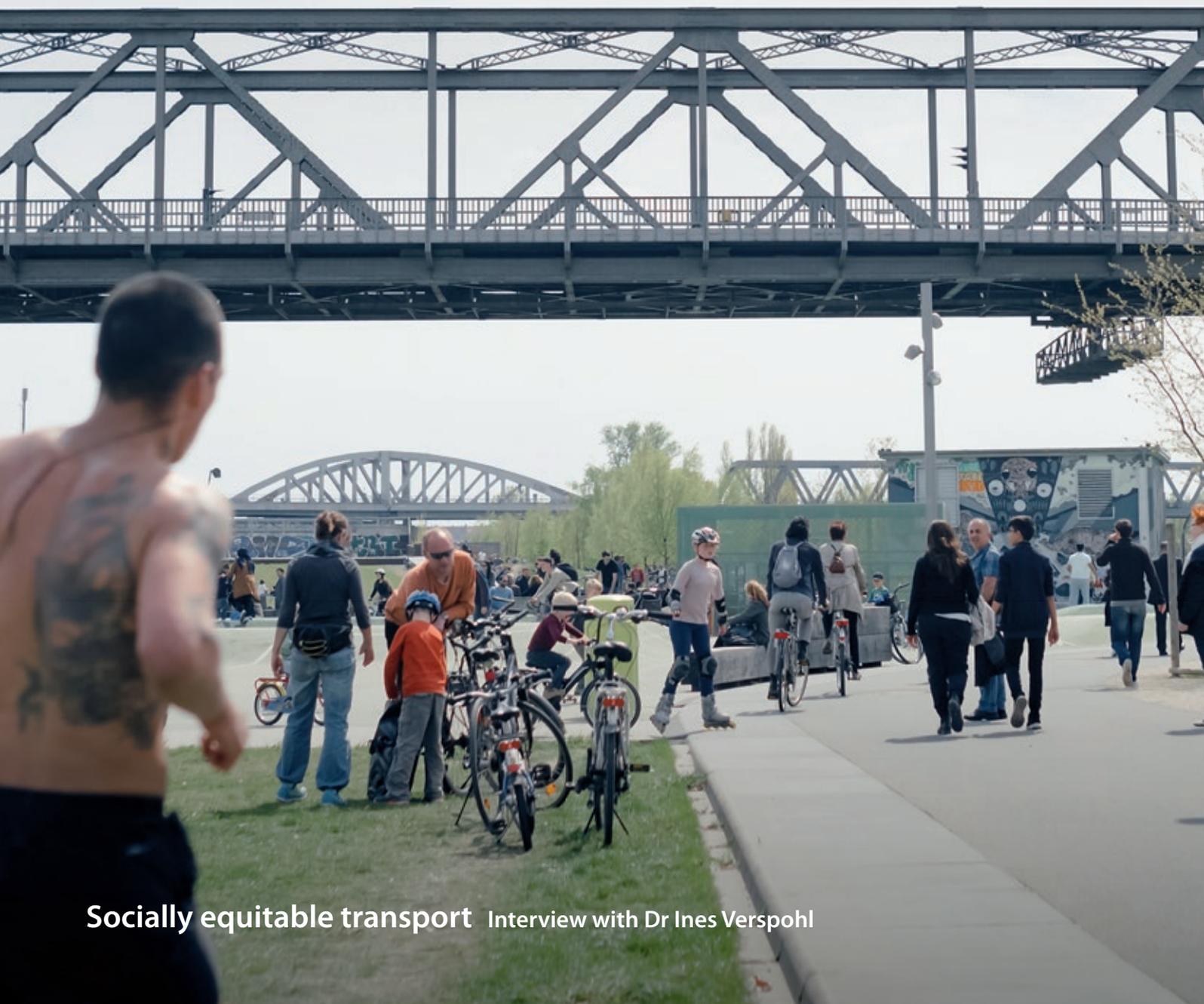


Environmentally sound, collective and fair

Considering the social aspects of transformation



A transformation with many dimensions



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The sustainability transformation is one of the biggest tasks that humankind has ever faced. And it's a challenge in which there is more than one dimension to consider. There is of course the environmental dimension, but the technical, economic and – importantly – the social aspects must not be forgotten. Those who formulate environmental and climate policy must always factor in the social consequences – for people in our own country today, but also for future generations and people of other nations.

