UNIVERSITY OF GOTHENBURG

INCLUSIVE GREEN ECONOMY IN PRACTICE

Briefing note

Green economy reform

– social inclusion and policy instrument support

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Briefing Highlights

- Analyzing policy attitudes is important for understanding environmental policy feasibility.
- Pure self-interest is not sufficient to explain people's policy positions. There are other factors that are also important for policy attitude formation.
- Policy packaging, earmarking and revenue recycling can potentially change people's policy positions.

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Introduction

International agreements, such as the Paris Agreement, and ongoing and future environmental crises, increase the pressure on governments around the world to implement environmental reforms. In this briefing note, we will discuss the public support of such reforms, with a specific focus on policy instruments targeting, or directly affecting, individual consumers, such as CO_2-taxes on fuels or bans on plastic bags. First, we examine why public support is essential for the introduction and implementation of environmental policy instruments, and discuss both how it is defined and which factors that are linked to policy support, both at an individual level and in terms of contextual factors that are relevant. Furthermore, we discuss the generalizability of previous findings, where most studies have been performed in OECD countries, and review some findings from the African continent. Linked to that we discuss methods and techniques to capture policy attitudes. In this note, we also explore and discuss studies that have looked at policy packaging and policy solutions that people find more or less appealing.

The importance of policy support

Public support is important both from a normative and from a more practical perspective. Based on democratic principles it is important that the pursued policies are accepted by the general public. From a practical point of view, there is a high risk that these types of policies will encounter problems without general support (Jagers, Matti & Harring, 2021). First, we risk seeing social unrest, as was the case, for example, when the French government introduced a climate tax in 2018, which was followed by the so-called *gilets jaunes* protests (Carattini et al. 2019). Another example would be the strikes and protests in Nigeria in 2012 when the Nigerian government decided to remove subsidies on fossil fuels (Akanle et al. 2014). Secondly, it is unlikely that politicians, interested in their political survival, will launch these types of reforms if there is low public support (Burstein, 2003, Matti 2015), and finally, research has shown that if policies are perceived as legitimate and accepted, it will increase the degree to which citizens actually comply with them (Tyler, 2006, Stern, 2008).

In this short note, we consistently use the term “policy support”. However, to understand and analyze public sentiment, it can be important to make a difference between policy acceptance, acceptability, and support. Where *acceptability* is defined as a passive evaluative response to a policy that is not yet introduced, e.g., a policy proposal on a CO_2 tax, and *acceptance* is a passive evaluative response to a policy that is already introduced, while public *support* is an active evaluation of an existing policy, for example, linked to behavior (e.g. would people vote in favor of such a policy) (Kyselá et al. 2019). Making such distinctions can be important when evaluating attitudes towards policy. First of all, it is not necessarily the case that people need to strongly endorse or support a policy for it to be functional, but there needs to be some kind of acceptance, in the sense that it does not trigger protests or policy evasion. Furthermore, it is hard for people to evaluate the consequences of a not yet introduced policy for themselves and their society, and we know that the introduction of a policy is critical for attitude formation. There is research showing that people’s attitudes can change after experiencing the effects of a policy. We have for example seen how “trial introductions” of policies, when people can evaluate the pros and cons, have changed the public discourse and also the public support. Hence, one way to reach public support can therefore be to introduce policies on trial (Schuitema et al., 2010).

Social inclusion

Another key concept is social inclusion which can be understood both in terms of whether the community has been involved in designing these policies, both also whether certain groups in the community will experience that these policies are unfair. Or as social inclusion has been defined “the process of improving the terms of participation in society for people who are disadvantaged based on age, sex, disability, race, ethnicity, origin, religion, or economic or another status, through enhanced opportunities, access to resources, voice and respect for rights” (United Nations, 2016, p 19, Commission of the European Communities, 2003, p 9).

Hence, determining if a policy is feasible and inclusive cannot be done by just focusing on whether there is majority support or not. Instead, an analysis must

consider whether certain groups are affected or perceive that they are unfairly affected by the policy. We know from research that the perceived unfairness of environmental policy reforms is one of the most important predictors of resistance and social unrest (Bergquist et al. forthcoming; Maestre-Andres et al. 2019). Hence, to compensate for such unfairness might be a way to design feasible environmental policy. At the same time, if we take social inclusion seriously, it is important to note that some groups may be marginalized to the extent that they do not even have the opportunity to protest against the reforms.

An account of individual and contextual factors linked to policy support

A fundamental factor, determining whether individuals choose to support or reject environmental policies, is the extent to which they, or the group to which they belong, will be affected by the reform, both in terms of costs, such as an increased price on consumer goods that are important to them, or in terms of benefits, such as improved air quality (Jacobsson et al. 2000). We have seen such divisions based on for example material conflicts between rural and urban communities or rich and poor (Chamorel, 2019).

