

The need for a socially- just European Green Deal

Lessons from the Yellow Vests movement

• Summary

This policy paper aims at drawing lessons from the French movement of the Yellow Vests for EU climate policy. It argues that **Yellow Vests were not against the carbon price or climate action *per se*, they were against socially-unfair climate policy.** The overall legitimacy and efficiency of the EU Green Deal would be strengthened if the polluter-pays principle is applied consistently, and if climate policies take into account people's differentiated capabilities and responsibilities in the face of the climate crisis. The just transition is a narrow path that jointly addresses the climate and social emergencies and calls for renewed governance to better take into account daily realities of all citizens. If an EU carbon price on heating and road transport is eventually charged on EU citizens, mitigating risks of social backlash would require the adoption of : **socially-fair price signals** (e.g. remove exemptions for businesses, industry or aviation), **more ambitious regulations** (high Minimum Energy Performance Standards for existing buildings and CO2 standards for cars), **adequate financing and technical assistance** (sufficiently funded and frontloaded Social Climate Fund), and a more **inclusive governance** (mandate and support involvement of all stakeholders in the energy transition decision-making, include strong multi-level governance in the Social Climate Fund). These recommendations hold with or without ETS2 but become all the more important if ETS2 is adopted. Beyond the need to avoid social unrest, **the "Fit for 55" climate package is above all a unique opportunity to implement a socially-just transition** that would alleviate existing carbon inequalities, hence strengthening the social cohesion and future resilience of the EU.

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#eugreendeal
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“Almost everybody agrees that the situation is disastrous and that fossil fuel consumption is at the root of this crisis. But it does not make much sense to blame those who cannot do without their car and for whom tax increase is just another outrage. Petrol can cost 1 euro or 1 euro 80, we will keep on driving. Unless we stay locked in our house.”

Quote from an [article](#) published on 13 November 2018, a few days before the first Yellow Vests’ demonstration, by the French independent local media “Rouen dans la rue”. Author’s translation

• Introduction

In late 2018, France witnessed the beginning of a new protest movement, the Yellow Vests. High fuel prices triggered a movement of car-drivers against the national carbon tax. The term ‘Yellow Vest’ refers to the high-visibility yellow jacket that each driver must have in his/her car in France. It can be seen as the symbol of lives shaped by spatial constraints and car dependency. As the French historian Gérard Noiriel argues, the Yellow Vests put social and economic concerns back at the centre of political attention, unleashing the expression of injustices that had not been heard for decades.¹ Rejection of traditional political actors and representatives led to different interpretations of their key demands.² In any case, they clearly brought to light the potential for social unrest triggered by climate policies, following the 2013 “red caps” movement in France³ and 2013 protests in Bulgaria⁴.

Understanding the Yellow Vests is especially relevant for the EU as energy prices are soaring and discussions are heating up in the EU Parliament and the Council over tightening EU climate policies. Since the fall of 2021, households’ energy expenditures have become a prominent political issue⁵ throughout the EU due to fossil fuels price hikes.⁶ The energy price crisis has been further aggravated by Putin’s second invasion of Ukraine on February 24th 2022. Meanwhile, negotiations are on-going over the “Fit for 55” climate package that aims at aligning EU climate policies with the increased objective of -55% emissions by 2030. One of the most controversial proposals of the package is to establish an EU-wide carbon price on heating and road transportation fuels which would increase EU families’ energy bill. **What can we learn from the Yellow Vests to mitigate the risk of social backlash against EU climate policies?**

This policy paper first comes back to some of the key measures of the new climate package, as well as the tense social context in which “Fit for 55” negotiations are taking place (Part 1). It then underlines that the Yellow Vests movement was not against the carbon price or climate action *per se*, but against *socially-unfair* climate policy (part 2). It finally highlights the relevance of the Yellow Vests for the EU, in a context of rising carbon inequalities and high energy prices, and draws lessons for EU climate policies (part3). It concludes with policy recommendations for a socially-just Fit for 55 package (part4).

1 Noiriel, G., 2019. *Les gilets jaunes à la lumière de l’histoire. Dialogue avec Nicolas Truong*. L’aube.

2 They have often been portrayed as anti-climate action. Melheb, R.J., Kallis, G., Zografos, C. 2021. *A discourse analysis of yellow-vest resistance against carbon taxes*. *Environmental Innovation and Societal Transitions* 40 (2021) 382-394.

3 Wikipedia, *Bonnets rouges* (retrieved on 31/05/2022).

4 Wikipedia, *2013 Bulgarian protests against the first Borisov cabinet* (retrieved on 31/05/2022).

5 Brezovska, R., Zachman, G., Pellerin-Carlin, T. Nguyen, P.V., Leuser, L., Thalberg, K., Panzeri, D. Galindo, J. 2022. *United in diversity? National responses to the European energy crisis*. AMO.CZ, Climate paper no.16.

6 Nguyen, P. Pellerin-Carlin, T. 2021 *The European Energy Price Spike. Overcoming the Fossil Fuel Crisis*. Jacques Delors Institute. Policy Brief. October 2021.

I • The Fit for 55 EU climate package is a unique opportunity to solve the on-going fossil fuel crisis and implement a socially-just EU Green Deal

I THE FIT FOR 55 KEY MEASURES

On July 14 2021, as part of its new climate package (Fit for 55), the EU Commission proposed to introduce an EU-wide carbon price on heating and road transport from 2026 onwards. Unlike the French or Swedish carbon price, which take the form of a tax with increases set by law, the EU carbon price would be determined by a carbon market, the Emission Trading System (“ETS2”). The EU carbon price on heating and road transport is often coined as ETS2 to differentiate it from the existing carbon market (ETS1) that already covers electricity generation, industry and aviation emissions.⁷

ETS2 is a high-risk low-reward policy that risks triggering social unrest against EU and climate policies.⁸ The rationale for a carbon price is two-fold: first, to incentivise the switch from fossil fuels to low-carbon alternatives, and second, to raise revenues to finance the energy transition. However, carbon price signals do not work very well for buildings and mobility decarbonization.⁹ Buildings’ heating and road transport emissions mostly originate from households (70%), which face greater investment barriers than companies or governments when it comes to adopting clean solutions. A carbon price will not lift most of these investment barriers, unless it reaches very high levels.¹⁰ For example, deep energy renovation results in 60 to 90% energy savings. However, split incentives¹¹, lack of information, lack of access to finance, shortage of skilled workers, fear of scams and inconvenience are as many hurdles that discourage homeowners. As regards mobility, decisions of investment in rail, bus, cycling lanes and charging infrastructure do not lie in the hands of everyday consumers. In the absence of affordable access to alternatives for all, many will remain exposed to high fossil fuel prices, with low decarbonisation benefits and high political risk of social unrest. Second, if the purpose is to finance the energy transition, levying a carbon price on all Europeans is only one option among many others (for example, taxing windfall profits of energy companies¹², or finalising the negotiations on the European financial transaction tax).

ETS2 is part of a broader package, that includes:

- **Tighter ambition on ETS1.** About 40% of CO2 quotas are currently allocated for free, mostly to industry. Under the Fit for 55 revision of ETS1, the Commission proposed (among other) to gradually phase-out of the free allocations for sectors

⁷ European Commission, [EU Emission Trading System \(EU ETS\)](#). (retrieved on 31/05/2022).

⁸ For a detailed discussion, see Defard, C. 2021. [Putting the cart before the horse? Perspectives on a potential ETS on residential buildings](#). Jacques Delors Institute. Policy paper.

⁹ Stenning, J. Bui, H., Pavelka, A. [Decarbonizing European transport and heating fuels – Is the EU ETS the right tool ?](#) Final report. Cambridge Econometrics. June 2020.

¹⁰ 170€/tCO₂ would be required to achieve our climate goals according to Maj, M., Rabięga, W., Szpor, A., Cabras, S., Marcu, A., Fazekas, D., 2021. [Impact on households of the inclusion of transport and residential buildings in the EU ETS](#). Polish Economic Institute, Warsaw ; A study on French deep renovation market estimated that a carbon price as high as 250 to 1000 €/tCO₂ would be required to make deep renovation viable. Dolques, G., Ledez, M., Hainaut, H., 2022 [Quelles aides publiques pour la rénovation énergétique des logements ?](#) I4CE. February 2022.