A good example of this is provided by hydrogen, which is due to play a pivotal role in the transition to sustainable energy. It will have to be manufactured mainly in places where conditions for producing the necessary renewable energy are more favourable than they are here. But we must not overlook the fact that producing hydrogen in other countries could lead to land-use conflicts or water shortages. In a donation-funded project the Oeko-Institut is currently exploring how imported hydrogen can be sustainable – which includes not causing social problems in the production countries. Similar considerations apply to the expansion of electric transport. E-mobility requires resources the mining of which can lead to environmental and social problems. Here again, action must be accompanied by awareness of the consequences. But we must also not forget that failing to achieve the transformation can have equally undesirable impacts on people here and in other countries.

Discussions of whether the environmental transformation is fair often fail to consider the overall picture. Those who complain that environmental policy operates mainly at the expense of those who are in a weaker position socially should remember that an important lever for social equity is a fiscal and social policy that imposes liabilities on those who can afford it and protects those in positions of hardship. It is also important not to play off social policy and the environment against each other. A sustainability transformation can have particular benefits for disadvantaged people. For example, if we redesign public spaces and create low-traffic neighbourhoods, we are also creating spaces for people who live in small apartments without a balcony or garden and providing them with recreational opportunities. And also an opportunity for more interaction – perhaps for you and me too?

Yours,
Jan Peter Schemmel

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“It’s not enough to just increase fuel prices”



The transport sector is an area of concern in the transition to sustainable energy: it is not yet making any significant contribution to the climate targets. Radical change incorporating a wide range of approaches is therefore urgently needed. But methods of promoting the shift to sustainable transport using tools such as a carbon price on fuels have an impact not only on the environment but also on many people – for instance, because they have no access to public transport or simply cannot afford the increased cost of travel. In an interview with *eco@work* Dr Ines Verspohl, Head of Social Policy at the social advocacy organisation Sozialverband VdK, explains how sustainable transport can also be made socially equitable.

Dr Verspohl, where are we at with regard to a transport system that is sustainable but also socially equitable?

Unfortunately we are only just beginning to address this. But a very interesting debate is under way, because it has become clear that something must be done. We can see that a lot of people are worried – for example, they fear that driving their old diesel car may become so expensive that they can’t do things like get to the doctor. Often these people simply don’t have the money to buy a new car. So it’s not enough to just increase the price of fuel. We need genuine alternatives to enable people to shift to environmentally friendly forms of transport.

What form should these alternatives take?

One must distinguish between urban and rural areas. In the cities, public transport is in some cases already very well developed. Unfortunately, though, it is often not fully accessible, so that people in a wheelchair or with a wheeled walker are unable to use it. It’s not just a small group that’s affected – it’s millions of people! Incidentally, accessibility isn’t just a question of lifts and ramps – it’s also about clear spo-

ken announcements for blind people, user-friendly guidance systems for people with cognitive disabilities and ways of buying a ticket if you haven’t got a smartphone. At the same time, public transport must of course also become more attractive for everyone.

And what is needed in the countryside?

In rural areas it will never be possible for normal public transport services to operate at an appropriate and sufficient frequency. These places therefore need on-demand solutions – forms of transport that people can actively request. These shouldn’t be firmly tied to fixed pickup points, which older people and people with disabilities are often unable to get to. And this needs to be combined with schemes – such as mobile medical services – that mean that people no longer need to travel quite so far.

How can change be achieved here?

We need broader awareness of this issue across society, but we also need a legal basis. The aim of our transport system should no longer be to facilitate road traffic; instead it should be to provide the best possible protection for the weakest road users – that is, for pedestrians. The transport sector must also change its thinking – for example with regard to vehicles that can take e-scooters, easily understood ticket systems and affordable prices. In rural areas travelling by bus is sadly often more expensive than using your own car or even taking a taxi.

Why is the social side of sustainable transport so often neglected at present?

It’s just that the idea of linking social policy and climate policy is relatively new. And unfortunately environmental policy is often formulated by people who aren’t aware of these problems.

What would you need in order to contribute more on this front?

Above all, more time. We are confronted

with many different issues – we are dealing with the Municipal Finance Act and the Public Transport Act as well as with the carbon price and the EEG levy. When new draft legislation is pending, we usually have only ten days in which to prepare comments and thus possibly get listened to. In the case of the Public Transport Act we had some success – we pointed out some gaps in the rules on accessibility.

What do you see as the biggest myth in connection with socially equitable transport?

