

Communicating Carbon Pricing for Governments and Policymakers

Carbon pricing policies put a price on greenhouse gas emissions, adding a cost and incentivizing businesses and consumers to switch away from fossil fuels and toward cleaner alternatives. There are two main types of carbon pricing: a carbon tax and an emissions trading scheme (ETS). An ETS—also known as a cap and trade system—caps the total level of greenhouse gas emissions and lowers the cap over time. As of September 2018, 45 national and 25 subnational jurisdictions had adopted carbon pricing methods of reducing emissions.

Governments communicate about carbon pricing in order to ensure that the policy gains social and political acceptance. This is important for the long-term stability of the policy and often requires gaining the support of a range of stakeholders, including legislators, trade organizations, and climate change advocates. Good policy stands a better chance of gaining public acceptability—and a good communications process also allows governments to incorporate the feedback of stakeholder groups into how the policy is designed. Communications and policy creation are not separate processes.

KEY MESSAGES

- Good communications require good policy—and in order to be successful, governments need to engage communicators early in the policy development process.
- A carbon pricing policy that is fair, coherent, simple, and effective is more likely to attract support.
- Emphasizing benefits—like reductions in air pollution or increased energy security—alongside climate change messaging may engage wider audiences.
- Visible use of carbon price revenues is often key. The public is more likely to accept carbon pricing if revenues are used in easy-to-understand ways that support the green economy, or address major issues of social concern.
- Simple and accessible language is more effective for public audiences than economic technical terms. A lack of trust in financial systems means that focusing on carbon pricing as a market-based system may reduce its support.
- Trust is vital and governments should seek out trusted messengers that speak to different audiences.

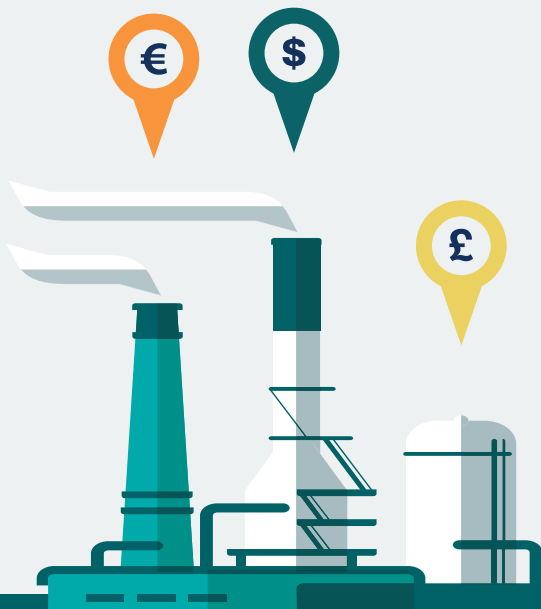
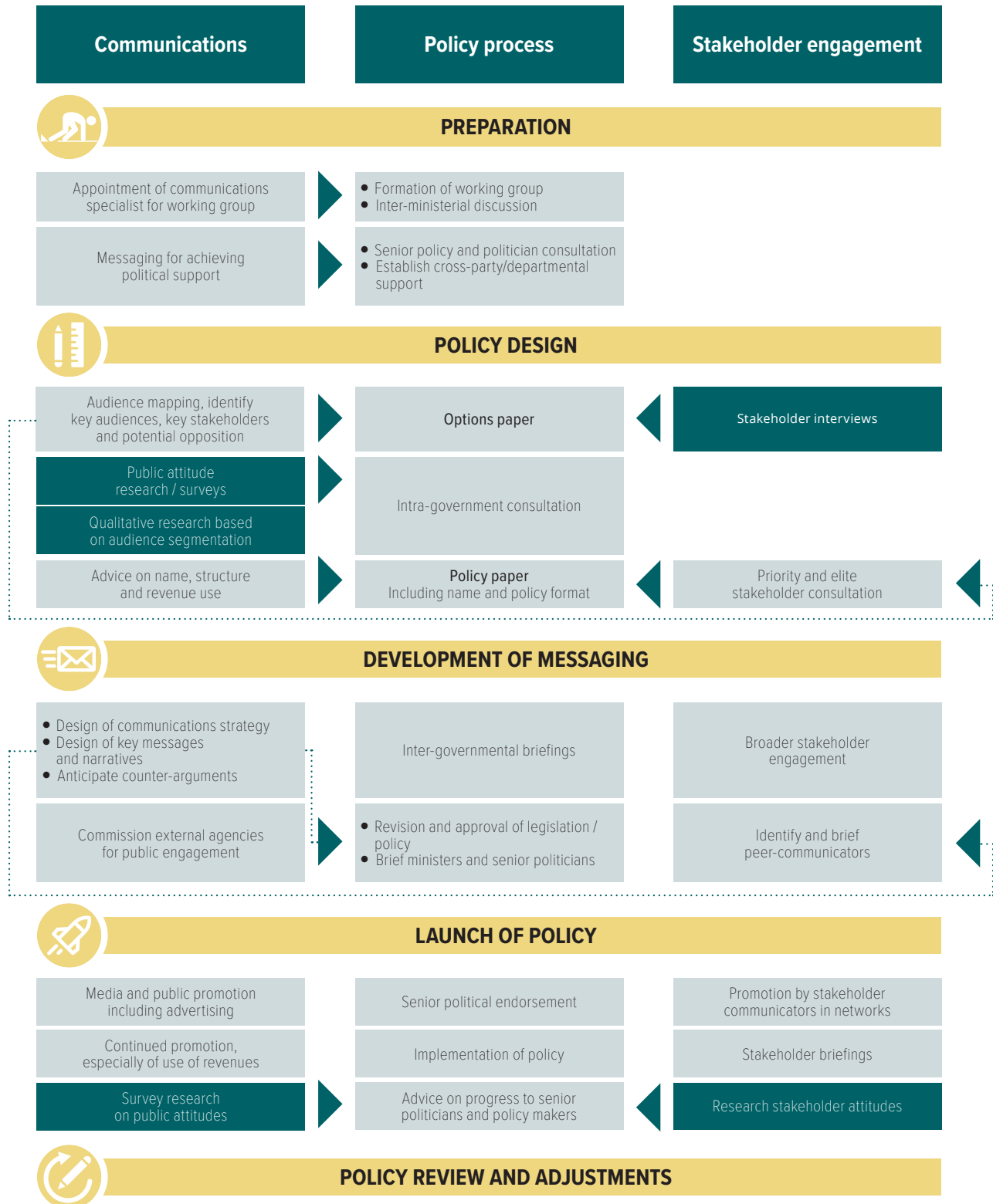


