

Foreword

‘The market is a splendid servant, but a terrible master’ chuckled our former colleague at Aarhus University, Svend Auken, who was Denmark’s longest-serving Minister of Environment and Energy and the instigator of significant environmental tax reforms in the 1990s.

His quote comes to mind as we enter the seventh year of the global financial crisis, where governments around the world continue to grapple with economic imbalances, banking mismanagement and severe unemployment challenges. While the ‘boom and bust’ business cycles we are suffering from are not exactly mastering the economy, they have again proven their ability to influence negatively the conditions for human life and well-being, as well as the capacity for sustainable management of our natural environment.

There can be different interpretations as to whether it was the absence of regulation or just badly conceived interventions that allowed the market collapses that have taken place but, in looking forward, new and better ways must be found to get the horse in front of the carriage and hedge damaging market forces.

In this context, it is promising that the call for pricing of carbon to help contain climate change and provide a way to steer away from the use of fossil fuels has been winning wider recognition. Lawrence Summers, a former United States Secretary of the Treasury, who was influential in deregulating the banking system, is now counted among those who publicly is expressing ‘no doubt that starting from the current zero tax rate on carbon, increased taxation would be desirable’ (*Financial Times* 4 January 2015).

Volume XV of *Critical Issues in Environmental Taxation* reflects on and further develops this ongoing and worthwhile global debate on how to design carbon pricing and use the financial proceeds in the best possible way for society.

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