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The path of least resistance? Enhancing public acceptability of carbon pricing policies in Belgium

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Abstract

This policy brief focuses on the public acceptability of carbon pricing policies in Belgium, highlighting revenue use and perceived policy impacts as main drivers.

Carbon pricing is more acceptable when embedded in a comprehensive policy package, particularly if revenue use is clearly communicated from the outset. However, public acceptability varies across population subgroups with differing climate attitudes. Allocating carbon pricing revenues to reduce other taxes, such as labour tax reductions, can enhance the acceptability across diverse societal groups, including those with more sceptical climate attitudes. Policymakers must consider the diversity in policy preferences and use carbon pricing revenues in ways that enhance overall acceptability.

By aligning carbon pricing policies with public preferences and balancing potential trade-offs between *acceptability*, *efficiency*, and *equity*, policymakers can facilitate the transition to a low-carbon economy while minimizing social impacts and public resistance.

Recommendations

1. Implement carbon pricing packages.
   Integrate carbon pricing into a broader policy package to enhance public acceptability, rather than applying it in isolation.
2. Communicate revenue use and its benefits.
   Clearly explain from the outset how carbon pricing generates revenues and specify how these revenues can benefit citizens.
3. Use revenues to build consensus.
   Use revenues for policies that are acceptable across different societal groups to build consensus and facilitate implementation.
4. Implement policy mixes.
   Allocate carbon pricing revenues to various measures in order to balance potential trade-offs between acceptability, efficiency, and equity.
5. Consider public preferences.
   Identify and understand climate subgroups and their policy preferences to develop and implement carbon pricing packages that are broadly acceptable.
6. Complement European policies.
   Design country-specific carbon pricing packages or other measures to reinforce EU climate policies and achieve climate targets within Social Climate Plans.

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Can revenue use make carbon pricing work ?

Public resistance is a major barrier to implementing the ambitious climate policies needed to keep global warming below 2 degrees Celsius. Despite that the objective of mitigating climate change is widely accepted, public support for these climate policies and particularly for carbon pricing remains weak.[1-3] While carbon pricing is recognised as an *effective* and *efficient* tool to drive the low-carbon transition, many countries either do not adopt it at all or only apply very low pricing levels:[4-7] According to a recent OECD report, in 2021, 58% of the energy-related GHG emissions remained unpriced and only 7% was priced at more than EUR 60 per tonne of CO_2.[8]

This policy brief explores how to design and implement carbon pricing policies that citizens find acceptable, while also considering efficiency and equity implications.

One of the primary benefits of carbon pricing is its capacity to generate government revenues, which *may* have a substantial impact on public acceptability.[9-14] A well-designed carbon pricing package, which includes revenue use that aligns with public preferences, can considerably increase public acceptability: (i) by returning carbon pricing revenues to society in a budget-neutral manner, the government can show that this policy will not lower average purchasing power, and (ii) also allocating revenues in ways that deliver concrete and salient advantages to citizens might increase acceptability. As such, policymakers can develop broadly acceptable policy packages that foster consensus by taking into account the concerns and public preferences of the general community as well as of societal subgroups.[15] To minimize opposition, special attention should be given to those groups with the most sceptical climate attitudes.

Carbon pricing measures are set to be expanded as the EU strengthens its climate policy with the European Green Deal, and they will stay at the forefront of public debate. The issue of public acceptability will become even more important in the near future with the implementation of the second European Emission Trading System ETS2 in 2027, which would encompass emissions from residential heating and private road transport that directly affect households. To address this, a Social Climate Fund will be established in 2026 to support the most vulnerable households, transport users, and small businesses.

The primary challenge for policymakers is to efficiently use carbon pricing revenues to mitigate (potentially) regressive effects while ensuring that these policies are acceptable to citizens.

Survey

This policy brief presents the main findings of a web-based survey of Belgian adults conducted in February 2024. The obtained sample of 2.123 respondents is representative of the Belgian population in terms of sex, age, region, and levels of education.

Belgium is an intriguing case since it has a high overall tax rate but relatively low environmental taxes when compared to other EU members. It also lacks explicit carbon pricing mechanisms other than the existing EU ETS for industry and power production. While the focus is on Belgium, this brief demonstrates that revenue use is critical for any entity considering the implementation carbon pricing policies.

