

The Unequal Effects of Carbon Taxation

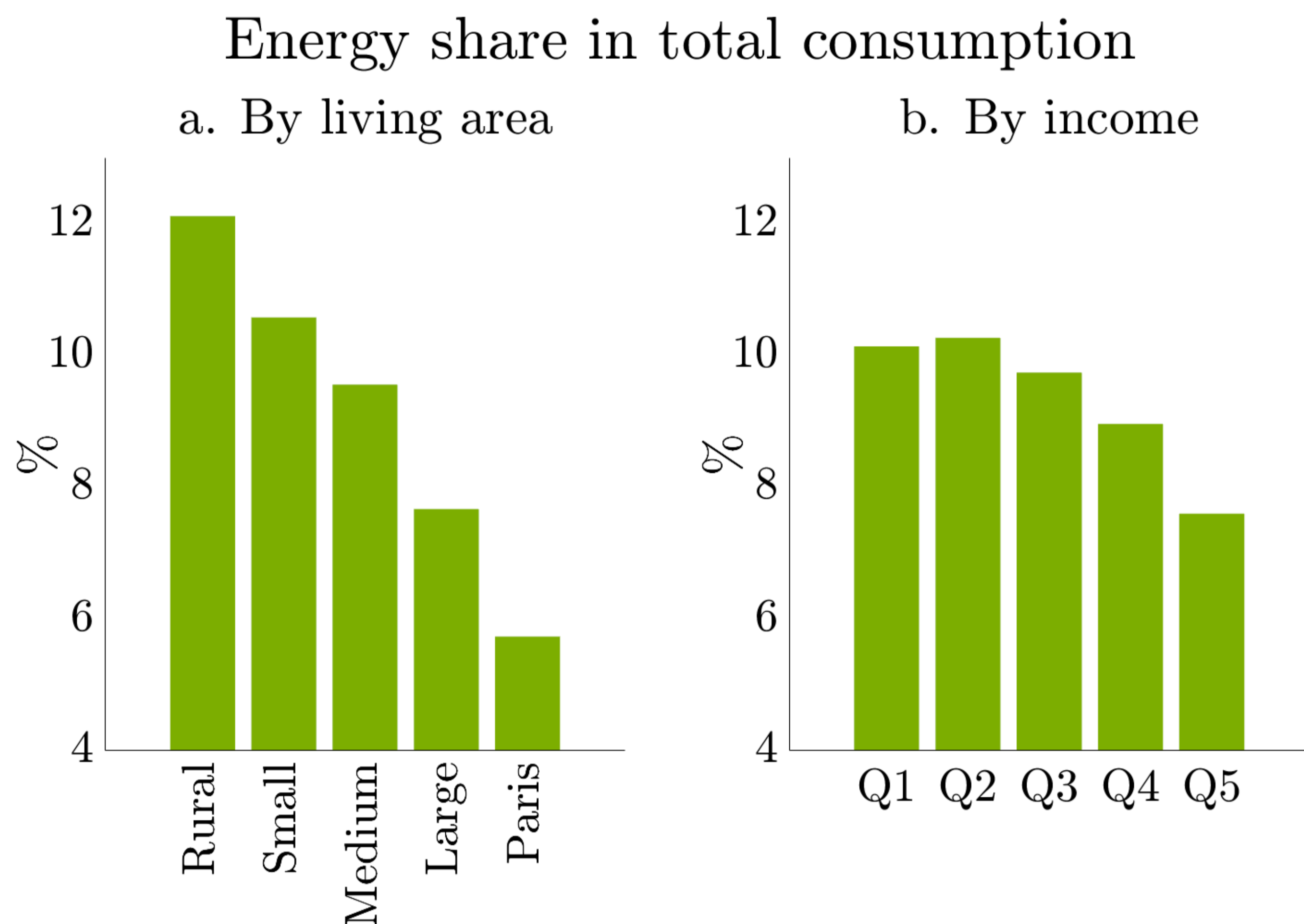
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