¹¹ The fact that landlords have no incentive to renovate the unit they are renting out, since they will not benefit from the savings, while tenants would see the benefits but have no interest in investing and improving the value of a house they do not own.

¹² Under current market conditions, excess profits could reach up to 200 billion euros for energy companies according to the IEA. IEA, 2022. [A 10-point plan to reduce the European Union’s reliance on Russian natural gas](#). March 2022.

(aluminium, cement, iron and steel, fertilisers)¹³ that would be covered by the new carbon price on EU borders (Carbon Price Adjustment Mechanism, CBAM) meant to avoid carbon leakage.¹⁴

- **New EU minimum energy taxation rates considering the CO2 content** of energy sources¹⁵ as part of the revised Energy Taxation Directive, which also includes a gradual phase-out of existing exemptions (on kerosene for example)
- **A new Social Climate Fund**¹⁶ to finance social compensation and green investments targeted to the most vulnerable citizens
- **Minimum Energy Performance standards for all existing buildings**¹⁷ in the Energy Performance of Buildings Directive (energy class F by 2030 and E by 2033 for residential buildings)
- **New CO2 standards for new cars** (-55% emissions by 2030, -100% by 2035¹⁸)

The Fit for 55 package is now being amended by the EU Parliament and the Council. It is a unique opportunity to implement a just European Green Deal.

I A TENSE SOCIAL CONTEXT DUE TO THE ON-GOING FOSSIL FUEL PRICE CRISIS

The second invasion of Ukraine by Putin in February 2022 deepens the energy price crisis that has been on-going since September 2021¹⁹. Additional costs²⁰ for households could be as high as 20% of their total expenditures in Hungary, Romania, Italy, Czech Republic and Germany (10% in Denmark, Sweden and France)²¹. High oil and gas prices worsen the existing energy poverty. In 2020, 95 million Europeans were already at risk of poverty or social exclusion²², and can be considered vulnerable to increasing energy price burdens. 35 million Europeans declared being cold at home during winter²³.

EU Member States' emergency answers show that they are fully aware of the political and social risks associated with energy price hikes. Germany, Italy, France and Spain spent each 20 to 30 billion euros in largely untargeted energy bill support since September 2021²⁴. With such bill support, Member States acknowledge the social hurdles associated with unexpected energy price increase. If expensive gas and oil prices could trigger households' massive investment into clean solutions, we would already witness a renovation wave and a substantial shift towards sustainable mobility. However, most renovations performed today result in low energy savings,

¹³ Over 2026-2036, about half of the free allowances would be reduced by 10% a year to achieve complete phase-out in 2036 according to the [Commission Proposal for the revision of the EU Emission Trading System COM\(2021\) 551](#).

¹⁴ Wikipedia, [Carbon leakage](#). (retrieved on 31/05/2022).

¹⁵ European Commission. [Revision of the Energy Taxation Directive \(ETD\) : Questions and answers](#).

¹⁶ European Commission. [Social Climate Fund](#).

¹⁷ European Commission, 2021. [Proposal for a Directive on the Energy Performance of Buildings \(recast\) COM\(2021\) 802 final](#).

¹⁸ European Commission, 2021. [Proposal amending Regulation 2019/631 on CO2 emission performance standards for new passenger cars and new light commercial vehicles](#). COM(2021) 556 final.

¹⁹ Nguyen, P. Pellerin-Carlin, T. 2021 [The European Energy Price Spike. Overcoming the Fossil Fuel Crisis](#). Jacques Delors Institute. Policy Brief. October 2021.

²⁰ In this study, additional costs include both direct effects (price increase of gas for heating, petrol or diesel for transportation) and indirect effects (price increase for goods and services induced by the price increase). From Steckel, J. C. Missbach, L. Ohlendorf, N., Feindt, S., Kalkuhl, M. 2022. Effects of the energy price crisis on European households. Socio-political challenges and policy options. Mercator Research Institute on Global Commons and Climate Change (MCC) gemeinnützige GmbH.

²¹ *Ibid.*

²² Eurostat. 2022. [People at risk of poverty or social exclusion](#).(retrieved on 31/05/2022).

²³ See more details in Magdalinski, E., Delair, M., Pellerin-Carlin, T. 2021. [Europe needs a political strategy to end energy poverty](#). Jacques Delors Institute. Policy paper. February 2021.

²⁴ Tagliapietra, S. 2022. [REPowerEU : will EU countries really make it work ?](#) Bruegel Blog post 05/2022.

while the share of electric vehicles is increasing as a share of new registrations (11% in 2020) but remains low and only represents 1% of the total fleet.²⁵ This shows that buildings and mobility transitions require more public policies.

Most current emergency measures risks being socially regressive²⁶, cancel existing carbon price signals and do not support the required structural shift away from fossil fuels. Universal measures translate in subsidising the energy bills of the wealthiest households too. In France, the oil price subsidy (15-18 ct€/L) overcompensates the price signal of the current carbon tax (11 ct€/L). In Spain, following a strike of the self-employed truck drivers in March 2022²⁷, the Government implemented a 20 ct€/L discount on oil, equivalent to a carbon price of about 85 €/tCO₂ (twice the current French carbon tax). A social compensation transfer to all EU households that use gas for heating would cost 275 billion euros in 2022.²⁸ This is equivalent to the additional (public and private) investments required to achieve the Renovation Wave objective of at least 2% annual renovation rate²⁹, without the long-term benefits of energy retrofit (lower bills, better health, lower emissions...³⁰). A more targeted transfer only to vulnerable households with low income and exceptionally high additional costs would still amount to 93 billion euros³¹, an amount equivalent to the Renovation Wave's public investment needs.³²

The Fit for 55 negotiations are taking place amidst a fossil fuel price crisis that worsen social hurdles and intensifies the need to accelerate the energy transition. Energy prices will remain high in the next few years. Putin's second invasion of Ukraine is posing moral and humanitarian challenges to the purchase of Russian fossil fuels, and threatens our security of supply.³³ Today more than ever, ambitious climate policies have the potential to improve the living conditions of all Europeans, while improving public finances (avoiding to spend emergency billions on fossil fuel bills support), enhancing our energy independence, and contributing to avoiding the worst consequences of climate change. If France had implemented its renovation objectives by 2020, energy savings would have been equivalent to its current Russian gas imports.³⁴ Studies reached the same conclusion for Spain.³⁵

However, the controversial ETS2 proposal raises questions of social acceptability of EU climate policies. Yellow Vests protests against the carbon tax can bring valuable lessons in that respect. The next section will focus on understanding the reasons for the mobilisation, examining the sociology of the protesters as well as their key policy demands.

²⁵ ACEA, 2022. [Share of alternatively-powered vehicles in the EU fleet, per segment.](#)

²⁶ Especially price support for transport, since wealthy households are more likely to drive heavy cars. Brezovska, R., Zachman, G., Pellerin-Carlin, T. Nguyen, P.V., Leuser, L., Thalberg, K., Panzeri, D. Gailindo, J. 2022. [United in diversity? National responses to the European energy crisis.](#) AMO, Bruegel, Jacques Delors Institute, ECCO, EsadeEcPol. AMO.CZ Climate paper no.16.

²⁷ Euractiv .2022, [Energy prices push Spanish inflation to 37-year high.](#) 31/03/2022.

²⁸ Steckel, J. C. Missbach, L. Ohlendorf, N., Feindt, S., Kalkuhl, M. 2022. Effects of the energy price crisis on European households. Socio-political challenges and policy options. Mercator Research Institute on Global Commons and Climate Change (MCC) gemeinnützige GmbH.

²⁹ European Commission, 2020. [A Renovation Wave for Europe –greening our buildings, creating jobs, improving lives.](#) COM(2020) 662 final.

³⁰ Copenhagen Economics, 2012 [Multiple benefits of investing in energy efficient renovation of buildings. Impact on Public Finances.](#) Commissioned by Renovate Europe. October 2012.

³¹ Steckel, J. C. Missbach, L. Ohlendorf, N., Feindt, S., Kalkuhl, M. 2022. Effects of the energy price crisis on European households. Socio-political challenges and policy options. Mercator Research Institute on Global Commons and Climate Change (MCC) gemeinnützige GmbH.