Figure 1: The integration of stakeholder engagement and communications into the policy design process in creating carbon pricing policy



When implemented well, government communications can also counter public misinformation about the policy. Polling results to date suggest the public has a very limited understanding of the mechanics of carbon pricing. Communicators need to take care: carbon pricing can be complex—and poor attempts at explaining a complex policy design can prompt further misunderstanding and confusion.

Government experiences of introducing carbon pricing vary widely—from wide political support for the world’s highest carbon price in Sweden and successful integration in California, to policy repeal following a polarized debate in Australia. At the Paris climate change negotiations in December 2015, world leaders committed to limiting temperature rise to 2°C above pre-industrial levels by the end of the century. The Intergovernmental Panel on Climate Change’s October 2018 report on limiting temperature rise to 1.5°C further reinforced the need for a strengthening of ambition. Using carbon pricing as the primary measure to achieve these targets would require both more carbon pricing policies to emerge and existing carbon prices to increase.

POLICY DESIGN AND THE COMMUNICATIONS PROCESS

Figure 1 illustrates the different stages of establishing a carbon pricing policy. Communications need to be integrated into every stage of the process—not just at the launch stage of the policy.

The communications program itself needs to follow the following steps:

- **Involvement in early stages of policy design:** The choice of policy instrument (carbon tax or ETS), the name the government gives it, the instrument design, and how revenue is used all affect how the policy will be perceived.
- **Audience research:** Audience research is a vital tool both for identifying audiences who are likely to support and oppose the policy, and for creating language and narratives to use in communications. Supportive audiences can be segmented into “base”, who are supportive of the principle of carbon pricing, and “swing” audiences, who have intermediate views and are often open to well-communicated arguments. The most effective communication strategies often concentrate resources on building support with “swing” audiences, while encouraging support from “base” audiences.
- **Stakeholder engagement:** Stakeholder engagement is a two-way process: it informs stakeholders about the policy while enabling policymakers to refine its design and the narratives that can be used to promote it. It means governments can identify which actors are likely to support and which are likely to oppose the carbon price, as well as some of the key messages that may be used by opponents.
- **Design of frames and narratives:** It is important to create language and narratives that work for supportive audiences but do not polarize opinions or fuel opposition elsewhere. Narratives are structured stories containing distinct actors with clear motivations. Narratives contain frame-words that operate as codes and signal established meanings.