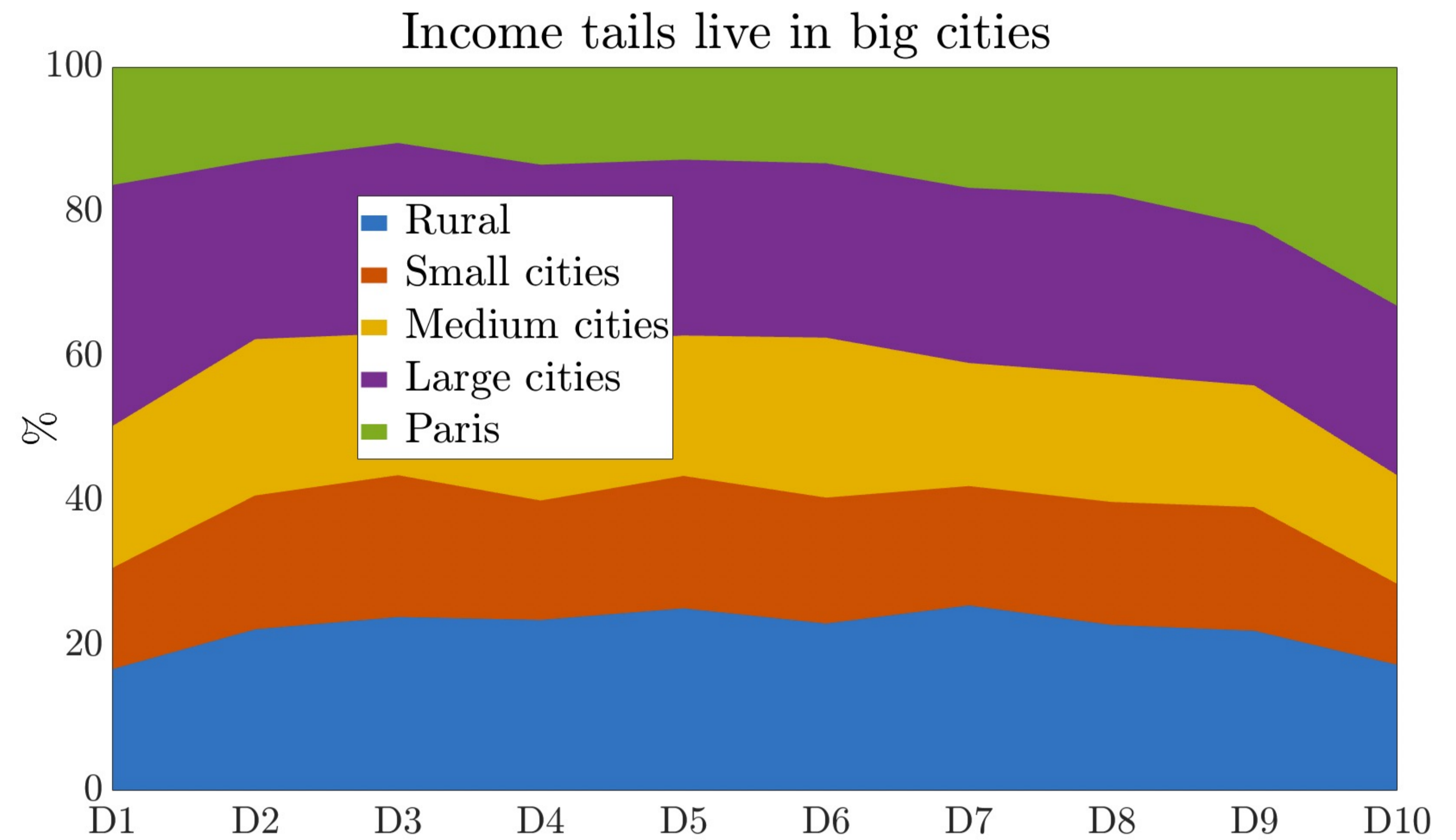
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Stylized facts