³² BPIE, 2020. [Covid-19 recovery: investment opportunities in deep renovation in Europe.](#) May 2020

³³ Stojanovic, L., Todorov, S., Ciobanu, C., 2022. [Poland, Bulgaria, defiant after Russia cuts off gas supply.](#) Balkan Insight. 27/04/2022.

³⁴ Rüdinger, A. 2022. [La rénovation énergétique, levier essentiel pour se prémunir durablement contre la hausse des prix de l'énergie.](#) IDDRI. Billet de blog. 23 mars 2022.

³⁵ Sweatman, P. 2022. [How energy efficient buildings could help at Spain's energy independence goals while deepening decarbonization.](#) Esade Centre for Economic Policy.

II • The French Yellow Vests : having a greater say for a socially-just transition

I THE CARBON TAX TRIGGERED PROTESTS FUELED BY MORE GENERAL DISCONTENT OVER GOVERNMENT POLICIES

In the fall of 2018, rising oil prices triggered protests among French car drivers. Demands soon focused on a planned increase of the carbon tax. Introduced in 2014, the carbon tax on heating and road transport first went unnoticed, thanks to a drop in energy prices that more than compensated the bill increase until 2016.³⁶ The carbon tax progressively rose every year to reach 44,6€/tCO₂ in 2018³⁷, while specific tax breaks on diesel were gradually phased-out³⁸. However, between 2017 and 2018, diesel prices escalated by 22% and petrol by 15%³⁹, drawing growing attention to energy taxes. Besides, on 1st July 2018, a decrease of secondary roads' speed limit from 90 to 80 km/h generated scattered protests against the measure, high oil prices and cost of living across the territory⁴⁰. Discontent soon focused on the planned increase in the carbon tax from 44,6€ to 55 €/tCO₂ on January 1st 2019.⁴¹

Dissent started to gain ground on Facebook in October 2018⁴², with calls for a "nation-wide blockage against fuel price increase"⁴³ on November 17th and a viral video denouncing high fuel prices, tighter regulations like the reduced speed on secondary roads⁴⁴, and insufficient subsidies to switch to electric vehicles.⁴⁵ The video called out the French government to end what was perceived as unfair policies which impact citizens that have no other choice than to drive their current cars to work and live, while leaving the urban and political elites (who tend to drive less, and fly more) 'untouched'. The video reached 5 million views in only a few days.

The Yellow Vests' mobilisation was particularly fuelled by recent reforms widening economic inequalities.⁴⁶ Measures adopted in the first eighteen months of President Macron's first term, such as the reduction in rent subsidies for low-income households and the emblematic abolition of the wealth tax on financial assets had already generated protests and critics.⁴⁷ Altogether, new policies negatively impacted the lowest income households while benefiting the top 1%.⁴⁸

³⁶ -83€/ year / household due to carbon price vs +450€/ year / household in energy prices drop. Rogissart, L., Postic, S., Grimault, J., 2018. *La composante carbone en France : fonctionnement, revenus et exonérations*. I4CE. Point Climat n°56. October 2018.

³⁷ It generated 9 billion € revenues that same year. Climate consulting selectra, 2022. *Taxe carbone: explications et fonctionnement*.

³⁸ To reach parity diesel – petrol by 2022.

³⁹ Hoibian, S., 2019. *Les Gilets jaunes, un "précipité" des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

⁴⁰ Boyer, P.C., Delemotte, T., Gauthier, G., Rollet, V., Schmutz, B. 2019. *Les déterminants de la mobilisation des "gilets jaunes"*. *Revue économique* 2020/1 (70) 109-138.

⁴¹ The increase of carbon tax would have resulted in +6,5c€/L for diesel, and +2,9c€/L for petrol

⁴² Boyer, P.C., Delemotte, T., Gauthier, G., Rollet, V., Schmutz, B. 2019. *Les déterminants de la mobilisation des "gilets jaunes"*. *Revue économique* 2020/1 (70) 109-138. Already in May 2018, a subsequently famous petition directed to President Emmanuel Macron noted the sharp increase in diesel and petrol prices, and listed causes for the increase: high market prices, rising taxes were causes over which citizens have no power. Ludosky, P., 2018. *Pour une baisse des prix du carburant à la pompe !* Change.org.

⁴³ Launched on October 10 by Eric Drouet and Bruno Lefebvre, in Boyer, P.C., Delemotte, T., Gauthier, G., Rollet, V., Schmutz, B. 2019. *Les déterminants de la mobilisation des "gilets jaunes"*. *Revue économique* 2020/1 (70) 109-138.

⁴⁴ Boyer, P.C., Delemotte, T., Gauthier, G., Rollet, V., Schmutz, B. 2019. *Les déterminants de la mobilisation des "gilets jaunes"*. *Revue économique* 2020/1 (70) 109-138.

⁴⁵ Jacline Mouraud, Youtube video. 27/10/2018.

⁴⁶ Gagnebin, M., Graichen, P., Lenck, T. 2019. *The Yellow Vests Protests: An Analysis of French Carbon Pricing Policy and its Mistakes*. Agora Energiewende. Background. March 2019.

⁴⁷ *Ibid.*

⁴⁸ Douenne, T., 2018., *Les effets redistributifs de la fiscalité carbone en France*, Institut des Politiques Publiques. Note IPP n°34, July 2018. in *Ibid.*

I GOVERNMENT'S ANSWERS FAILED TO COOL DOWN THE PROTESTS

The Yellow Vests have been considered as the most widespread and violent protest movement in France since the 2005 riots and even May 1968.⁴⁹ What made the Yellow Vests movement so important was not the number of protesters *per se* (300 000 at its peak on November 17th), but rather the combination of thousands of small-scale local protests throughout the country, with large-scale demonstrations in Paris and large cities.⁵⁰ In the face of such upheaval, the government froze the carbon tax⁵¹ and adopted additional measures (increased support for energy bills for low income, and for the purchase of efficient cars, among other)⁵² for a total amount of 10b€ in December 2018.

The carbon tax was only a trigger for social unrest against widening economic inequalities.⁵³ Despite the suspension of the carbon tax increase, the protests continued every Saturday until the Covid-19 pandemic and associated lockdown in March 2020.⁵⁴

Yellow Vests expressed a feeling of social injustice shared in French society. The movement first benefited from the passive support of a large majority of French citizens. Opinion polls conducted early December 2018 showed that over 70% of the population supported the Yellow Vests' demands, while condemning the violence of the demonstrations.⁵⁵ Support decreased subsequently to around 56% in April 2019, but negative opinions remained stable at around 20%, meaning that those who withdrew open support remained neutral towards the movement.⁵⁶

I WORKING CLASSES LIVING IN FRAGMENTED SPACES

Involvement in protests was strongly correlated to the distance from home to work, which increased over the last decades.⁵⁷ The choice of Saturdays for weekly mobilisation suggests that most Yellow Vests were working during the week⁵⁸ which was confirmed by further studies.⁵⁹ Commuting time and distances increased over the last twenty years⁶⁰, as public authorities promoted urban sprawl.⁶¹ This was

49 Bouyé, M., Dagnet, Y., 2018. *The Yellow Vests Movement isn't anti-climate action; it's pro-social justice*. World Resource Institute. Commentary. December 2018.

50 Noiriél, G., 2019. *Les gilets jaunes à la lumière de l'histoire*. Dialogue avec Nicolas Truong. L'aube

51 According to the law, the carbon tax was planned to increase progressively by about 10€/tCO₂ a year to reach 86€/tCO₂ by 2022 (corresponding to 20c€/L for oil, vs 11c€/L currently).

52 For details, see Gagnebin, M., Graichen, P., Lenck, T. 2019. *The Yellow Vests Protests: An Analysis of French Carbon Pricing Policy and its Mistakes*. Agora Energiewende. Background. March 2019.

53 *Ibid*; Noiriél, G., 2019. *Les gilets jaunes à la lumière de l'histoire*. Dialogue avec Nicolas Truong. L'aube

54 Local mobilisations on roundabouts receded first, but Saturdays' demonstrations in large cities kept going, although with decreasing turnouts.

55 Lévy, J., D., Bartoli, P/H., Les "Gilets jaunes". *Quelle perception de la part des Français au lendemain de la manifestation du 1er décembre sur les Champs-Élysées ?* Harris interactive. December 2018.