Policy choices shape acceptability …

The survey aims to investigate two questions:

- How does policy design and especially revenue use affect the acceptability of carbon pricing policies among the general public?
- Does the acceptability of these policies differ among different societal subgroups?

This section explores the first question.

1. Foremost, the *perceived fairness* and *perceived effectiveness* are the key drivers that define the public acceptability of carbon pricing policies.[10] Citizens who view carbon pricing as fair and effective are more inclined to support the implementation of these policies. This suggest that policymakers can enhance the acceptability of carbon pricing by implementing it as part of a broader policy package with a more positive overall perception.

2. A carbon pricing package, which includes revenue use in a broader policy package, makes carbon pricing significantly more acceptable — especially if the revenue use is clearly specified. Moreover, presenting carbon pricing from the outset within such a comprehensive policy package positively affects acceptability of carbon pricing.

   These findings suggests that policymakers should clearly communicate from the beginning of the policy process that carbon pricing generates revenues and specify how these revenues will be used. By emphasizing the potential uses of these revenues to citizens, policymakers can shift the focus from the costs of carbon pricing to the benefits of the overall package, which are often neglected due to uncertainty and lack of salience.

3. Being specific on revenue use matters for acceptability — as shown in Figure 1.

   Policy packages that use the revenues of carbon pricing to lower labour and consumption taxes are the most favoured options — reflecting public concerns about high overall taxation levels. This finding contrasts with most studies identifying using the revenues for environmental purposes as the preferred approach.[9,16-18] However, directing carbon revenues towards green spending only ranks slightly lower than tax reductions - with investments on climate adaptation investments not being significantly less acceptable.

   Redistributive policies such as supporting low-income households rank lower in terms of public acceptability, despite perceived fairness being one of the main drivers of public acceptability of carbon pricing. The least preferred options are contributing to the government budget and lowering corporate taxes, which ranks even lower than a policy package with revenue recycling that does not specify what will be done with the revenues.

   A combination of labour tax reductions and green spending is the most acceptable policy mix. Such a combination is relevant for addressing potential trade-offs between efficiency, equity and public acceptability; even though mixes of revenue recycling mixes are found less acceptable than the most-preferred single-use of revenues.

4. The expected *personal* financial impact does not significantly affect the acceptability of a carbon policy package — despite perceived fairness and effectiveness, and expected financial impact on one's own household are key factors that drive public acceptability of carbon pricing itself. This suggests that revenue use has the potential to mitigate concerns about financial losses due to carbon pricing.