The idea that poor people cause pollution because they drive around in old cars. Poor people don’t usually have a car at all, and if they do they drive less and their trips are shorter – and they don’t do long-haul travel, which causes significantly more pollution.

Thank you for talking to *eco@work*.

The interviewer was Christiane Weihe.



*In conversation with *eco@work*:
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A range of social effects

How does environmental policy affect people?

The air improves. Food becomes healthier. And employment becomes fit for the future. We often emphasise the positive effects of a shift towards greater sustainability. Protecting the climate, conserving biological diversity and hence making the necessary changes in production methods and consumption habits are important for the future wellbeing of humanity. At the same

time, changes that are triggered or accelerated by environmental policy impose a burden on many people, who then feel disadvantaged. Environmental and climate policy measures can have a wide range of social consequences – affecting consumption and employment as well as participation in society. The Oeko-Institut is exploring the precise nature of these impacts.





“There are heated and very wide-ranging debates about the social impacts of climate and environmental policy – for instance with regard to job losses linked to the phasing out of coal, or the financial burden on households caused by higher heating costs and petrol prices as a result of the carbon price. In this context, people often talk about unfairness. At the same time, the Fridays for Future movement, under the banner of climate justice, is calling for significantly more ambitious measures,” says Dirk Arne Heyen of the Oeko-Institut. “Before making a sweeping statement about whether environmental policy is fair or unfair, we should consider various social aspects.” For example, we should think about who causes environmental problems and who suffers as a result. “More affluent countries and people make an above-average contribution to environmental problems – for example because their more extravagant lifestyles mean that they use more energy and natural resources. Meanwhile those who are financially less well off tend to be hit harder by the environmental consequences, perhaps because they depend on cheaper accommodation, which may be situated on a busy main road, or because they live in countries that are more severely affected by climate change. From the point of view of fairness that is obviously a major problem.” Another important point, the researcher says, is the question of who particularly benefits from environmental policy measures – such as through jobs in new sectors, energy-efficient housing or financial support – and who fails to benefit or may even be put at a disadvantage.

SYSTEMATIC ANALYSIS

As a first step in the project entitled “Social aspects of environmental policy”, which was commissioned by the German Federal Environment Agency (UBA), the Oeko-Institut has produced a detailed overview of the current state of research into the social impacts of environmental policy measures in this country. “There are many studies of how such measures affect the expenditure of private households on energy

and transport,” says Dirk Arne Heyen. “Rising taxes and levies – especially on electricity and heating – tend to impact more severely on lower-income households, who spend a larger proportion of their income on these basic needs.” But he goes on to say that the effects must be considered in totality. “A rise in energy prices does not automatically have to increase the burden on people – energy-saving measures or relief through redistribution of state revenue can counteract this.” At present many environmentally harmful subsidies, such as the company car taxation system, are mainly of benefit to higher earners; a reform of these subsidies based partly on criteria of socially equitable distribution could have a positive impact.

With regard to the effects on employment, the expert again recommends looking carefully at the details. “Obviously moving towards a climate-neutral society also affects the economy – for example, the motor industry. In the medium term, fewer workers will be needed to produce electric cars. But at the same time, new jobs will arise in other areas, such as in the energy sector and in mobility services. These jobs may of course be in other regions or call for different qualifications.”

In another project for the Federal Environment Agency, entitled “Strategies for the ecological structural change towards a Green Economy”, Oeko-Institut researchers have considered which sectors face change and looked at the automobile and chemical industries in more detail. They analysed drivers and challenges and produced recommendations on the management of structural change. “If this change is to be successful, it must be tackled early: it’s no good sticking our heads in the sand and hoping that everything will simply stay as it is,” says project manager Dirk Arne Heyen. Policymakers, he says, must formulate clear medium- and long-term goals and create a reliable operating environment, for example for the motor industry. “In addition, policymakers, companies, trade unions and works councils must together commit to the necessary further training or retraining of employees.”

NON-MATERIAL IMPACTS

In addition to the socioeconomic aspects of environmental policy, there are wide-ranging non-material impacts, such as the effects on people’s physical and mental health, and these may in turn have financial consequences. “For example, this is about who is affected by noise or air pollution, and who has access to nature or to green space,” says the Senior Researcher from the Oeko-Institut. “Green spaces are not only places for recreation and exercise – and therefore relevant to health; they also facilitate social interaction.” This shows that environmental policy can impact on the organisation of everyday life and leisure time and on social relationships. “Other examples of this are the availability of public transport and the way road space is divided between motorists and cyclists.”

