
 - giving member states a share of overall revenues in relation to residents
 - recommendation: using this for sharing it

Ecological Euro Dividend, starting with CO2: possible allies

- Environmental movement:
e.g. „Verein CO2-Abgabe:“ 40-145 €/t CO2 until 2050
- Environmental Scientists:
e.g.: Prof. Edenhöfer (Potsdam Institute)

Enhancing EU ETS: possible allies

- European Commission:
is working on a proposal for CO2 tax as complement to EU-ETS
(why not extending ETS itself..?)
- Carbon Price Leadership Coalition (CPLC), a World Bank
Group Initiative: carbon price level must be
US\$40-80/tCO2 by 2020
US\$50-100/tCO2 by 2030
- President Macron: minimum price : 30 €/t CO2

Ecological Euro Dividend:

step by step...

slow increase of tax rates and revenues



extension of tax objects



Ecological Euro Dividend

- helps financing Euro Dividend
- an entrance into Basic Income as a principle
additional to current social system
additional to current tax system
- a step to libertarian and social environmental policy
- brings together environmental, social solidarity and European movement