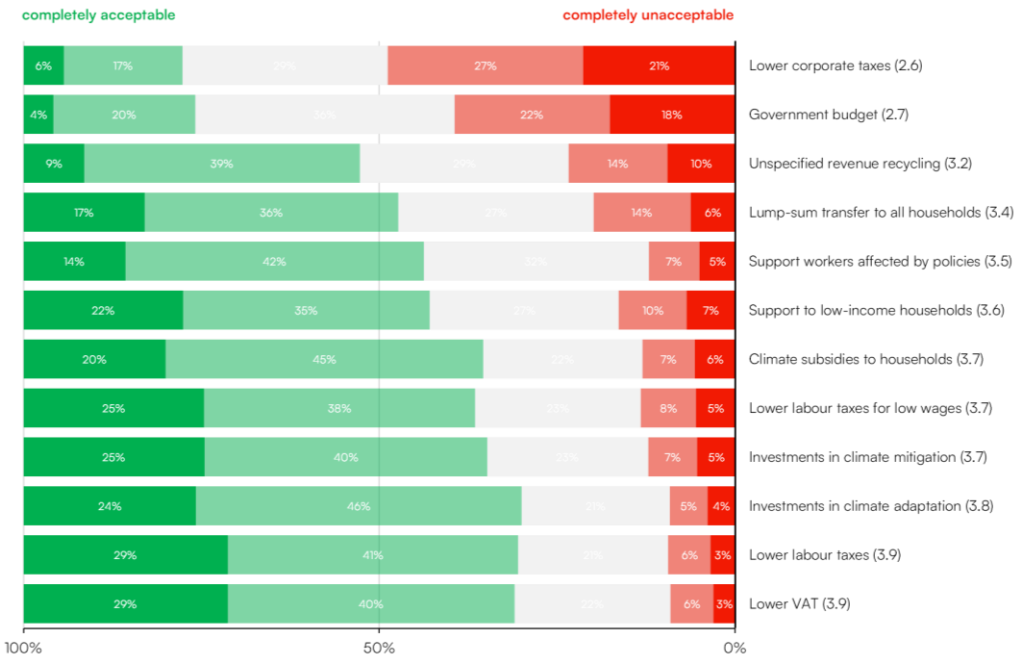

Figure 1. Overview of the responded levels of acceptability for the different policy packages. The levels of acceptability are based on a Likert scale described as 'completely acceptable' (5), 'rather acceptable' (4), 'neutral' (3), 'rather unacceptable' (2) and 'completely unacceptable' (1). The average score among all respondents is given besides the description of the purpose of revenue use, ranging from 2.6 for lowering corporate taxes up to 3.9 for lowering VAT.

… but preferences differ among subgroups.

While the above results give a clear view on the *general* acceptability of carbon pricing packages, the public acceptability of carbon pricing policies varies significantly across subgroups with different climate attitudes.[19]

1. Five distinct climate attitude groups are identified whose levels of climate concern, belief, engagement and willingness to act vary from high to low. The groups are labelled as the Alarmed (7%), the Concerned (38%), the Cautious (36%), the Disengaged (15%), and the Doubtful (4%) based on previous studies,[20-22] aiming to highlight the key distinctions among them. A detailed description of the groups is given in the Appendix.

2. The policy choices related to revenue use can help build consensus across the different societal segments.

   Using carbon pricing revenues for environmental purposes such as investments in public transport or cycling paths appeals to the subgroups who already support climate policies but is perceived as rather unacceptable by the more sceptical climate segments. Focusing on green spending, therefore, might result in preaching to the converted. Contrary, using carbon pricing revenues to lower labour taxes achieves similarly high levels of acceptability across all segments.

   Figure 2 shows that using revenues to invest in climate mitigation and to lower labour taxes have a similarly high level of acceptability overall, i.e., with average scores of 3.74 and 3.85 respectively. However, the acceptability of environmental spending varies significantly across subgroups (ranging 2.3 tot 4.4) while lowering labour taxes is consistently acceptable to all groups (ranging 3.7 to 3.9).

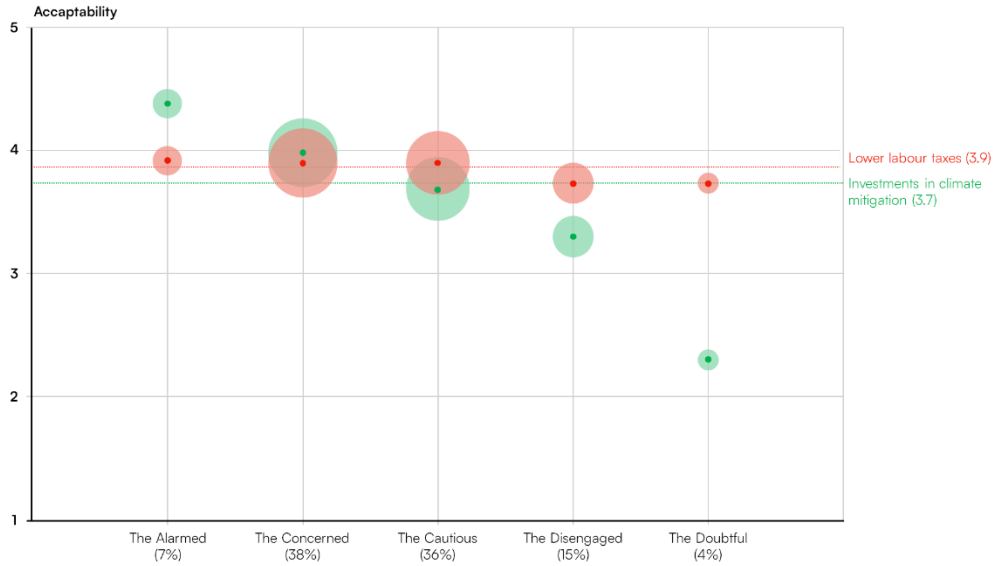

Figure 2. Overview of acceptability across climate subgroup for using carbon pricing revenues to reduce labour taxes (yellow) and for investments in climate mitigation (green).