“An effective communications strategy on carbon pricing is crucial from the beginning. Technical policy advisors would benefit from a communications guide and strategy to help them with developing convincing arguments and views on carbon pricing to influence key stakeholders. This is especially important for communication at a higher level: for example, engaging high-level senior policymakers like the ministers, deputy ministers, director generals, and CEOs of big emitting companies. Whether you are the treasury, environment, energy, or trade and industry departments, you will also need to be sensitized early to the issues and, by effectively communicating the benefits of carbon pricing, you will help to get buy-in from the departments. Effective communication will also be important to help develop a coordinated government policy position.”

Sharlin Hemraj

Director, Environmental and Fuel Taxes
at National Treasury, South Africa

“We sent invitations to workshops to many stakeholders: private sector, academia, public sector. You want to involve people from the beginning because you know that you can gain a lot of buy-in from them. It is key to find champions, stakeholders, who will send a message to the general public or outside the private sector. It’s not just a communications strategy, it’s something that you do because it’s good for positive policy.”

Nicolás Westenenk and Juan Pedro Searle
Climate Change Unit, Sustainable Development Division,
Ministry of Energy, Government of Chile

- **Dealing with opposition and counter-arguments:**

Carbon pricing has been highly contentious in some countries. It may not be possible to prevent this, but governments can use audience research to explore the grounds for opposition at an early stage in the policy design process, and later test narratives against potential opponents, in order to ensure it does not exacerbate tensions.

- **Sustained engagement:** Communications do not end when the policy is introduced. It is important to keep promoting the carbon price in achieving its goals, the use of revenues, and, if required, the justification for extending the policy or increasing the price.

INTEGRATING COMMUNICATIONS AND POLICY

In order to be communicated effectively, both the carbon pricing policy itself, and the language used to describe it, should be:

Coherent: Carbon pricing policy is more likely to attract public support if its design is consistent with and reinforces the story told about it—especially if it achieves its stated objectives. Inconsistencies undermine public trust in the policy, making it less likely that it will be supported.

Simple: A complicated policy is more difficult to explain and gain public support for than a simple policy. Economic terms like “fiscal”, “revenue”, and “auction” are also not well understood by the public—and are associated with financial

markets at a time when trust in financial institutions is low. Using simple, accessible language to describe the policy is likely to increase its level of support.

Fair: The perceived fairness of a policy is one of the most important factors influencing whether people support it. If the carbon price is perceived as placing an undue burden on the public or on specific groups, this is likely to reduce its popularity—particularly if those groups believe they have no alternatives to emitting large amounts of carbon. In order to counter this, many governments introduce measures to provide consumers and businesses with low-carbon alternatives: for example, in the same year as introducing the carbon tax, the Irish government introduced two new policies aimed at helping homeowners make their homes more energy efficient.

Effective: In order to attract wider support, carbon pricing policy needs to be both effective and seen to be effective. Communications should promote clear examples of the effectiveness of the policy.

CARBON PRICE REVENUE SHOULD BE USED VISIBLY

Research shows that, overall, people are more likely to accept a tax when the revenues from it are spent in ways they support, or that are consistent with the stated goals of the tax. This is particularly true when the revenues are used in ways that relate directly to people’s lives, such as funding clean energy or providing subsidies for insulating houses. These uses are easier to understand than economic measures like tax cuts or deficit reduction, and so attract more public support. In fact, people are more responsive to arguments about the use of revenue from the carbon price than to arguments about the expected environmental benefits of the policy itself.

COMMUNICATING WITH DIFFERENT AUDIENCES

There are no “magic words” that that can promote a weak or unpopular policy, or persuade people who are already adamantly opposed to the policy, but a well-crafted communications policy focused on key audiences can significantly increase its chances of being accepted.

GOVERNMENT AUDIENCES

Building support across government departments and among lawmakers is one of the key challenges in adopting a

carbon tax. Internal communications are also important for ensuring the government has a consistent and coordinated position when communicating about the carbon price.

Policymakers need to consult with key departments and decision makers early in the process—in the form of one-on-one

meetings, inter-ministerial meetings, roundtables, or capacity building workshops, for example.

