How to minimise the 'greenlash'

by Elisabetta Cornago, 18 December 2023

A backlash over the EU's green policies is not inevitable. Policy-makers should focus on designing green policies that make decarbonisation affordable, and highlight its social benefits.

Since the summer, a new word has entered the EU political lexicon: 'greenlash'. Popularised by Italian political scientist Nathalie Tocci, the term refers to the political and societal backlash against 'green' policies. This can materialise at a local level, with citizens pushing back against clean mobility policies such as congestion charges; at national level, exemplified by the yellow vest movement triggered by the French attempt to increase its carbon tax; and at EU level, as shown by the attempts of centre-right parties in the European Parliament to kill Green Deal policies such as the phase-out of internal combustion engine vehicles or the nature restoration law.

The EU has made the Green Deal – a wide set of policies to address climate change and environmental degradation – a political priority. It aims to reach net-zero carbon emissions by 2050. Inevitably, to reach this goal, decarbonisation now needs to accelerate in sectors that have been lagging behind in emissions cuts. Decarbonising sectors such as road transport and buildings directly affects households, while cutting emissions from agriculture and heavy industry touches specific business interests. Governments are requiring households and these businesses to change their behaviour and to make important investments, which is why we see backlash in the first place.

Therefore, we need to understand the breadth of the 'greenlash' and what types of policies are at stake. A slowdown of the European environmental and climate agenda is not inevitable. Contrary to what those opposing the Green Deal allege, an ambitious green agenda is essential for Europeans' welfare and the competitiveness of European firms.

The varying degrees of 'greenlash'
There is a difference between critical statements by heads of government about the EU Green Deal and large-scale societal push-back against – or scepticism about – certain environmental and climate policies.

Among EU leaders, over the summer both French President Emmanuel Macron and Belgian Prime Minister Alexander De Croo called for a pause in new European green policy initiatives. This came after a 'wave' of new EU policies were introduced to meet 2030 climate goals: they argued governments and businesses need time to implement these new rules and adjust to them. Additionally, they argued the EU should further increase regulatory pressures, not to risk losing industries to jurisdictions with laxer green policies. Later, De Croo nuanced his call by saying that while carbon emission reduction is an absolute imperative, adding further constraints related to biodiversity preservation or chemical regulation could be too ambitious and counterproductive. This shows that some political leaders are wary of targeting specific interest groups like farmers, whose economic interests could be adversely affected by certain Green Deal policies.

Right-wing populist leaders, like outgoing Polish Prime Minister Mateusz Morawiecki and Hungarian Prime Minister Viktor Orbán, have long been attacking European policies for the energy transition. Morawiecki demanded that the carbon prices determined by the EU emissions trading system be capped – a crusade he lost. Orbán tried to blame the energy price spike on EU climate policy, as opposed to Vladimir Putin's gas flow manoeuvres.

Among European citizens, climate action still ranks high as a political priority: 29 per cent of EU citizens surveyed by Eurobarometer in autumn 2023 believed climate action should be one of the main priorities for the European Parliament to address – after poverty, social exclusion and public health but on a par with support for the economy and job creation. While this was 10 percentage points lower than in November 2021, the ranking of these priorities has not changed.

Yet, in climate-focused polling in summer 2022, Eurobarometer found that, while most Europeans were optimistic about the energy transition creating more jobs than it would destroy, only 46 per cent were convinced that sustainable energy, products and services would be affordable for all. The cost of climate action and its fair distribution worries Europeans. This fear also emerges in a more recent survey carried out by Project Tempo in November 2023: voters who already feel economically insecure and alienated from politics have been driving the recent backlash against green policies. These are so-called 'forgotten voters', representing 20 to 30 per cent of the EU's active electorate. These figures suggest that 'fatigue' about green policies, broadly speaking, will be an important theme in the run-up to the 2024 European elections.

'Triggering' green policies

To understand and deal with the greenlash, we need to be more specific in identifying the policies that trigger it when poorly designed and implemented.