Geography trumps Income for energy needs



French micro data: Insee - Enquête Budget de Famille 2017

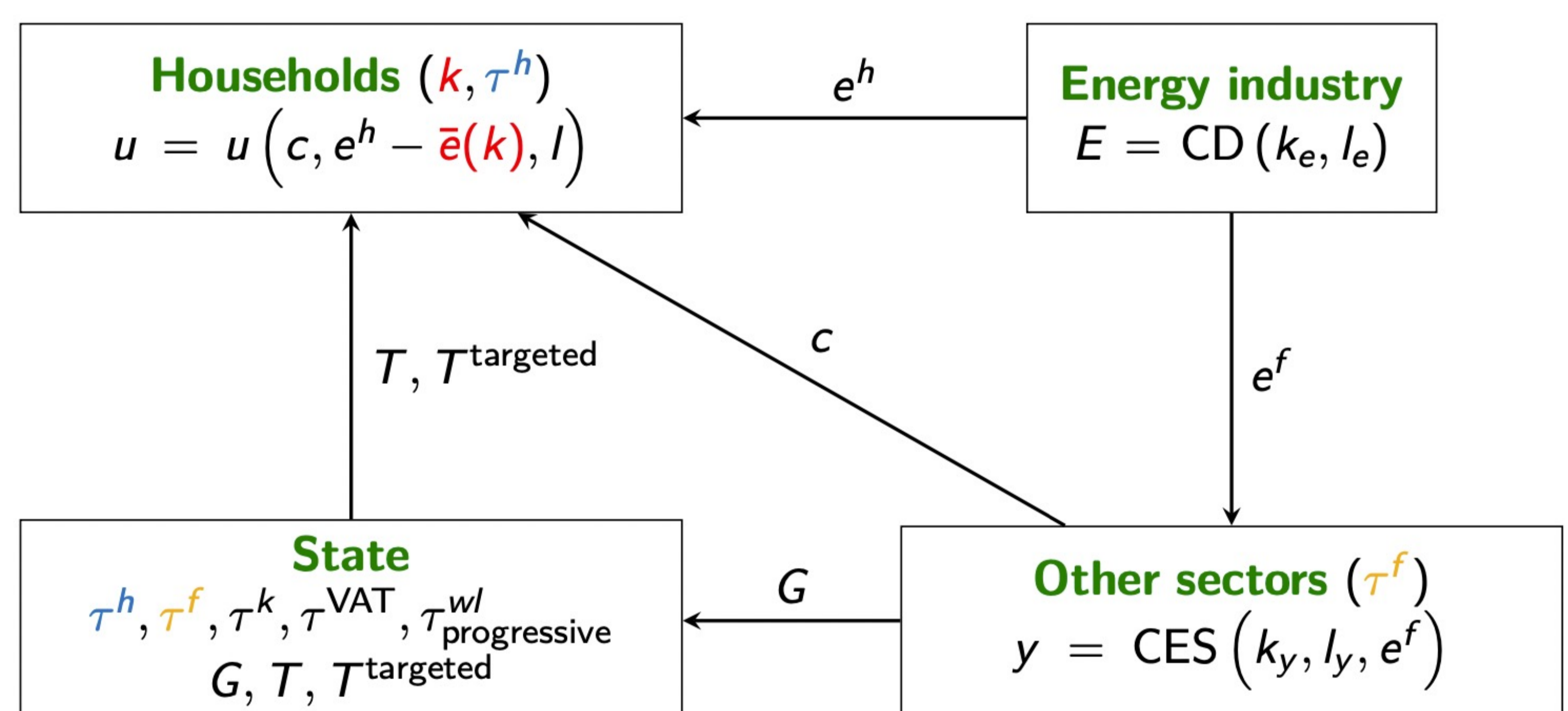


Note: Parisian and large cities' households are over-represented within D1 and D10.