56 Hoibian, S., 2019. *Les Gilets jaunes, un "précipité" des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

57 Boyer, P., Delemotte, T., Gauthier, G., Rollet, V., Schmutz, B. Les déterminants de la mobilisation des Gilets jaunes. *Revue économique* 2020/1 (Vol 71.) 109-138.

58 And were unwilling to strike, which could be explained by more vulnerable job status (short-term contracts for example).

59 Econometric study showed that the movement was driven by inequalities among workers. Boyer, P., Delemotte, T., Gauthier, G., Rollet, V., Schmutz, B. Les déterminants de la mobilisation des Gilets jaunes. *Revue économique* 2020/1 (Vol 71.) 109-138.

60 +12,5% of km travelled between 2005 and 2016: increase in commuting times. Hoibian, S., 2019. *Les Gilets jaunes, un "précipité" des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

61 See also in Genevois, S., 2020. *Des lieux de manifestations aux territoires de la révolte. Quelle(s) cartographie(s) du mouvement des Gilets jaunes ? Géographies de la colère*. 114. 37-57.

acknowledged by President Macron in an interview in November 2020.⁶² To live, work and participate in social life, one car per adult is today considered essential in rural areas, and in a medium-sized city, one car per household.⁶³

Outside Paris (45%), the share of public transport in commuting is small: it represents only 15% in a few large cities (Lyon, Lille, Grenoble, Strasbourg), and is well below 15% in the rest of the country. In 2017, 3 out of 4 commuters used their own car to go to work.⁶⁴ On the other hand, the car modal share increases with the distance from home to work.⁶⁵

A spatial divide that goes beyond a simplistic opposition of rural and urban areas. Research conducted on Facebook groups gives an overview of the diversity of the participants: 38% live in a town or small town, 34% in a village, 22% in a big city or suburb.⁶⁶ **This shows the territorial fragmentation⁶⁷ of the working classes⁶⁸,** who navigate car-shaped spaces (residential, commercial, employment), face substantial house and car ownership expenditures and lack of alternatives to fossil fuel consumption.⁶⁹ Protesters were more likely to witness the reduction of public services, mostly in rural and suburban areas, like the closure of post offices, hospitals, railway lines.⁷⁰

What united the Yellow Vests was a common experience of social vulnerability.⁷¹ 70% of supporters of the movement earned less than the national median income.⁷² 75% of Yellow Vests declared regularly restricting their budget.⁷³ They were not the poorest⁷⁴ but rather downwardly mobile members of the middle class.⁷⁵ Research

⁶² Groupe d'études géopolitiques, *The Macron Doctrine*. 16/11/2022. "Similarly, if I take a French family, which has done everything that has been asked of them for thirty years. They were told, 'You have to find a job,' so they found a job. They were told, 'You have to buy a house,' but a house is too expensive in the city, so they bought it 40, 50, 60 kilometres away from the city. They were told, 'The model of success is to each have your own car,' so they bought two cars. (...) They say, 'But I did everything right! And for decades, the French government asked me to buy diesel, and I bought diesel!'"

⁶³ Hoibian, S., 2019. *Les Gilets jaunes, un "précipité" des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

⁶⁴ Brutel, C., Pages, J., 2021. *La voiture reste majoritaire pour les déplacements domicile-travail, même pour les courtes distances*. Insee Première. N°1835.

⁶⁵ 60% for distance of 5km maximum, 77% for distances between 5 and 15km, 85% for distances between 25 and 30km. *Ibid.*

⁶⁶ Guerra, T., Alexandre, C., Gonthier, F., 2019. *Populist attitudes among the French Yellow Vests* *Populism 2* (2019) 1-12.

⁶⁷ Malaise is much more pronounced in medium-sized towns (20 000 to 100 000 inhabitants, according to CEPREMAP, 2018. *Note de l'Observatoire du Bien-être n°2018-07 : Bonheur rural, malheur urbain ?*) than in rural villages or large cities. Preferred targets of the Yellow Vests were Roundabouts at the doors of large cities. Genevois, S., 2020. *Des lieux de manifestations aux territoires de la révolte. Quelle(s) cartographie(s) du mouvement des Gilets jaunes ? Géographies de la colère*. 114. 37-57

⁶⁸ Kipfer, S. 2019. *What colour is your vest? Reflections on the yellow vest movement in France*. *Studies in Political Economy*. 100:3, 209-231.

⁶⁹ Protests took place in deindustrialized places as well as suburban neighbourhoods dependent on large cities for employment and public services. Depraz, S., 2018 *La France contrainte des Gilets jaunes*. AOC.

⁷⁰ Gagnebin, M., Graichen, P., Lenck, T. 2019. *The Yellow Vests Protests: An Analysis of French Carbon Pricing Policy and its Mistakes*. Agora Energiewende. Background. March 2019.

⁷¹ Collectif d'enquête sur les Gilets Jaunes 2019. *Enquêter in situ par questionnaire sur une mobilisation en cours : une étude sur les Gilets jaunes*. *Revue française de science politique*. 2019 n°5, Vol. 69.

⁷² Algan, Y. Beasley, E., Cohen, D., Foucault, M., Péron, M. 2019 *Qui sont les Gilets jaunes et leurs soutiens?* Cepermap, Sciences Po Cevipof. Note de l'Observatoire du Bien-être. 2019 - 03.

⁷³ against 35% for those hostile to the movement. Hoibian, S., 2019. *Les Gilets jaunes, un "précipité" des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

⁷⁴ people most at risk of poverty rather are unemployed people living in denser areas

⁷⁵ Kipfer, S. 2019. *What colour is your vest? Reflections on the yellow vest movement in France*. *Studies in Political Economy*. 100:3, 209-231.

found a correlation between support for the movement and occupation in low paying jobs with weak employment security.⁷⁶ **This combination of employment and social vulnerability seems to be a strong driver of populist attitudes.**⁷⁷

Socio-spatial constraints associated with tight budgets lead to a high vulnerability to energy price increases.⁷⁸ The Yellow Vests movement therefore raised the question of socio-spatial justice in the low-carbon transition.

I HIGH-VISIBILITY JACKETS : PROTESTING AGAINST SOCIAL AND POLITICAL INVISIBILITY

The Yellow Vests movement was composed of people that usually feel they are not well represented in politics.⁷⁹ First-time protesters with no previous involvement in political parties or trade unions were over-represented in the movement. Academic surveys found that over 50 % of Yellow Vests did not feel close to a specific political party, and 70 % refused to locate themselves on a left-right axis.⁸⁰

Support for the movement is proportional to the feeling of social invisibility.⁸¹ Political and media blindness towards new vulnerable parts of the society generates social invisibility. According to the National Observatory of Poverty and Social Exclusion, **50% of the French face –quite often to very often– important hardships that go unnoticed by public institutions and the media**, first and foremost financial hardships and hardships to access fundamental rights and needs (job, housing, social rights and public services).⁸² Invisibility reflects the frustrations of people whose salary do not cover regular expenditures and leisure needs.⁸³ This fits quite well the Yellow Vests protests.

⁷⁶ Over 2001 and 2017, fixed term contracts were multiplied by 2,5. In 2017, 87% of new hires are under fixed-terms contracts, 83% for less than one month, 30% for only one day. Hoibian, S., 2019. *Les Gilets jaunes, un “précipité” des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

⁷⁷ Guerra, T., Alexandre, C., Gonthier, F., 2019. *Populist attitudes among the French Yellow Vests* Populism 2 (2019) 1-12.

⁷⁸ The increase of unavoidable basic necessities' expenditures is responsible for the fiscal discontent. Genevois, S., 2020. *Des lieux de manifestations aux territoires de la révolte. Quelle(s) cartographie(s) du mouvement des Gilets jaunes ? Géographies de la colère*. 114. 37-57.

⁷⁹ While being more interested in politics than the average in the general French population. Guerra, T. Alexandre, C., Gonthier, F. 2019. *Populist attitudes among the French Yellow Vests*. Populism 2 (2019) 1-12.

⁸⁰ Collectif d'enquête sur les Gilets Jaunes 2019. *Enquêter in situ par questionnaire sur une mobilisation en cours : une étude sur les Gilets jaunes*. Revue française de science politique. 2019 n°5, Vol. 69.

