

Contents

<i>Preface</i>	vii
<i>Abbreviations</i>	viii
1. Introduction	1
1.1 The Purpose of the Study	1
1.2 Basic Question	2
1.3 From a Problem to a Goal	4
1.4 From a Goal to an Instrument Choice and Instrument Design	6
1.5 Outlining the Positive Theory of Regulation	11
2. Conceptual Framework	15
2.1 Preliminary Remarks	15
2.2 Environmental Taxes and Charges	17
2.3 Incentive, Financing and Fiscal Environmental Taxes	19
2.4 An Instrumental Approach to Environmental Taxes	21
2.5 Relationship Between Environmental Taxes and Other Instruments in Environmental Policy	23
3. The Fallacy of the Buchanan–Tullock Theorem	26
3.1 Preliminary Considerations	26
3.2 The Idea Behind the Theorem is Questionable	28
3.3 Various Polluters and Interest Groups	28
3.4 Different Ways of Implementing Environmental Taxes	29
3.5 Grandfather Clauses	32
4. Regulatory and Fiscal Taxes: Theoretical Considerations	35
4.1 Preliminary Considerations	35
4.2 The Need for the Concept of ‘Regulatory Tax’	36
4.3 Features Distinguishing Fiscal and Regulatory Taxes	37
4.4 Regulatory Taxes are Taxes but...	40
4.5 Structures of Fiscal and Regulatory Taxes	42
5. Incentive Environmental Taxes	44
5.1 Preliminary Considerations	44
5.2 Nature of Environmental Problems and Incentive Environmental Taxes	45
5.3 Is Direct Regulation Superior to Incentive Environmental Taxes?	46

5.4	Designing Incentive Environmental Taxes	50
5.4.1	Marginal Tax Rate	50
5.4.2	Incentive Environmental Taxes and Value-Added Tax	51
5.4.3	Timetables for Setting the Incentive Tax Rate	53
5.4.4	Regional Differentiation of Incentive Environmental Taxes	54
5.4.5	Tax Relief Under Environmental Taxation: the Carbon Tax Relief Example	56
5.4.6	Tax Differentiations	60
5.4.7	Basis of Incentive Environmental Taxes	62
5.4.8	Volatility/Stability of Incentive Environmental Taxes	64
5.5	Efficiency Properties of Incentive Environmental Taxes	65
6.	Financing Environmental Taxes	70
6.1	Preliminary Remarks	70
6.2	A Financing or an Incentive Environmental Tax?	72
6.3	Earmarking of Proceeds From Environmental Taxes	73
6.4	Financing Environmental Taxes or Funds From General Tax Proceeds?	75
7.	Environmental Taxes from the Fiscal Point of View	78
7.1	Preliminary Remarks	78
7.2	Alternative Ways of Using Tax Proceeds	80
7.3	Suitability of Environmental Taxes From the Fiscal Point of View	82
7.3.1	Buoyancy of Tax Proceeds	82
7.3.2	Elasticity of Tax Proceeds	83
7.3.3	Fiscal Flexibility	85
7.3.4	Fiscal Illusion	86
7.3.5	Distributional Consequences	88
8.	Concluding Remarks	93
8.1	Conceptual Issues	93
8.2	Theory is Theory and Practice is Practice	94
8.3	Regulatory and Fiscal Taxes	95
8.4	Incentive Environmental Taxes	97
8.5	Financing Environmental Taxes	98
8.6	Environmental Taxes From the Fiscal Point of View	99
	<i>Bibliography</i>	101
	<i>Index</i>	110