Revenue recycling and distributional effects of carbon pricing

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Use of Revenues from Carbon Pricing

Based on Klenert et al. (2018), SVR (2019); data for Germany: MCC 2019
A carbon tax would impact the poor...
...less than national average (progressive)
...more than national average (regressive)
Competitiveness effects:
Expected economic effect of a global carbon price

Assumption of a global uniform price of 50 $/tCO₂

Potential Changes in GDP per capita
- Positive Impact
- Negative Impact

Note: Results range from -3% (India) to +1% (Ireland)