⁸¹ Hoibian, S., 2019. *Les Gilets jaunes, un “précipité” des valeurs de notre société*. CREDOC Centre de recherche pour l'étude et l'observation des conditions de vie, Note de synthèse. Avril 2019.

⁸² The lower-middle classes are more likely to declare facing hardships that they feel are not taken sufficiently into account. Observatoire National de la Pauvreté et de l'Exclusion Sociale (ONPES), 2016. *L'invisibilité sociale : une responsabilité collective*.

⁸³ Observatoire National de la Pauvreté et de l'Exclusion Sociale (ONPES), 2016. *L'invisibilité sociale : une responsabilité collective*.

I HAVING THEIR SAY IN CLIMATE POLICY FOR A SOCIALLY-JUST TRANSITION

The Yellow Vests core demands were to earn a decent living and to reduce inequalities.⁸⁴ Purchasing power, inequality and poverty were at the top of the list of their most important problems, before taxes.⁸⁵ Surveys show that Yellow Vests were likely to perceive themselves (the labour classes, care workers, etc.) as the backbone of economic prosperity, and as such it is unfair that they face economic hardships.⁸⁶

The Yellow Vests asked for socially-just climate action. The media and climate NGOs first perceived the opposition to the carbon tax as an anti-ecological claim.⁸⁷ However, evidence shows that the Yellow Vests commend fighting climate change.⁸⁸ They were asking for both, more equalitarian outcomes and more effective, ambitious climate action.⁸⁹

The Yellow Vests also called for greater citizen participation in decision-making to address and end political and social invisibility,⁹⁰ Democratic aspirations became increasingly central over time⁹¹, with a “Citizens’ initiative referendum”⁹² as one of the most popular measures in that respect. This shows that in the eyes of citizens, as for scholars⁹³, part of the solution lies in democratic innovations to increase and deepen citizen involvement in policy-making⁹⁴ to which President Macron tried responding by initiating a nationwide “Grand Débat”.

The Yellow Vests were therefore not protesting against carbon pricing *per se*, but against socially-unfair climate policies. This suggests that social justice should be at the core of ambitious and successful climate policies. The next section will highlight the relevance of this French movement for the EU and draw lessons for a socially-just EU Green Deal.

⁸⁴ Guerra, T., Alexandre, C., Gonthier, F., 2019. [Populist attitudes among the French Yellow Vests](#) *Populism 2* (2019) 1-12.

⁸⁵ The high prevalence of social insecurity fuels demands rooted in everyday life. Specific left-wing themes like anti-capitalism, exploitation, and class struggle, and radical right ideas like national sovereignty and identity, immigration, are less salient than values of solidarity, social justice, and system transformation to serve the workers. This could be explained by the ideological structure of the movement, outside traditional political parties. Guerra, T., Alexandre, C., Gonthier, F., 2019. [Populist attitudes among the French Yellow Vests](#) *Populism 2* (2019) 1-12.

⁸⁶ Guerra, T., Alexandre, C., Gonthier, F., 2019. [Populist attitudes among the French Yellow Vests](#) *Populism 2* (2019) 1-12.

⁸⁷ Noiriél, G., 2019. [Les gilets jaunes à la lumière de l'histoire. Dialogue avec Nicolas Truong](#). L'Aube.

⁸⁸ They simply worry about how current elites will solve the climate crisis. Driscoll, D., 2021. [Populism and Carbon Tax Justice: the Yellow Vest Movement in France](#). *Social Problems*, 2021. They are concerned about climate change like the vast majority of French people, who commend support measures such as subsidies and loans, as well as greater transparency and labelling. See more details in Cautrès, B., Chopin, T., Nguyen, P.V., Pellerin-Carlin, T., 2021. [The French and the environment. Evolution of a growing political concern](#). Jacques Delors Institute. Policy Paper. April 2021.

⁸⁹ Collectif d'enquête sur les Gilets Jaunes 2019. [Enquêter in situ par questionnaire sur une mobilisation en cours : une étude sur les Gilets jaunes](#). *Revue française de science politique*. 2019 n°5, Vol. 69.

⁹⁰ Melheb, R.I., Kallis, G., Zografos, C. 2021. [A discourse analysis of yellow-vest resistance against carbon taxes](#). *Environmental Innovation and Societal Transitions* 40 (2021) 382-394; Abrial, S., Alexandre, C., Bedock, C., Gonthier, F., Guerra, T. 2021. [Punish or partake ? The Yellow Vests' democratic aspirations through mixed methods analysis](#). Journée d'étude de l'ANR Gilets jaunes, Sept 2021.

⁹¹ Collectif d'enquête sur les Gilets Jaunes 2019. [Enquêter in situ par questionnaire sur une mobilisation en cours : une étude sur les Gilets jaunes](#). *Revue française de science politique*. 2019 n°5, Vol. 69.

⁹² Wikipedia, [Citizens' initiative referendum \(France\)](#). (retrieved on 31/05/2022).

⁹³ Cooper, L., Dunin-Wasowicz, R., Kaldor, M., Milanese, N., Rangelov, I. 2021. [The Rise of Insurgent Europeanism. Mapping Civil Society Visions of Europe 2018-2020](#). LSE Ideas. Report. April 2021.

⁹⁴ Abrial, S., Alexandre, C., Bedock, C., Gonthier, F., Guerra, T. 2021. [Punish or partake ? The Yellow Vests' democratic aspirations through mixed methods analysis](#). Journée d'étude de l'ANR Gilets jaunes, Sept 2021.

III • Lessons for the EU Green Deal

I THE RELEVANCE OF YELLOW VESTS' PROTEST FOR EU CLIMATE POLICY, IN A CONTEXT OF FOSSIL FUELS PRICE CRISIS AND RISING CARBON INEQUALITIES

Protests against rising fuel prices is not a French phenomenon. Mass protests against high utility bills already occurred in Bulgaria in 2013. Bulgaria is the EU Member State with the lowest per capita income and faces high energy poverty rates (27,5 %⁹⁵). Electricity bill increases triggered a protest that subsequently transformed into a non-partisan movement against government policies. The protest ended with the resignation of the cabinet of Boyko Borisov. More recently in March 2022, social unrest occurred in Spain against sky-rocketing energy prices.⁹⁶

Individual carbon footprints –i.e. the total amount of greenhouse gas generated to support one's lifestyle– are strongly correlated to income and carbon inequalities are on the rise in Europe. In the EU, the average carbon footprint per person for the top 1% wealthiest was 43 tCO₂, against only 4 tCO₂ for the bottom 50%.⁹⁷ The richest 10% of Europeans are responsible for over a quarter (27%) of EU emissions.⁹⁸ The energy price crisis occurs in a context in which, since 1990, emissions cuts were achieved only among lower and middle income Europeans, while the 10% wealthiest increased their emissions.⁹⁹ Besides, socio-economic inequalities have been found responsible for driving high-emission consumption and production.¹⁰⁰ They also impede climate ambition by facilitating obstruction of climate policies, undermining public support for the energy transition, and weakening collective action.¹⁰¹ **To be effective both from a climate and social justice perspective, EU policies should focus first and foremost on curbing emissions of the wealthiest Europeans¹⁰²,** as their high-emission lifestyles contribute more to climate change, while they have the greatest financial capacity to reduce their emissions.

Frustration linked to political and social invisibility goes beyond the French Yellow Vests. High shares of far-right votes in socio-economically disadvantaged regions are correlated with a sense of political abandonment. Outside of France, this could be exemplified by the leading position of the populist party AfD in some Eastern regions of Germany in the 2021 general elections.¹⁰³ In rural, small and suburban areas, the decrease of public infrastructure and services leads to feelings of devaluation, expectations of downward social mobility and worries for children's future.¹⁰⁴ **Unfair climate policies could fuel discontent in already impoverished**

⁹⁵ Eurostat, 2021. [Inability to keep home adequately warm, 2020](#).

⁹⁶ Euractiv, 2022. [In Spain, soaring prices fuel growing social unrest](#). 24/03/2022.

⁹⁷ Ivanova, D., Wood, R., 2020. [The unequal distribution of household carbon footprints in Europe and its link to sustainability](#). *Global Sustainability*, 3, 2020.

⁹⁸ Gore, T, Alestig, M. 2020. [Confronting carbon inequality in the European Union. Why the European Green Deal must tackle inequality while cutting emissions](#). Oxfam international. Policy paper.