One of the main goals in this process is to find messages that resonate with different decision makers, as well as cross-political interests and concerns: for example, international

Box 1:

THE IMPLICATIONS OF THE NATIONAL CONTEXT FOR A COMMUNICATIONS STRATEGY

The following questions are designed to help policymakers develop a strategy that is specific to their national circumstances.

What kind of political system exists, and what is the level of political polarization? In some countries, carbon pricing has been politically contested and exploited for electoral gain.

Communications response: Seek language that speaks across political boundaries on shared concerns, a shared identity, and a shared vision for the country. Avoid messaging that speaks exclusively to one political ideology. Seek to appeal to audiences that express concern about, but not strong commitment on, climate change, who are often the key to winning public support in polarized environments.

What is the economic role of domestic fossil fuel production? If the fossil fuel industry is a major contributor to the economy, or the country consumes a lot of domestically produced fossil fuels, carbon pricing is more likely to be labeled as a threat to jobs, growth, and energy security.

Communications response: Use language that respects the role that fossil fuels play in the country. Describe carbon pricing as a way of sharing responsibility and encouraging employment in new sectors, while diversifying the energy economy or enabling energy independence. Seek to address the concerns of affected communities: for example, by reinvesting revenues in job training.

Is the public aware of and concerned about climate change? If concern about climate change is high, implementing carbon pricing is likely to be easier—but this is not always the case.

Communications response: In some countries, governments seek to promote the other benefits of carbon pricing: for example, reduction of air pollution, the creation of new jobs, or increased energy independence.

What are the dominant environmental and social concerns? Different issues—for example, local pollution, health, or national security—are likely to be important in different countries.

Communications responses: Audience research can help governments identify which issues are likely to be most strongly felt. This can also be taken into consideration when determining how carbon revenues will be spent.

profile, leadership, or long-term prosperity. As with any communication, effective engagement requires understanding the values and needs of the target audience. For instance, policymakers in the ministry of environment could frame carbon pricing in terms of the potential revenues raised when communicating with the ministry of finance about a carbon price, and in terms of economic efficiency benefits when communicating with the ministry of economy.

Government departments are likely to need detailed technical explanations of how carbon pricing works, while legislators who are not experts in the area may need more accessible explanations that align with their values and concerns.

“Often advocacy focuses too much on regulators. But legislators are also a key audience, including new legislators who come in after the program is adopted, in order to maintain support. Sometimes it can be useful to get them out of their bubbles—for example, taking them to COP, as an educational exercise and to provide a bigger context.”

Katie Kouchakji

Communications Advisor,
International Emissions Trading Association

BUSINESS, FINANCIAL, AND INDUSTRIAL AUDIENCES

Businesses support government carbon pricing schemes for a range of different reasons, including the need to enhance reputation, to future-proof profits against future actions to reduce emissions, to respond to the needs of investors, and to open up new markets. Crucially, many business leaders recognize the oncoming risks of climate change and support pricing as a flexible approach to cutting greenhouse gas emissions.

Key narratives that work well for business audiences when communicating about carbon pricing include the following:

1. Carbon pricing is a business opportunity: There is a strong business case for enabling investment in renewable energy or energy efficiency. An accelerated shift to clean energy sources brings opportunity, and modernization. Improvements in energy efficiency can reduce

costs and increase productivity. On a national level, these changes can bring jobs, investment in new technologies, and economic diversification.

2. Carbon pricing is the future:

Positive engagement with climate change is the mark of a forward-looking company. We need an economy-wide effort to address climate change, and carbon pricing is a step forward toward achieving that. Responsibility, accountability, and sustainability really matter to investors and customers.

3. Carbon pricing is the best option for reducing emissions:

Putting a price on pollution makes sense. Carbon pricing strikes the right balance, rewarding businesses that are efficient and use energy well. It allows businesses to do what’s right for the environment, encouraging them to shift to cleaner and healthier renewable energy. It is flexible, allowing businesses to invest in the best solutions at the lowest possible cost, and unleashing the creativity of the private sector to develop new technologies.

4. Carbon pricing is effective and cost-efficient: Putting a price on pollution makes sense. Carbon pricing rewards businesses that are efficient and use energy well. It is flexible, allowing businesses to invest in the best solutions at the lowest possible cost, and unleashing the creativity of the private sector to develop new technologies.