Model

Contribution: HANK + Energy + Living Areas

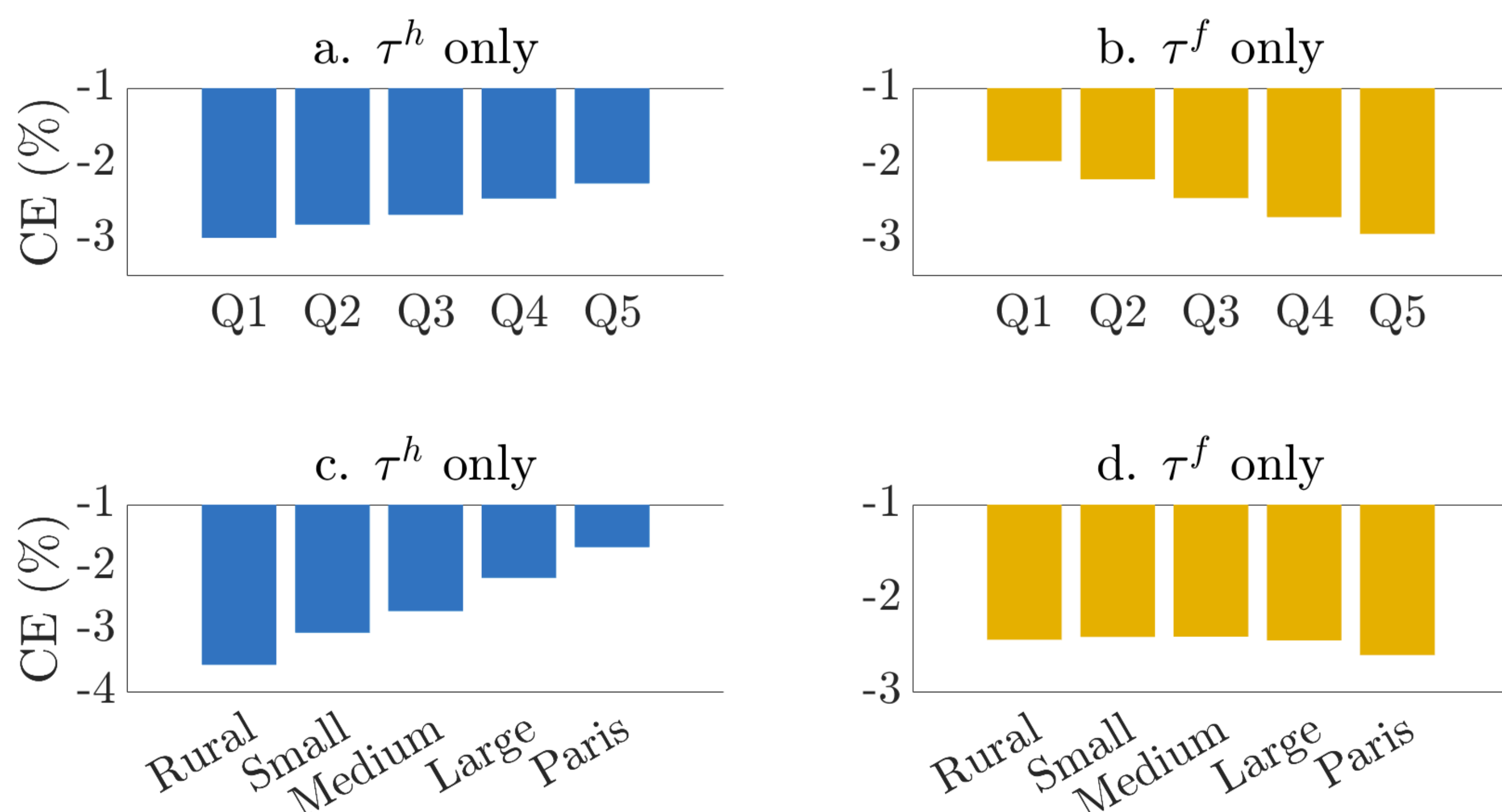
- Endogenous distribution of labor and capital income
- Energy is a **consumption good** and an **intermediate input**
- 2 carbon taxes: **on households (τ^h)** vs. **on firms (τ^f)**
- 5 types of households describing living areas through **specific incompressible energy consumption level $\bar{e}(k)$**
- Calibration using **French macro and micro data**



Results

1. Taxing households is regressive while taxing firms is progressive

Welfare effects of carbon taxes by income and by living areas



CE: Consumption equivalents, increase in consumption in the status quo which would make the household indifferent between the status quo and the tax reform.

2. Rebating a 250€/tCO2 carbon tax: a trade-off between efficiency and equity