⁹⁹ The poorest 50% of Europeans decreased their emissions by 24%, the next 40% by 13%. The 10% richest increased their emissions by 3%, the top 1% by 5%. Gore, T, Alestig, M. 2020. [Confronting carbon inequality in the European Union. Why the European Green Deal must tackle inequality while cutting emissions](#). Oxfam international. Policy paper.

¹⁰⁰ Green, F., Healy, N. 2022 [How inequalities fuels climate change ; the climate case for a Green New Deal](#). One Earth.

¹⁰¹ *Ibid.*

¹⁰² Chancel, L. 2021. [Climate change and the global inequality of carbon emissions. 1990-2020](#). World Inequality Lab. December 2021.

¹⁰³ Schultheis, E., 2021. [Germany's far-right AfD loses nationally, but wins in the East](#). Politico. 28/09/2022.

¹⁰⁴ Reduced access to public services cuts off individual opportunities, but also possibilities to take part to society. Hillje, J., [Return to the politically abandoned: conversations in right-wing populist strongholds in Germany and France](#). Das Progressive Zentrum. Study. October 2018.

places across the EU. Yet, climate policies are not only about costs but also benefits. Ensuring that the multiple benefits of climate action (such as improved health) are fairly spread across the society would strengthen social cohesion and resilience.

I IMMEDIATE LESSONS FROM THE FRENCH FAILURE FOR A FUTURE CARBON PRICE (ETS2)

The lack of earmarking of revenues for a socially-just energy transition was a key design flaw of the French carbon price.¹⁰⁵ The negative distributional impacts of carbon pricing are well-documented.¹⁰⁶ All things equal, a carbon tax will weigh more heavily in the monthly budget of low-income households, since they spend higher shares of their revenues on energy.¹⁰⁷ Using all the revenues of the carbon price for short-term social compensation and long-term green investments is key to mitigate this negative impact. If properly targeted towards low- and middle income households, it could lower inequalities.¹⁰⁸ In the case of France, social compensation towards the most vulnerable and policies for the development and access to affordable clean alternatives were deemed insufficient by protesters and researchers alike.¹⁰⁹

However, **anticipating (and properly mitigating) the social impact of a carbon price on heating and road transportation could end up being very challenging.** Targeting households based on income is quite straightforward.¹¹⁰ However, the impact of (and vulnerability to) a carbon price will also depend on families' heating supply (coal, oil, gas, electricity, renewable...), energy efficiency of the house (worst-performing or well-insulated building), and car dependency. **Social compensation based on income will never fully compensate for the carbon price for the most vulnerable,** because it does not consider other living condition differences. For example, Yellow Vests were equally likely to come from rural, suburban and urban settings.¹¹¹ This spatial fragmentation suggests that setting up an efficient and well-targeted compensation scheme could end up being very challenging.

Besides, **a socially-just transition approach should first ensure everyone has access to affordable alternatives to fossil fuels, before introducing a carbon price.** One of the key drivers of the Yellow Vests' protests was the lack of alternatives to their diesel or petrol cars to work and live. Appropriate policies supporting households to finance renovation, building up clean mobility infrastructures, and

¹⁰⁵ 3 billion € of carbon tax revenues were actually used to finance tax breaks for businesses, in 2016, while 1 billion € was spent on reduced VAT rate on renovation works. In 2018 the carbon tax increase was expected to generate 3,7 billion € additional money, against compensation measures of only 181 million € (100 million € additional of electric vehicle purchase support, and 81 million € additional for energy bill support targeted to low income households. Rogissart, L. Postic, S., Grimault, J., 2018. [La composante carbone en France : fonctionnement, revenus et exonérations](#). I4CE. Point Climat n°56. October 2018.

¹⁰⁶ Klenert, D. Mattauch, L., Combett, E., Edenhofer, O., Hepburn, C., Rafaty, R., Stern, N. 2018. [Making carbon pricing work for citizens](#). Nature Climate Change. Vol 8. August 2018. 669-677.

¹⁰⁷ Stenning, J. Bui, H., Pavelka, A. [Decarbonizing European transport and heating fuels – Is the EU ETS the right tool ?](#) Final report. Cambridge Econometrics. June 2020.

¹⁰⁸ Gore, T. 2022. [Can Polluter Pays policies in the building and transport sectors be progressive ?](#) Research report, Institute for European Environmental Policy.

¹⁰⁹ Berry, A., Laurent, E. 2019 [Taxe carbone, le retour, à quelles conditions ?](#) Sciences Po OFCE Working Paper n°06/2019. Berry, A., Laurent, E. 2019 [Taxe carbone, le retour, à quelles conditions ?](#) Sciences Po OFCE Working Paper n°06/2019. Saujot, M., Berghmans, N. Chancel, L. 2019. [Après le gel de la taxe carbone, quelles priorités pour la transition écologique ?](#) Iddri / SciencesPo.

¹¹⁰ But could still be challenging in Member States that lack reliable data on households' income. Targeting low-income households could also mean supporting the majority of the population in some Member States, especially in Eastern and Central Europe.

¹¹¹ Guerra, T., Alexandre, C., Gonthier, F., 2019. [Populist attitudes among the French Yellow Vests](#) Populism 2 (2019) 1-12.

spatial planning ensuring the availability of local services from schools to grocery (hence reducing mobility needs) must be implemented *before* a carbon price enters into force.

Lastly, the lack of policy consistency regarding the carbon price base contributed to the feeling of injustice among Yellow Vests. Households fully paid the French carbon tax, while exemptions were kept for road freight (1,5 billion euros in 2019¹¹²), aviation (3,6 billion euros in 2019¹¹³), public works and agriculture. Yellow Vests protesters denounced this derogation regime, especially the fact that flying for holidays is exempted from a carbon tax that car drivers pay to go to work. Economists already identified it as an issue before the Yellow Vests protests.¹¹⁴

I BROADER LESSONS : GUIDING PRINCIPLES FOR A SOCIALLY-JUST EU CLIMATE POLICY

Acceptance of the transition depends on perceived justice, especially “whether the most responsible and capable actors are taking action”.¹¹⁵ Responsibility usually refers to accumulated historic emissions (be it at international, national, company or individual level). On the other hand, capability depends on the ability of stakeholders to act for climate change mitigation. It includes legal powers, policy instruments, financial, technical, social and human resources, as well as the trust of other actors. Responsibility and capability are usually well-correlated¹¹⁶, meaning that those who are the most responsible for climate change, tend to also be those who can have the greatest impact on climate with their actions and decisions.

Climate policies must take carbon inequalities –i.e. different responsibilities– into account, both between and within EU Member States. Yellow Vests correctly felt that they were less responsible for climate change than companies, governments¹¹⁷ or top earning individuals.¹¹⁸ The decision to build up clean mobility infrastructure, from charging points for electric vehicles to affordable quality public transportation systems, lies in the hands of governments, not individuals. Costs, burdens and benefits of the transition should be fairly distributed across all stakeholders, depending on their past emissions and current contribution to climate change.

Targeting top emitters first is a matter of both climate efficiency and social justice. Yet, climate policy regulatory obligations regularly exempt them. For example, at EU level, aviation and the industrial sector do not pay for most of their emissions despite being covered by the current EU carbon market (Emission Trading System, ETS1), because they benefit from free allocations. Air transport is a high-emitting activity that is mostly undertaken by high-income citizens. Air travel makes up 41% of the average carbon footprint of the top 1% EU households emitters. It is the EU top 10% emitting households that fly, while the others have an air travel carbon

¹¹² Cour des comptes 2019. [Les dépenses fiscales. Note d'analyse de l'exécution budgétaire](#). Due to a subsidy of 16ct€/L, Assemblée nationale, 2019 [Examen de la première partie du PLF 2020](#).

¹¹³ Réseau Action Climat, 2019. [En 2019, la France offre 11 milliards d'euros de subventions pour les énergies fossiles](#).

¹¹⁴ Rogissart, L. Postic, S., Grimault, J., 2018. [La composante carbone en France : fonctionnement, revenus et exonérations](#). I4CE. Point Climat n°56. October 2018.