First, policies that directly affect the cost of living, such as carbon taxes or carbon prices arising from emission trading systems such as the one in place in the EU, are particularly likely to lead to backlash. In 2018, Macron's planned increase in the carbon tax from €44.6 to €86.2 per tonne of CO_2 led to protests of the *gilets jaunes* (yellow vests) all over France, out of concern it would raise fuel prices. The French government decided to freeze the tax increase.

This type of policy, from fuel taxes to carbon taxes, makes the cost of carbon emissions explicit and inevitably increases the cost of using carbon-intensive goods, such as gasoline-fuelled cars. The aim of these types of policies is to incentivise a shift away from polluting technologies. But higher transport or heating fuel costs can be particularly burdensome for lower-income households which tend to rely on less energy-efficient cars or heaters, and may not have the financial capacity to switch to greener ones. Due to this, these policies can be perceived as socially unjust if not accompanied by measures that help poorer households make greener choices.

Second, banning carbon-intensive technologies can also trigger backlash, as they directly limit the choices of consumers and businesses, as opposed to suggesting or incentivising change. Backlash can be particularly strong if these phase-out mandates are implemented without measures that help households and businesses replace banned technologies with cleaner and more affordable options. For example, over the summer, the German coalition government, pressed by the Green Party, had tabled a proposal to ban the installation of oil and gas heating systems by 2024, requiring households to install new 'green' systems instead, such as heat pumps. Backlash came from the political opposition, businesses and large swathes of voters. The government eventually revised the law by continuing to allow new installations of gas and oil heating systems under certain conditions (for example if they can be converted to hydrogen), and by shifting the burden from households to municipalities, which will have to put forward plans outlining how they plan to decarbonise heating.

Another example is the phase-out of the sale of vehicles with internal combustion engines (ICEs) by 2035, which the EU approved earlier this year in an effort to encourage sales of electric vehicles (EVs). Last minute opposition by Germany resulted in the introduction of an exemption: ICE cars will still be allowed on the market provided they run exclusively on carbon-neutral synthetic fuels, a niche technology which is not expected to reach the mass market. Italy's attempt to obtain a similar exemption for biofuels failed to gain traction. These backlashes were clearly driven by lobbying efforts by the car industry, indicating how organised interests can slow efforts for green reform.

Third, the mirror image of bans on 'brown' technologies is legislation that forces the greening of existing assets. Like bans, mandates reflect the policy approach that in environmental economics is labelled 'command and control': they require individuals to change their behaviour or green their assets within a precise timeline. Mandates to renovate buildings to make them more energy efficient and reduce energy consumption are a good example of this approach. This type of mandate was one of the cornerstones of the EU's energy performance of buildings directive, but law-makers toned down this requirement following strong backlash from some member-states led by right-wing governments. Italy, for example, vocally criticised the policy's attempt to require change in people's homes. In the end, the obligation to renovate residential buildings to improve their energy efficiency by 2035 will only apply to the "worst performing" ones – less than half of the European housing stock.

A fourth type of policy potentially triggering backlash is the sort that directly touches special interest groups – for example, farmers. These groups are powerful enough to have avoided strong decarbonisation targets so far, but now necessarily need to contribute to climate action. The provincial elections in the Netherlands in spring saw the unexpected rise of the FarmerCitizenMovement. The new movement channelled farmers' outrage at the government's plan to reduce livestock numbers so as to curb nitrogen pollution. This electoral outcome had repercussions at EU level: to avoid the ire of farmers, the centre-right European People's Party (EPP) tried but failed to kill the nature restoration law in the European Parliament. This law would set targets to improve and restore biodiverse habitats such as wetlands and forests. Farmers remain a powerful electoral constituency. Commission President Ursula von der Leyen made sure to laud the role of farmers in ensuring food security in her September 2023 State of the Union speech – while at the same time not budging on the need for "agriculture and protection of the natural world [to] go hand in hand".

But greenlash is not inevitable. Survey results cited above, from Eurobarometer to Project Tempo, indicate that most citizens care about climate change, but are afraid of changing their own habits and are unable or unwilling to sustain cost increases. Climate deniers are not the main reason for greenlash. So what can be done to prevent or at least control the backlash against green policy?