CIVIL SOCIETY AUDIENCES

In many jurisdictions, civil society organizations play an important role in creating social support for carbon pricing. Some non-governmental organizations are not technical specialists on carbon pricing and simple and coherent explanations can facilitate engagement. In some jurisdictions, independent organizations exist to facilitate third-sector communications about carbon pricing: for example, in Canada, a group of economists created Canada’s Ecofiscal Commission in order to broaden discussion about carbon pricing. Civil society organizations often have strong values and internal cultures: they will support carbon pricing if the policy is in accordance with their values or the values,

priorities, and interests of the stakeholder groups they represent. The criticisms offered by civil society can be used to strengthen the policy and increase its public acceptability.

RESPONDING TO OPPOSITION

Among stakeholders, there are likely to be two categories of opposition: groups that support the principle of action on climate change but disagree with carbon pricing as a policy instrument, and groups that are indifferent to, or actively oppose, action on climate change in any form.

Some civil society groups may be in the first category. Recognizing and responding to concerns such as any regressive impacts of carbon pricing can be used as a way of improving policy and ultimately increasing its support. In California, for example, ETS revenue expenditure has been prioritized for lower-income groups.

The following approaches are likely to be useful in mitigating opposition:

- Anticipate opposition early in the design process and focus strategically on building engagement and messaging that seeks—as a priority—to speak across ideological boundaries.
- Understand the grounds for opposition through carrying out exploratory qualitative research and stakeholder engagement.
- As far as possible, address those concerns in the design of the policy.
- Through testing, identify language that does not exacerbate opposition.
- Deliver messages through a range of communicators with different political affiliations.

Political orientation and values are the dominant determinants of people’s responses to climate change. For this reason, research should always explore whether political identity is a factor in the formation of attitudes.

In recent years, public debates in many democratic systems have become increasingly polarized, with populist movements emergent. At the same time, trust in experts, official information sources, and traditional media has been falling. This political volatility makes it more important that communications should ensure that the arguments about pricing are shared across the political spectrum and capable of evolving with changing circumstances.

IDENTIFYING TRUSTED COMMUNICATORS

Although messaging and media promotions are important, communications design often ignores the critical importance of the communicator. Trust is vital for effective communications. Unfortunately, governments are not well trusted when they propose financial costs, even by the supporters of the ruling party. Where public trust in the government is low, there is a lower likelihood that the message communicated by the government will be accepted. The communications process therefore needs to identify, nurture, and support external communicators who can motivate different constituencies. This may involve identifying trusted people from within a target audience who can speak to their own sector: for example, a high-profile chief executive who is able to advocate to the business community. The effectiveness of these communications will mainly depend on their ability to show a deep understanding of the needs and concerns of their audience.

“The involvement of the CEO is very important because it creates a ‘comfort zone’ for others to talk about it. The CEO talks about the vision. To explain the ‘how’ we started a webinar series and designed videos for use internally.”

Paulette Van Ommen
Global Climate Lead, Royal DSM

Using **celebrities** as communicators poses both opportunities and risks. If the celebrity is perceived as consistently and authentically engaged in the issue, their status has the potential to enhance its profile, but if the public profile of the celebrity is inconsistent with the message they are promoting—for example, if they live a very noticeably high-carbon lifestyle—their support can be counterproductive, and vulnerable to attack by opponents.

THE LANGUAGE OF CARBON PRICING

DESCRIBING CARBON PRICING

In everyday life, the majority of the language used is relatively simple. Carbon pricing is an economic instrument and the technical language of economics is therefore often used to describe it. However, in order for a policy to become widely accepted, accessible language is vital.

“We need to remember that economists are not normal people and don’t use the language normal people use!”

Chris Ragan
Chair of the Canadian Ecofiscal Commission

Table 1 illustrates how more accessible terms can replace the technical terms used in carbon pricing.

The policy itself can be simply explained using the following sample language:

Carbon pricing requires polluters to pay for the carbon pollution they emit. This encourages choices and investments that are good for the environment and help build a sustainable, green economy.

In an emissions trading scheme (also known as “cap and trade”), the government sets a cap on pollution and distributes or sells a limited number of pollution permits within that cap. Companies that pollute more have to buy more permits. Companies that pollute less can save money by buying fewer permits or by selling any spare permits, so it makes good financial sense to emit less. And, because the number of permits issued falls over time, the total pollution also falls.