¹¹⁵ Garvey, A., Norman, J.B., Büchs, M., Barret, J., 2022. [A “spatially just” transition? A critical review of regional equity in decarbonisation pathways](#). Energy Research and Social Science 88 (2022).

¹¹⁶ *Ibid.*

¹¹⁷ Driscoll, D., 2021. [Populism and Carbon Tax Justice: the Yellow Vest Movement in France](#). Social Problems, 2021.

¹¹⁸ Chancel, L. 2021. [Climate change and the global inequality of carbon emissions. 1990-2020](#). World Inequality Lab. December 2021.

footprint below 0,1 tCO₂ per person.¹¹⁹ Therefore, EU exemptions for air travel and industry should be abolished, especially if regular households are asked to fully contribute.

There is growing academic concern that the transition would fail to address existing patterns of injustice, or even reproduce them.¹²⁰ In many cases, local authorities will be the ultimate implementer of the housing and mobility transition. However, many have limited operational capability to implement low carbon policies due to multiple deprivation challenges and socio-economic inequalities. For example, according to EnergyCities, 214 000 additional job positions are needed to enable local governments to implement the Renovation Wave while leaving no one behind¹²¹.

A socially-just transition needs to pay attention to diverging capabilities between regions and citizens, by giving more support to those who have the least resources. The new Just Transition Mechanism¹²² is a good step towards a more disaggregated approach to regions most affected by climate policies. Yet, only a few regions are eligible and it mostly focuses on employment impacts and reskilling needs. At the household level, as already acknowledged by the European Commission,¹²³ subsidies should be in priority targeted towards low-income households and should depend on the income level. The proposed Social Climate Fund would be the very first EU fund specifically dedicated towards social compensation and green investments targeted to the most vulnerable citizens. It would fill an important gap in the just EU transition framework.

Lastly, **a socially-just transition requires improved citizen participation.** This was one of Yellow Vests key requests¹²⁴, in line with an increasing demand for renewed democratic participation in the EU.¹²⁵ In France, the Citizen Assembly on Climate was an attempt from the French government to remedy the lack of public participation in climate policy-making. However, the 2020 Climate Law voted by the French Parliament integrated only 10% of the assembly proposals for a socially-just transition, contrary to President Macron's promise.¹²⁶ If improperly implemented, new participatory experiences could further fuel political distrust. Clarity and accountability about the outcome would avoid citizen's disappointment. The governance must improve to make policy work for those who are feeling side-lined or invisible in the current political system¹²⁷. The Conference on the future of Europe is one of the latest democratic experiments at EU level. Member States should seize the resulting proposals as an opportunity to strengthen EU democracy¹²⁸.

¹¹⁹ Ivanova, D., Wood, R., 2020. [The unequal distribution of household carbon footprints in Europe and its link to sustainability](#). Global Sustainability, 3. 2020.

¹²⁰ Garvey, A., Norman, J.B., Büchs, M., Barret, J., 2022. [A "spatially just" transition? A critical review of regional equity in decarbonisation pathways](#). Energy Research and Social Science 88 (2022).

¹²¹ Ancelle, A., Bourgeois, M., Joubert, J., [Human capacity in local governments: the bottleneck of the building stock transition](#). Energy Cities. Report. April 2022. Energy.

¹²² European Commission. [The Just Transition Mechanism](#) (retrieved on 31/05/2022).

¹²³ European Commission, 2020. [Recommendation on energy poverty](#). 2020/1563.

¹²⁴ Driscoll, D., 2021. [Populism and Carbon Tax Justice: the Yellow Vest Movement in France](#). Social Problems, 2021.

¹²⁵ Cooper, L., Dunin-Wasowicz, R., Kaldor, M., Milanese, N., Rangelov, I. 2021. [The Rise of Insurgent Europeanism. Mapping Civil Society Visions of Europe 2018-2020](#). LSE Ideas. Report. April 2021.

¹²⁶ Europe 1. [La convention citoyenne pour le climat s'achève sur un goût amer](#). 28/02/2021.

¹²⁷ *Ibid.*

¹²⁸ Nguyen, T., Redeker, N., 2022. [If not now, when? The German government should seize the opportunity that the Conference on the Future of Europe provides](#). Jacques Delors Centre. Policy Position. May 2022.

IV • Conclusion and policy recommendations for a socially-just Fit for 55 climate package

The Yellow Vests protests make an interesting case study for future EU policy because of the proposal of an EU carbon price on heating and road transport (ETS2) that would directly impact citizens. The current energy price crisis and national emergency answers show that **no Member State is immune to the risk of social unrest linked to high energy bills**. Besides, frustration linked to political and social invisibility goes beyond the French case. Unfair EU climate policies, in a context of rising carbon inequalities, risks fueling further discontent in impoverished places across the EU.

Therefore, **adopting ETS2 is an even greater political risk today than when it was proposed one year ago**. The spatial fragmentation of vulnerable Europeans could make it challenging to properly mitigate ETS2 expected negative impacts –not to say to reduce inequalities– with revenue recycling through the proposed Social Climate Fund. However, if the Council and the European Parliament nonetheless decide to move forward with ETS2, EU policies must be adopted to smoothen the social and political risks to the greatest possible extent. The following recommendations hold with or without ETS2, but become all the more important if ETS2 is adopted.

Beyond the need to avoid social unrest, the Fit for 55 is above all a unique opportunity to implement a socially-just transition that would alleviate existing carbon inequalities, hence strengthening the EU social cohesion and future resilience.

I A SOCIALLY-FAIR PRICE SIGNAL

The feeling of social injustice among Yellow Vests partly originated from the exemptions and lack of policy coherence in the implementation of the carbon price. Applying a carbon price to citizen's emissions from heating and road transport while keeping exemptions for large emitters was deemed as unfair. **Targeting top emitters first is a matter of both climate efficiency and social justice**. Businesses and high-income households have more capacity to adapt to a carbon price and bear more responsibility in climate change than average Europeans. Therefore, **the priority should be to end current exemptions under the existing carbon market (ETS1)**. To that end, the Council and the European Parliament should amend the **Emission Trading System Directive** to :

- **Phase-out all free allowances for the industry by 2030 at the latest.**¹²⁹ Today, 40% of carbon allowances traded on the existing carbon market („ETS1“) are given out for free, mostly to large industries. At a price of 60€/tCO₂, the revenue loss is about 40 billion euros per year. These revenues should be directed towards the EU Innovation Fund to develop and deploy the deep decarbonisation solutions needed for the industry.¹³⁰
- **Phase-out free allowances for intra-EU flights and remove the derogation for international aviation**¹³¹ to fully cover aviation CO₂ emissions with ETS1.

¹²⁹ See detailed explanations in Pellerin-Carlin T., Vangenechten D., Lamy P. & Pons G. 2022. “**No more free lunch. Ending free allowances in the EU ETS to the benefit of innovation**”, *Policy brief*, Jacques Delors Institute, E3G & Europe Jacques Delors, February 2022.

¹³⁰ *Ibid.*

¹³¹ The so-called “stop the clock” derogation for the aviation under ETS1 applies to all flights to and from Europe (including EFTA states and Croatia), except intra-European flights. See explanations in Transport & Environment, 2021, [Stop the Clock: the ETS Aviation Derogation](#). Briefing.

Additionally, the Council should amend the **Energy Taxation Directive** to include **new minimum rates** for different energy types based both on **energy and CO2 content**, as well as to **gradually phase-out the numerous exemptions** currently enforced, for example on aviation fuel (kerosene), as proposed by the Commission. This revision would also allow for a rebalancing of taxation between electricity and fossil fuels. In all Member States, electricity is always more heavily taxed than fossil gas, except in the Netherlands¹³². In the absence of an agreement¹³³ on these amendments on the Energy Taxation Directive, Member States will be free to completely cancel the price signal of ETS2 by changing their national taxation rates on fossil fuels. This would undermine the policy, besides fueling social frustration and feeling of injustice.

Since the EU carbon price on heating and road transport will be set by a carbon market (ETS2), the price will be uncertain by design. Yellow Vests protested against the social impact of high energy prices and sudden price hikes, and the lack of affordable alternatives to fossil fuels. Therefore, if ETS2 is adopted by the Council and the European Parliament, they should include a credible **price corridor for ETS2** to mitigate risks of social backlash, and **exclude households** from the scope of ETS2 **as long as vulnerable households have not been structurally shielded from fossil fuel prices**. As regards the building sector, this could mean that **all EU buildings reach a minimum energy performance of D energy class**, or if current worst-performing buildings inhabited by low-income households are renovated to very high energy performance (A energy class). For mobility, ensure a minimum access to public transportation (bus, trains), affordable electric vehicles and appropriate charging infrastructure.

