

Effective Climate Policy

The goal is to limit climate warming significantly to less than 2°C. To do so, it's not subsidies and technology bans that are needed, but market mechanisms that make polluters pay.

Situation

The benefits from the emission of greenhouse gases (GHGs) accrue to the polluters – in the form of the transportation, electricity, heat or production processes made possible by them. The consequential costs – the effects of global warming – are borne globally. This misaligned incentive works not just at the level of individuals, but between states as well. The result is excessive GHG emissions. Policymakers struggle with effective climate policy and are increasingly resorting to subsidies, as these are the easiest to push through politically. In doing so, they're eroding potential to combat climate change.

Four criteria for an effective climate policy

	Buildings			Industry		Transport	
	Carbon tax on fuels	Buildings program	Stimulus package for heating and insulation*	Subsidies for companies*	Emissions trading system	Mandatory offsets for fuels	Emission regulations for new vehicles
Effectiveness							
Efficiency							
Cost transparency							
Technology neutrality							

= not fulfilled = largely fulfilled

*Accepted in referendum of 18 June 2023

Climate protection measures should fulfill four key criteria. Four of the seven Swiss instruments score insufficiently. Two of them come from the new Climate Protection Act.

Source: own representation

Facts

CHF 120
per metric ton of CO₂

The Swiss levy on fuels is CHF 120 per metric ton of CO₂. Given the high price level in Switzerland, this is a reasonable value against which climate protection mechanisms in other areas should be measured.

■ Global problem

For the climate it's irrelevant where GHG emissions are reduced. Taking responsibility at home is all well and good, but too strict a focus on domestic reductions can lead to overly expensive measures.

■ Role model

Switzerland is responsible for only about one per mille of global GHG emissions. By adopting a climate policy that's both effective and affordable and cooperating internationally, this country can create leverage by serving as a role model.

■ Expensive buildings program

In 2023, the Buildings programme paid CHF 528 million in subsidies, reducing CO₂ emissions by 3.35 million tonnes, at CHF 152 per tonne. Compared to thermal insulation, sustainable heating systems are inexpensive. By focusing on them, average costs have been reduced.

■ Inefficient subsidies

Subsidies aren't technology-neutral and they don't make the polluter pay sufficiently. They make energy cheaper at the expense of taxpayers. So instead of reducing energy consumption they increase it.

Recommendations

Comprehensive, all-encompassing pricing of GHG emissions with complete **redistribution per capita** to the population would best fulfill the four criteria mentioned in the graphic. **Rather than being set in political negotiations**, the price should be based on the achievement of the necessary reduction

path toward net greenhouse gas emissions. Carbon pricing is not an antisocial instrument. It **makes polluters pay their fair share**. People with an above-average carbon footprint would be additionally burdened, while those with a below-average footprint would be rewarded.