A carbon tax is a levy that polluters pay on the carbon they emit. This encourages people and businesses to make choices and investments that are good for the environment. A carbon tax raises money for [purposes] and reduces the need for other taxes.

NAMING CARBON PRICING

Labeling a carbon price a “tax” can also be problematic because the word “tax” encompasses a range of negative meanings. Opinion polling consistently finds that taxes are less popular in environmental policy than subsidies and regulation. Carbon pricing initiatives have applied a range of alternatives: “fee”; “Carbon Pollution Reduction Scheme” (Australia); “levy” (Costa Rica “canon”); “price” (Canada – “Federal”); “Energy Climate Contribution” (France); or simply “carbon price”.

Avoiding the use of the word tax can, however, make the government seem disingenuous, particularly if opponents of

Table 1: Adopting simplified forms of technical policy terms make communicating carbon pricing more accessible to non-experts

Technical policy term	Simplified form
Prescriptive regulations	Government regulations deciding what people or organizations like companies can and cannot do
Regulation	Rules
Price signal, market signals	Price incentives, or just “prices”
Aggregate outcomes	Benefit the greater good
Internalizing costs/externalities	Reflecting the social and/or natural damage of emissions in the price of polluting goods
Progressive taxation	Taxation where the wealthy pay a proportionally higher share
Regressive taxation	Taxation that is disproportionately paid by the poor
Double dividend	Double benefit – makes economic and environmental sense
Transaction costs	The costs of implementing the carbon price, or “implementation costs”
Revenue recycling	Using the carbon price revenue to reduce other taxes
Fiscal instruments	Taxes
Social cost of carbon	The cost of the global damage that results from a given amount of emissions
Elasticity of demand	How responsive consumers are to higher prices
Emissions abatement	Emissions reductions or “emissions cuts”

the policy use the term. In Australia’s debate, calling the policy a “charge” did not prevent opponents from relabeling it a tax. As far as possible, communicators should seek professional communications advice before naming the carbon pricing mechanism.

EXPLAINING WHAT CARBON PRICING IS FOR

Carbon pricing was created to reduce damaging greenhouse gas emissions, and communicators understandably often make the threat of climate change the dominant message. If target audiences express a high level of concern about climate change, then this is a wise approach—carbon pricing can be presented as a solution to a national threat, requiring a strong and active policy. It is important to talk about climate change as:

- Not just a challenge but also an opportunity: extreme “threat” messaging about climate change tends to reduce the extent to which people are willing to engage; and
- A threat that is here now, and is relevant, rather than a problem for future generations.

In some countries opinion around climate change is highly polarized—and a divisive debate around carbon pricing has the potential to make this worse. Including other issues such as national security, pollution, or economic growth may also prompt much greater public concern, and therefore present a better opportunity in communications terms.

In **Costa Rica**, for example, the government is considering presenting carbon pricing as a levy on vehicle emissions. These vehicles also release local pollutants like carbon monoxide, nitrous oxides, and micro particulates into the atmosphere. In this way, the government is shaping the policy around high-profile public concerns about vehicle pollution, as well as limiting carbon emissions.

“People don’t know what carbon is or how it affects the climate, so their main understanding is of pollution from the big clouds of smoke coming out of buses and trucks.”

Estiven Gonzalez

Energy Policy and International Relations Analyst,
Partnership for Market Readiness, Costa Rica

LANGUAGE TO AVOID

Drawing on practical experience and the wider communications literature, the following list summarizes language that communicators should be wary of using:

Climate change as the lead issue: In some jurisdictions, climate change is considered to be a serious and immediate threat. In others, the issue is politically polarized or not well understood. In this case, it is probably better to lead with other more immediate concerns, like issues of local pollution or jobs. Arguments concerning climate change should still be included—this is, after all, the primary purpose of the policy—but in a secondary position.

Carbon pricing will impose limited costs: The idea of cost is associated with sacrifice and loss. Research shows that people are biased toward avoiding cost, downgrading what may happen in the future, and avoiding uncertainty. This means that talking about costs—even short-term, limited costs—is unlikely to attract support for the policy.

Experts agree this is the right approach: There is no evidence that appeals to expert opinion, and expert “consensus”, is likely to be persuasive. Other fields (for example, vaccination) provide several examples of failed public engagement, in which overdependence on expert opinion was counterproductive and increased opposition.