I AMBITIOUS REGULATIONS

Providing affordable alternatives to fossil fuels to all citizens will require ambitious regulations. **In the building sector, the EU can contribute to the creation of a deep renovation market by establishing minimum energy performance standards for existing buildings**. For example, achieving a D energy class by 2030 (as suggested by the EU Save Energy Communication¹³⁴ published as part of the REPower EU Plan), and A by 2045 at the latest. This would address the lack of information, create legal certainty for the renovation sector and allow for public support to align with these objectives. To that end, the Council and the European Parliament should **amend the Energy Performance of Buildings Directive** to adopt minimum energy performance standards aligned with climate neutrality objective¹³⁵, for all existing buildings, with intermediary (2030) and long-term (2050) binding targets, and mainstreaming one-stage deep renovation wherever possible.

In the mobility sector, the main EU regulation deals with emission standards of new cars. Although the mobility transition encompasses a much broader set of solu-

¹³² Thomas, S., Sunderland, L., Santini, M., 2021. «Pricing is just the icing : the role of carbon pricing in a comprehensive policy framework to decarbonize the EU building sector», *Regulatory Assistance Project*.

¹³³ The greatest challenge as regards EU decision-making on taxation matters is that it does not fall under the ordinary legislative procedure. Hence, the EU Parliament is not involved, and decisions require unanimity among Member States in the Council. As a result, key proposals on EU taxation have been blocked for years. Policy-makers have been repeatedly calling for a move to qualified majority voting in taxation, including the Commission. See details in European Commission press release “[Commission launches debate on a gradual transition to more efficient and democratic decision-making in EU tax policy](#)”, January 2019.

¹³⁴ European Commission, 2022. [EU Save Energy Communication](#). COM(2022) 240 final.

¹³⁵ Defard, C., 2021. [Addressing the climate and social emergencies with minimum energy performance standards](#). Jacques Delors Institute. Policy Paper. November 2021.

tions, setting regulatory certainty associated with ambitious targets for petrol cars phase-out is part of the solution. Therefore, the Council and the European Parliament should **amend CO2 standards for new cars** to decrease emissions by 75% by 2030¹³⁶, and agree on the existing proposal of the Commission to reduce emissions by 100% by 2035

I ADEQUATE FINANCING

Adequate financing will be key to implement ambitious regulations and ensure access to alternatives to fossil fuels. Part of the discontent of the Yellow Vests stemmed from the lack of earmarking of revenues for a socially-just energy transition. Therefore, the Council and the European Parliament should **amend the ETS directive, the Social Climate Fund (SCF) regulation and the Multi-annual framework** (if the SCF is funded through the EU budget as currently proposed) to ensure that **100% of ETS2 revenues are used to finance a socially-just transition** (social compensation and green investments targeted to those who need it most), either through the SCF or national Social Climate Plans.

One of the lessons from the Yellow Vests is that a **socially-just transition approach should first ensure everyone has access to affordable alternatives to fossil fuels, before introducing a carbon price.** Besides, the current energy price crisis shows that green investments targeted to the most vulnerable are much needed already today. Therefore, **investments of the Social Climate Fund should be frontloaded as soon (and as much) as possible, and no later than 2024**, either through ETS Directive, SCF regulation or MFF amendment (depending on the chosen option). Providing affordable alternatives to fossil fuels for low-income households is a matter of energy security, climate action and social justice. To stop wasting tens of billions of public money in social compensation, let's address the root cause of high dependency on fossil fuels. Low-income households already restrict their energy use¹³⁷, hence they have little room to further reduce their energy use in the face of high energy prices.

To ensure that the Social Climate Fund is sufficiently funded, the Council and the European Parliament should **amend the ETS directive to dedicate a share of ETS1 allowances to the Social Climate Fund**¹³⁸. Stark carbon price increases over the last two years mean that fresh money is available on ETS1 (over 11 billion euros additional revenues in the first nine months of 2021 compared to 2020¹³⁹). Taking 15% of ETS1 revenues would translate in about 8 billion € / year at current market price¹⁴⁰. Earmarking a share of ETS1 revenues for the SCF would allow the fund to start operating from 2023/2024 without amending the EU budget. Creating a new externally assigned revenue for the SCF should come with improved democratic control of the European Parliament over these types of revenue¹⁴¹.

¹³⁶ Leuser, L., Delair, M., Pellerin-Carlin, T., *Climate policy of the new German government*. Jacques Delors Institute. Policy Brief, February 2022.

¹³⁷ See Institute for European Energy and Climate Policy, 2022. *A socially-just EU renovation wave*. Report. April 2022.

¹³⁸ See details in Defard, C. 2021. *A Social Climate Fund for a fair energy transition*. Jacques Delors Institute. Policy Paper. October 2021.

¹³⁹ Financial Times, 2021. *EU states clash with Brussels over response to gas crisis*. 06/10/2022.

¹⁴⁰ See detailed breakdown of hypothesis in Defard, C. 2021. *A Social Climate Fund for a fair energy transition*. Jacques Delors Institute. Policy Paper. October 2021. Figure updated based on a rounded price of 80€/tCO₂, as the ETS1 price was 84€/tCO₂ on May 31st 2022 according to *trading economics*.

¹⁴¹ See recommendations in Defard, C., Thalberg, K., 2022. *An inclusive Social Climate Fund for the just transition*. Jacques Delors Institute. Policy paper. January 2022.

I MORE INCLUSIVE GOVERNANCE

Support for Yellow Vests was strongly correlated to the feeling of social invisibility, i.e. facing personal hardships that go unnoticed by public institutions, politicians, and the media. This first calls for a **better integration of social justice in climate policies through improved monitoring and targets**. To that end, the European Commission should propose:

- to revise the **Governance of the Energy Union Regulation**¹⁴² to include : social justice as a 6th dimension of the Energy Union. This would lead to streamlining the just transition in National Energy and Climate Plans, beyond households in energy poverty.¹⁴³
- to amend the **EU Climate Law**¹⁴⁴ to include the just transition in the tasks of the newly created European Scientific Advisory Board on Climate Change, which is in charge of providing the EU with scientific knowledge, expertise and advice regarding climate change.

Second, the Yellow Vests were mostly people that usually feel that they have no say in politics. Their protest expressed a desire to voice their concerns and daily struggles, and to be heard by policy-makers. **Part of the solution to social and political invisibility lies in greater public participation in decision-making**. Therefore, the Council and the European Parliament should amend the **Social Climate Fund regulation to adopt an inclusive governance**¹⁴⁵ based on a multi-level governance model in accordance with the Partnership Principle. It should also enable stakeholders' engagement by earmarking a share of the SCF for capacity building, and reward inclusive Social Climate Plans decision-making and monitoring processes.

The European Commission, the Council and the European Parliament should seize the opportunity provided by the Conference on the Future of Europe that just handed over its final recommendations¹⁴⁶ on climate change, energy, transport and governance (for example, the creation of an interactive, fact-checked information platform on climate change). These should fuel the debates on the Fit for 55 and future Commission's proposals. •

¹⁴² Regulation 2018/1999. Governance of the Energy Union.

¹⁴³ for example, as per Art3.2(g), National Energy and Climate Plans must include "a general assessment of the impacts of the planned policies and measures on competitiveness linked to the five dimensions of the Energy Union, and Art3.2(d) "description of the current situation of the five dimensions of the Energy Union". Art4 requires Member States to include national objectives and funding targets for each of the five dimensions of the Energy Union. Energy justice as the 6th dimension of the Energy Union could mean that Member States will have to set objectives and monitoring for energy and transport poverty alleviation.

¹⁴⁴ Regulation 2021/1119, European Climate Law.

¹⁴⁵ Defard, C., Thalberg, K., 2022. *An inclusive Social Climate Fund for the just transition*. Jacques Delors Institute. Policy paper. January 2022.

¹⁴⁶ Conference on the Future of Europe. 2022. *Report on the final outcome*. May 2022.

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