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TITLE: DISTORTIONARY EFFECTS OF ENVIRONMENTAL TAXES IN A REGIONAL ECONOMY: AN AGE MODEL THE ANDALUSIAN ECONOMY

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ABSTRACT:

The aim of this paper is simulate an Environmental Tax Reform (ETR) for a regional economy of Spain, and extend its effects in the society welfare, focussing our interest in the interactions between energy use, environment and economy. By using different assumptions, as changed substitutability in the equations of the model or factor's unemployment levels, in a Computable General Equilibrium Model (CGE) for Andalusia Economy for year 2005, we reflect and discuss in this paper how distorting could be implement this environmental tax reform for the regional economy, comparing its effects with other direct or indirect taxes (as Payroll taxes) through budgetary neutrality assumption, and measuring it in terms of economic and not economic welfare. The results obtained in this analysis can provide some clues as to where fiscal, environmental, and economic policies oriented to reduce emissions and increase energy efficiency should be directed.