Managing the greenlash

To prevent or at least manage backlashes, it is critical to provide support to those households and businesses who cannot afford the technology changes that decarbonisation calls for. Last winter, Europe experienced an energy price spike which governments tried to mitigate with generous subsidies and energy price caps. Most of these income support measures were unconditional, meaning all households benefited regardless of their income. This made them easy to roll out, but it has taken a toll on public finances.

Income support should in future be focused on those who need it the most, such as poor consumers who struggle to pay energy bills. Investment support measures should be targeted, income-based and conditional on replacing or renovating older assets with the most efficient ones. Think subsidies for poorer households to efficiently insulate their home or to upgrade their heating system. For example, France offers varying levels of renovation subsidies according to households' incomes and to the energy savings the renovation would warrant. Conversely, Italy used to offer extremely generous subsidies for home renovations – but these were not capped according to income, not limited to primary residences and not conditional on achieving ambitious energy efficiency improvements.

Investment support should particularly focus on facilitating those upgrades that require large upfront costs and have slow payback. For example, purchasing an electric vehicle is a smaller investment compared to a full-scale house renovation, and it has a shorter payback period, as operating costs are already lower for electric vehicles than for traditional cars. In the wake of its budgetary problems, Germany is freezing investment support for housing renovations and heating decarbonisation while continuing with EV subsidies – a poor decision.

When implementing carbon prices, either via taxes or emissions trading, their regressive impact can be more than offset by appropriately using revenues raised. This could be done using those revenues to fund cash transfers for the entire population. Because the transfers are all for the same amount but the full carbon price burden will depend on how much each person pollutes, those polluting less may gain a net benefit in the end, and bigger polluters instead will bear a larger burden.

The EU has opted for a very targeted approach. As of 2027, it will introduce an EU-wide carbon price on transport and heating fuel through a new emissions trading system, the so-called ETS2. But to reduce the policy's burden on the poorest, revenues from the auctions of pollution permits under the ETS2 will be in part used to support vulnerable households and businesses in shifting away from carbon-intensive transport and heating (for example replacing gasoline cars with electric ones and gas heating with heat pumps). The main vehicle for this effort is the new Social Climate Fund (SCF), but as its budget allocation has been reduced relative to the Commission's initial proposal, it may not suffice in supporting all consumers who need it so it will necessarily need to be topped up or complemented with national-level efforts.

But cash, in the form of transfers or subsidies, may not stop greenlash on its own. The Project Tempo survey indicates that voters also want to see broader social benefits from the energy transition, to see how it can positively change both their personal situation and their community's economic prospects. Arguing that Europe has the duty to cut its emissions, and fast, because of its international commitment to do so may speak to some voters, but definitely not to all.

It is therefore important for lawmakers to communicate the benefits of climate action better, both financially and otherwise. For example, for households, investments in energy efficiency improvements come with renovation hassles, but can deliver improved comfort and lower energy bills. Building renovation is also an activity in which local jobs are created, which can be a positive selling point. It is important for governments to showcase the business case for climate investments: decarbonising operations can bring Europe to the forefront of nascent industries such as clean steel, all while reducing the industry's dependence on imported fossil fuels which have high and volatile prices. Politicians should not hide the costs of climate action, but they should also showcase its multiple direct and indirect benefits, which go beyond emissions reductions.

Finally, it is important politicians are frank about the social costs of climate inaction: Europe has experienced several extreme weather events in the past years, from floods to wildfires, whose likelihood has been increased by climate change. Their frequency will increase in the future, and so will the damage they cause and the costs of fixing them. This means that Europe cannot fully shield itself from climate change, but it can do its best to mitigate its emissions and adapt to unavoidable climate damage.

Slowing down decarbonisation to appease the leaders of the greenlash would do no favours to Europe. It would not offer respite on the cost-of-living front, because relying on fossil fuels is both expensive and risky, as the energy crunch of the past two years has shown. Similarly, slowing or freezing climate action at a time when both the United States and China are pouring important subsidies into green technology industries would not make Europe more competitive. Business as usual, be it walking back on approved energy and climate laws or hitting 'pause' on necessary future changes, is not an option.

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