However, pure self-interest is not sufficient to explain people's policy positions. There are other factors, at the individual level, that are important for policy attitude formation. One way to categorize these is to speak in terms of internal, external, inter-relational factors and policy-specific beliefs. An example of an *internal factor* is people's fundamental values (e.g. a distinction between altruistic, egoistic, or biospheric values). Such value scales have been claimed to be universal (Bouman & Steg, 2019; Bouman et al. 2021) and argued to be linked to people's beliefs and concerns regarding environmental degradation, where people with transcendent values are more likely to prioritize the environment and hence more likely to support environmental policies than people with self-enhancing values (De Groot & Steg, 2007; Matti, 2015; Stern 2000). Hence, this is then linked to people's concern regarding environmental degradation and their own personal responsibility (Stern 2000; Matti, 2015). Similar concepts, more often used within political sociology, is

ideological position and that different individuals have different views on the role of the state and market intervention (Dunlap et al. 2001)

Moving on to *inter-relational factors*, research has shown that trust is an important factor in understanding policy attitudes (Harring & Jagers, 2013). If people have trust in the institutions, such as the current government and the public administration implementing and administrating the policy, that increases their likelihood of support. For example, if politicians or bureaucrats have a reputation of behaving inadequately and being corrupt; only looking after themselves or the group to which they belong, that affects individuals. People simply do not want to risk losing money in a corrupt system. Studies on environmental policy preferences have shown that this is particularly important for economic instruments. Research has also explored the intricate role of trust in other actors. On the one hand, if people do not trust other people to do their part (for example acting in an environmentally friendly manner) they are likely to demand more regulation (Aghion et al. 2010; Harring, 2016). On the other hand, people must trust that others will comply with the policy for them to support it. If people evade taxes or claim subsidies they are not entitled to, that is theorized to lower public support for policy (Davidovic & Harring, 2021, Harring, 2016).

An additional factor, which has come to be known as *policy-specific beliefs*, concerns whether the instruments are perceived as fair, restrictive to personal freedom, and effective, or not. Where fairness is a broad concept; for example, people can be reluctant to a policy because they perceive that it affects the poor disproportionately (even if they do not belong to this group) or that other countries have caused the high amount of greenhouse gases in the atmosphere, and that it is therefore not fair that their own country should introduce climate mitigation policies (cf. Maestre-Andres et al. 2019). Similarly, whether the policy in question is considered to restrict people's freedom and if it is effective in achieving its aims affect policy support (Eriksson et al. 2008). For example, people may be concerned and think that the plastic contaminants are problematic, but at the same time, they do not consider a "plastic ban" to be particularly effective, for example, since they do not believe that most

vendors will comply, as the authorities do not have the opportunity to monitor and punish lawbreakers.

Furthermore, we know that *external* or *contextual* factors matter for policy attitudes, such as the level of economic development, the quality of public institutions, or aspects such as historical and cultural perspectives on the state's role in the economy. The idea that economic development generates value changes that in turn leads to increased support for environmental policies has been influential (Inglehart 1995), but at the same time also received a lot of criticism (Dunlap & York, 2008). Another contextual factor that has received a lot of attention in recent years is the quality of political institutions (i.e. how transparent and well-functioning institutions are). Some studies show that the quality of the political institutions may play a role in understanding why people support environmental policy instruments. This is linked to the individual level factor of political trust, discussed above. Several studies show that, in particular, economic instruments are disliked in a corrupt context (Davidovic et al. 2019; Davidovic & Harring, 2020; Fairbrother et al. 2019; Harring 2016). Suggested explanations to this finding are for example that it is very sensitive to transfer money in a corrupt setting; that people prefer more other kinds of legal (or even punishing) instruments in a setting where they do not trust other actors; that taxes, compared to other instruments, are seen as something that demands more discretion from the public administration; or that taxes in corrupt regimes have been used for private purposes and not for providing public or collective goods.

Other studies have suggested that economic equality matters for policy support, where perceived distributional effects of, e.g. environmental taxes, matter more in economically unequal societies. However, it is hard to identify contextual factors in international surveys as many of these contextual factors covariate strongly. The countries with the most well-functioning public institutions are also those that are most economically equal and who also have high levels of economic development (Harring, 2014).

To reach public support, for example by adjusting policies to be more in line with people’s fairness perceptions, we have seen proposals and examples of *policy packaging*, *earmarking,* and *revenue recycling* that change people’s policy positions

(Fesenfeld et al. 2019). For example, a climate tax on fossil fuels can be combined with a subsidy on a substitute, so that the reform does not have negative consequences for the individual consumers. Or by earmarking the income from, for example, a tax to deal with perceived injustice that arises. For example, communicate that the income from (e.g. climate taxes or reduced subsidies) will be used to invest in particular public goods, such as education. The general conclusion from these kinds of reforms is that earmarking and revenue recycling increase the support, but it depends on the context (Carattini et al. 2015; Maestre-Andres et al. 2019, Fesenfeld et al. 2019).