Relatively little research has been conducted into the psychosocial effects of environmental policy measures and discourse, although Dirk Arne Heyen is of the view that such research could be very useful, especially as an aid to understanding resistance to environmental policy. “For example, people employed in coal mining or industrial agriculture may feel that their work is not valued as it should be. Whether people derive enjoyment or pleasure from sustainable eating habits and travel practices or from those that are more environmentally damaging also seems to me to be relevant. This can, of course, vary between different population groups.”

According to Heyen, considering social effects usually needs to involve looking at the impacts on different social groups – and not just viewing the issue in terms of income. “For example, women may be affected differently from men, people in rural areas differently from city dwellers, people with a migration background differently from those without such a history. Similarly, the green spaces we have already mentioned may be of particular benefit to the elderly and to young people, who



are more likely to stay within their immediate locality when they go out. We also need to distinguish between impacts in this country and abroad, and between effects on present and future generations.”

A DISCOURSE AND MEDIA ANALYSIS

As part of the continuation of the project on “Social aspects of environmental policy” the Oeko-Institut is shedding light on other aspects too. Franziska Wolff, head of the Environmental Law and Governance Division, has conducted a discourse and media analysis in this field. “We have investigated how social aspects arising from protection of the environment are treated in the German media and what position the various stakeholders adopt in relation to them,” she says. “The aim was to identify key issues and also possible conflicts and blind spots in the public discussion.” The findings were sobering: during the study period of 2018 to 2020 the analysed print media addressed the social impacts of environmental policy only in passing. Only rarely is there any mention of how the costs and benefits of environmental policy are distributed across society – and of the fact that many environmental policy measures, including noise control, water pollution

control and action on climate change, impact positively on social issues and vulnerable groups. Another stage of the project involves reviewing and evaluating societal trends such as demographic change, digitalisation and urbanisation. “We want to identify how such trends affect the links between the environment and social issues – and hence also evaluate how a socially oriented environmental policy should respond to these trends,” says Wolff.

“In view of the varied nature of the aspects and of the equity principles that could be considered, it is virtually impossible to produce a final and universally valid definition of when environmental policy is socially fair,” says Senior Researcher Dirk Arne Heyen. “However, there is a lot to be said for always paying attention to vulnerable sections of the population and attempting to reduce existing inequalities rather than enlarge them.” In a project on social and environmental indicators for the EU Commission, the Oeko-Institut has defined three overall objectives for a socially equitable environmental policy. As a first goal, such a policy should protect the environment for the wellbeing of everyone, but at the same time it should also reduce the present unequal distribution of environment-related risks, burdens and benefits. “Secondly, it is important that low-income households and those that are vulnerable in other

ways are not disproportionately burdened with regard to their needs but instead are enabled by environmental policy to draw on financial benefits and opportunities for social participation.” And thirdly: people who are affected by structural change – for example, in coal mining – should receive particular support in terms of employment opportunities. These are important steps in enabling as many people as possible to benefit from better air, healthy food and future-oriented employment.

Christiane Weihe



At the Oeko-Institut the Senior Researcher Dirk Arne Heyen works on sustainable societal change, the political shaping of such change, and acceptance issues. Franziska Wolff has been Head of the Environmental Law and Governance Division since 2014; her research focuses on issues relating to the principles of environmental policy, including consistency with other policy objectives.

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Enough money for electricity and heating

Environmental policy and affordable housing

The light is on in the living room. The accommodation is well heated. The bath tub fills with hot water. In this country, these things are taken for granted. But more and more people are worrying about whether they will still be able to afford the costs of electricity and heating tomorrow. Low-income households already spend about ten per cent of their income on these things. Many people are having to

move because they can no longer afford their apartment after it has been modernised. A significant change of direction in the buildings sector is essential in order to meet climate targets. The Oeko-Institut has for many years been looking at how social impacts can be taken into account in this process and how the burden on particularly vulnerable households can be eased.