3. Policymakers should consider the heterogeneity of such policy preferences to enhance the acceptability of carbon pricing. Tailoring revenue use to public preferences can both strengthen support among those already concerned about climate change and broaden acceptability among more sceptical citizens. While sceptical climate groups are generally reluctant towards climate policies, using revenues for non-climate-related purposes can make carbon pricing more acceptable across those subgroups.

   A carbon pricing shift where carbon revenues are used to lower labour taxes could facilitate policy implementation, and potentially create additional efficiency gains. Labour tax reductions are not only favoured by the Doubtful and Disengaged groups, who constitute less than 1 out of 5 respondents in Belgium, but are also relatively popular across all societal segments.

Towards implementation

Following the planned European Emission Trading System ETS2, which will extend carbon pricing to household heating and private mobility, Member State governments must decide how to spend the revenues under the Social Climate Fund. While the European Union provides baseline criteria for investments and structural measures to foster the climate transition, countries have the flexibility to design complementary carbon pricing packages that align with their respective national objectives.

1. Policymakers may use carbon pricing revenues to increase public acceptability and bridge differences in preferences across societal groups: as shown, carbon pricing might be easier to implement by taking the path of least resistance.
2. In Belgium, where labour taxes are high and tax cuts are a major public priority, using carbon pricing revenues to lower labour taxes is acceptable across subgroups with differing climate attitudes, including those who oppose climate policies. A carbon pricing package that includes a labour tax reduction seems widely acceptable and improves efficiency by reducing distortionary taxes,[7] which shows that a well-designed policy package might overcome the trade-off between *efficiency* and *acceptability*. However, using all revenues

for labour tax cuts without redistributive mechanisms raises *fairness* concerns because lower-income households will not benefit as much.

3. To effectively implement carbon pricing, policymakers must navigate the potential trade-offs between *public acceptability*, *efficiency*, and *equity*.[7,23-25]

   A carbon pricing package combining different revenue uses can help to address these challenges and provide a politically feasible path forward. For example, a policy package that incorporates carbon pricing, labour tax cuts, green spending, and targeted support to low-income households may address fairness concerns, increase efficiency and remain acceptable to citizens. The major challenge is to develop policy packages that minimise social harm and public resistance while staying effective and efficient.

Further reading

More in-depth analysis and results can be found in the following papers:

- Barrez, J. (2025). *Seeking common ground? Heterogeneous support for carbon pricing and climate policies across audience segments*. Energy Research & Social Science 122, 103993. https://doi.org/10.1016/j.erss.2025.103993
- Barrez, J. & K. Bachus (Forthcoming). *Public acceptability of a carbon pricing package: the role of revenue recycling*.

Appendix: Description of climate subgroups

1. **The Alarmed (7%)** are the most engaged with climate change action. Approximately 95% of this group are very worried about climate change, with the majority believing it is mainly human-caused. They feel a high personal responsibility to mitigate climate change and are willing to take action by changing their behavior and investing in the climate transition.
2. **The Concerned (38%)** share the belief that climate change is mostly human-caused and are (very) concerned about its consequences. However, they feel less personal responsibility to mitigate climate change compared to the Alarmed. They are willing to take action by changing their lifestyle and investing in the climate transition, but to a lesser extent.
3. Among **the Cautious (36%)** two-thirds are concerned about climate change. They believe that climate change is mainly human-caused or perceive an equal contribution from natural processes and human activity. They maintain a neutral stance regarding their personal responsibility but are willing to take action and change their behavior to a limited extent.
4. **The Disengaged (15%)** are mostly neutral regarding climate change concern and its causes. This group has the highest proportion (9%) of people who do not know what is causing current climate change. They do not feel personally responsible to mitigate climate change and are rather unwilling to change their lifestyle or invest in the climate transition.
5. **The Doubtful (4%)** are mostly unconcerned about climate change. While the majority believe that climate change is mainly a natural process, only 15% within this group outright deny that climate change is happening. They do not feel personally responsible and are generally unwilling to change their behavior or invest in the climate transition.

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