Results from non-OECD countries

An important aspect to consider in reviewing the research on environmental policy support is the strong OECD bias in the literature. Most of the studies have been performed in OECD countries, one reason is probably that we have seen the introduction of more green reforms in OECD countries. There are however studies showing that at least some findings are generalizable to other contexts. In a recent study using Pew Research Center's "Global Attitudes" survey, Adugu (2020) analyses climate policy support in a number of African countries (South Africa, Nigeria, Ghana, Senegal, Uganda, Kenya, Ethiopia, Tanzania, and Burkina Faso). The results show that public support for climate policy ("limiting greenhouse emissions as part of Paris agreement") in these countries is linked to awareness of climate risk ("severe weather like floods or severe storms") and climate concern ("Global climate change will harm you personally").

An interesting finding from is that the populations in several of these countries (e.g. Uganda, Kenya, and Ethiopia) are not claiming that rich countries are responsible for solving the climate crisis but instead agree with the statement that “Developing countries should do as much as the rich”. Others (Ofoegbu et al 2016) have shown that certain groups, in their case rural population in South Africa, can be concerned with the consequences of climate change but not very familiar with the specific term “climate change”.

Implications for policymakers

Based on this review, there are things to consider before introducing green economy policies (building on Jagers, Matti & Harring 2021):

1. Perceptions that some groups will gain or be the “winners” of a policy while others will lose, will trigger people’s perceptions about unfairness and in the end policy rejection. In democratic countries, governments that introduce such policies risk being punished by the electorate. To avoid that, it is important to build political alliances and acceptance from different groups and political actors, so that we do not see a withdrawal of the reform after a shift in government (Klenert et al. 2018).
2. Furthermore, providing alternatives or substitutes could be a way to increase acceptance, so that the citizens do not feel constrained. For example, investments in public transportation, if congestion charges, or other restrictions of private fossil-fuel-based vehicle restrictions are introduced.
3. Trial periods can change people’s attitudes. As mentioned above, when people can evaluate the consequences and the effectiveness of a policy; such as a congestion charge, that can change their policy position (Schuitema et al. 2010).
4. Policymakers should consider which actors to target. A general finding is that people are more reluctant to policy facing individual consumers rather than producers or manufacturers (Harring et al, 2018; Harring 2016).
5. Potentially link revenues from climate mitigation efforts to adaptation efforts in that country. It might be hard to build support for global action, but then to potentially link global mitigation efforts to local adaption policies could be a way to increase support.
6. Link revenues from climate mitigation to the provision of other public goods. Studies on willingness to pay taxes, in general, have for example shown that willingness to pay taxes is linked to the provision of certain public services, such as health and education, but also that there is variation between countries (see for example Ali et al. (2014) based on a sample from South Africa, Tanzania, Kenya, and Uganda).

7. Another way could be to “phase-in” higher tax levels. This connects to point (3) that it will be easier for people to evaluate policies that are actually in place. But also, that people are hesitant towards “optimal” high tax levels and that a way can be to increase tax levels over time after it has been introduced initially (Carattini et al. 2015)
8. Earmarking could be a way to compensate for low political trust. If people do not trust politicians and decision-makers to use the revenues in a good way (Carattini et al. 2015). On that note, in corrupt contexts, it is of course important that policy instruments do not contribute to even more opportunities for inappropriate behavior or corruption (Klenert et al. 2018).
9. To compensate for unwanted distributional consequences, one way could be to compensate “losers”, for example, poor rural households. This could be with lump-sum transfers, for example (Carattini et al. 2015)

Methods and tools to understand public support

So, policy support and social inclusion are important factors for policy feasibility. There are of course different methods to understand public sentiments, such as interviews or surveys. While interviews can be a way to get a more nuanced understanding of people’s positions, surveys, based on population samples, can say something about the more general position within society. There are some things to keep in mind. First, if it is possible to capture the intensity of people’s attitudes, which can be measured by whether people are aware of these policies if they have thought about them before and by using scales where they can indicate how strongly they support or reject a policy. Second, by using surveys we can potentially say something, not just about the overall general attitude, but also whether there are strong discrepancies between different groups in society.

It is of course important to be sensitive to contextual effects and the possibility of finding the correct sampling techniques for this (Browne Nuñez & Jonker, 2008, p. 48): “Researchers face several difficulties when conducting social surveys in Africa—language barriers and cultural differences between researchers and the local people, population dispersal, lack of census information, transportation limitations,

respondents' lack of experience with survey research and willingness to participate in surveys, and security concerns. Each of these concerns may affect methodology. Making meaningful comparisons when the specificity of methods and constructs vary or are unknown across studies may lead to misinformed decisions and recommendations."

Recommended readings

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