“People who live in rented accommodation often have little scope for increasing energy efficiency and thus reducing costs. They are dependent on the landlord carrying out the necessary improvements,” says Dr Katja Schumacher of the Oeko-Institut. “At the same time, things like the carbon price on heating and transport fuels are felt particularly keenly by people in this group.” In the project on “Distributional effects and social impacts of climate-policy measures in the fields of housing and mobility”, funded by the German Federal Ministry of Labour and Social Affairs (BMAS), the Oeko-Institut has taken a detailed look at the opportunities for making climate-policy measures compatible with social equity. “This involved not only drawing up proposals for climate change mitigation measures but also looking at distributional effects and analysing obstacles and conflicting objectives.” The researchers considered numerous instruments, ranging from limits on the transferability of the carbon price and a stronger emphasis on disadvantaged areas in energy-oriented urban renewal programmes to the universal inclusion of a climate bonus in transfer payments for low-income households and the local provision of energy-saving advice through Electricity-Saving Checks.

According to Dr Sibylle Braungardt, who deals with the heat transition in her work at the Oeko-Institut, the focus must be partly on instruments that make modernisation compulsory but also provide support – “This means minimum efficiency standards for existing buildings, but also subsidies to enable these standards to be achieved.” The present renovation and modernisation rates, she says, must be at least doubled. “In France, for example, rent increases are not permitted for buildings in the worst efficiency classes and from 2023 there will be a ban on renting out these properties. For 2028 France is also planning to make it compulsory for all buildings to conform to at least efficiency class E.”

CONCRETE SUPPORT

Support must also be provided to renters who are hit particularly hard by rising energy prices. “At present, for example, the carbon price on heating fuels can be fully transferred to them; that must be restricted. Not least because the present system provides no incentive for renovation and modernisation, which has to be initiated by landlords,” says Dr Katja Schumacher. In the pro-

ject “Carbon pricing and the reform of the taxes and levies on electricity: The refunding of the Renewable Energy Act (EEG) levy” the Oeko-Institut researchers have explored how the revenue from the carbon pricing scheme can be returned to the public in a socially equitable way. “A carbon price – and actually one that is significantly higher than today’s price – must be a key component of German climate policy, because it makes fossil fuels uneconomic and hence promotes green technologies and climate-friendly behaviour,” says Dr Schumacher. “But when it comes to using the revenue there is as yet no concrete, quickly deployable and socially equitable scheme.” The study for the Climate Neutrality Foundation recommends, among other things, increasing the carbon price to 60 euros by 2023 and to at least 80 euros by 2025. “At the same time, the burden on the public should be relieved by gradually reducing the EEG levy and abolishing it completely by 2025. As revenue rises, further forms of relief can be introduced – for instance, by reducing the electricity tax or bringing in a citizens’ climate payment.” The study shows that this sort of refunding is possible. “In addition, this creates incentives to electrify buildings and transport, and it promotes key technologies such as heat pumps and



electric cars," says Schumacher. The concept also has benefits in the form of distributional effects, with lower-income households receiving the greatest proportional relief. "That is important, because at present the costs of environmental policy measures are unfairly distributed and households that are under severe financial pressure are definitely not responsible for the largest proportion of greenhouse gas emissions."

The study, which is funded by the German Federal Ministry for Labour and Social Affairs, also identifies other tools that can be used to make environmental policy socially equitable. "Another important aspect is a climate component in the housing allowance to allow for the possibility of higher rental costs after modernisation. And claiming the housing allowance must be made more attractive, because at present only about half of those who could claim are applying for it," says Schumacher. "Rules for hardship cases are likewise important." The cap on the proportion of modernisation costs that can be charged to tenants could be re-

duced from its current level of eight per cent. "In Berlin and some other cities a climate bonus is already paid to recipients of transfer payments. It could be worth introducing this everywhere to cushion the effect of rent rises as a result of energy modernisation measures." More extensive information and advice programmes – for both tenants and landlords – are also important, she says. "And of course the effectiveness of the instruments must be carefully scrutinised after a certain time."

Schumacher goes on to say that social measures in the field of affordable housing must always be linked to incentives for ambitious energy efficiency improvements. "Private households spend more on housing than on anything else and the associated costs are an important lever for relieving the pressure on people with low incomes," she says. "At the same time, social aspects must never be considered in isolation – other areas such as transport, clothing and food must also be taken into account." The goal, she says, is for households to be able to play a part in mitigating cli-

mate change without having to worry unduly about whether they can afford the lighting in the living room and the heating in the kitchen – or the metro ticket and a healthy meal.

Christiane Weihe



Dr Katja Schumacher is Deputy Head of the Energy & Climate Division (Berlin). As part of her work she analyses energy and climate policy strategies and instruments and studies their distributional effects. Dr Sibylle Braungardt's work in the Energy & Climate Division includes analysing renewable policy instruments and studying energy efficiency in the heat sector.
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