Reducing carbon: Many people are uncertain what “carbon” means. This leads to a weak understanding of compound phrases like low-carbon, high-carbon, carbon-neutral, carbon capture and storage, carbon pollution, carbon footprint, and carbon pricing.

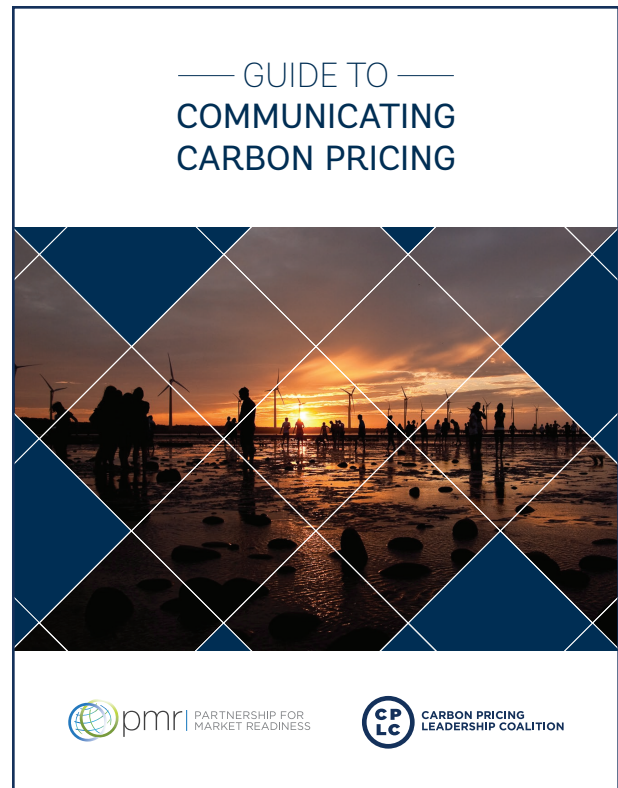
A price signal: Technical economic terms like price signal, auctions etc. are not meaningful for a general public audience.

Carbon pricing veils the costs to consumers: This language reinforces the perception that carbon trading is an opaque process which the financial industry can exploit to make money. This is likely to create distrust.

Limited costs to consumers: Research around shifting environmental behaviors shows that justifying solutions to climate change as “easy” undermines people’s natural intuition that climate change is a major threat that requires a concomitant level of effort to overcome. There is no evidence that doing this works.

Creating hundreds of thousands of jobs: In testing, consumers often do not trust big government claims about what carbon pricing will achieve. Be careful of over-claiming.

Download the Guide
 at
openknowledge.worldbank.org



Download the Briefing Note
 for Business
 at
carbonpricingleadership.org



MORE INFORMATION

Context: The Carbon Pricing Leadership Coalition (CPLC) includes governments, businesses and civil society groups working together to identify and address the key challenges to successful use of carbon pricing as a way to combat climate change. This Briefing Note was developed by Climate Outreach and Climate Focus. It was authored by Robin Webster (Climate Outreach), George Marshall (Climate Outreach) and Darragh Conway (Climate Focus).

References: The brief, aimed specifically at government audiences, is part of the Guide to Communicating Carbon Pricing and draws on two sources: first, the evidence base of research into communicating climate change in carbon pricing, and second the experience of representatives from government, business, and civil society across the world, obtained through interviews and detailed questionnaire responses. 26 people were interviewed, including thirteen government representatives from the World Bank's CPLC. 60 people completed an online survey, including 12 senior-level government representatives. Please refer to the digital version of the Guide for a full list of references:

www.carbonpricingleadership.org/resource-library/

Disclaimer: The findings, interpretations, and conclusions expressed in this Briefing Note do not necessarily reflect the views of the organizations the authors represent. The CPLC does not guarantee the accuracy of the data included in this work.

Copyright: This Briefing Note is available under the Creative Commons Attribution 3.0 IGO license (CC BY 3.0 IGO).

www.creativecommons.org/licenses/by/3.0/igo



KEY REFERENCES

Lachapelle, E. 2017. "Communicating about Carbon Taxes and Emissions Trading Programs". *Oxford Research Encyclopedia of Climate Science*, October.

Stevenson, B., and Wolfers, J. 2011. "Trust in Public Institutions over the Business Cycle". *American Economic Review*, American Economic Association, 101(3): 281-87.

World Bank. 2014. *We Support Putting a Price on Carbon*.

For more information on this topic, please visit:
<http://www.carbonpricingleadership.org>

