Hennessy, Hugh; Tol, Richard S. J.

Working Paper
The impact of tax reform on new car purchases in Ireland

ESRI Working Paper, No. 349

Provided in Cooperation with:
The Economic and Social Research Institute (ESRI), Dublin

Suggested Citation: Hennessy, Hugh; Tol, Richard S. J. (2010) : The impact of tax reform on new car purchases in Ireland, ESRI Working Paper, No. 349, The Economic and Social Research Institute (ESRI), Dublin

This Version is available at:
http://hdl.handle.net/10419/50152

Terms of use:
Documents in EconStor may be saved and copied for your personal and scholarly purposes.

You are not to copy documents for public or commercial purposes, to exhibit the documents publicly, to make them publicly available on the internet, or to distribute or otherwise use the documents in public.

If the documents have been made available under an Open Content Licence (especially Creative Commons Licences), you may exercise further usage rights as specified in the indicated licence.
The Impact of Tax Reform on New Car Purchases in Ireland

Hugh Hennessy\textsuperscript{a} and Richard S.J. Tol\textsuperscript{a,b,c,d}

Abstract: We examine the impact of recent tax reforms in Ireland on private car transport and its greenhouse gas emissions. A carbon tax was introduced on fuels, and purchase (vehicle registration) and ownership (motor) taxes were switched from engine size to potential emissions. We use a demographic model of the car stock (by age, size, and fuel) and a car purchase model that reflects the heterogeneous distribution of mileage and usage costs across various engine sizes. The model shows a dramatic shift from petrol to diesel cars, particularly for large engines. The same pattern is observed in the latest data on car sales. This has a substantial impact on tax revenue as car owners shift to the lower tax rates. The tax burden has shifted from car ownership to car use, and that the overall tax burden on private car transport falls. As diesel engines are more fuel efficient than petrol engines, carbon dioxide emissions fall modestly or, if we consider the rebound effect of travel costs on mileage, minimally. From the perspective of the revenue, the costs per tonne of carbon dioxide avoided are (very) high.

Key words: Private car transport, Republic of Ireland, carbon dioxide emissions, fiscal policy

Corresponding Author: hugh.hennessy@esri.ie

\textsuperscript{a} Economic and Social Research Institute, Dublin, Ireland
\textsuperscript{b} Institute for Environmental Studies, Vrije Universiteit, Amsterdam, The Netherlands
\textsuperscript{c} Department of Spatial Economics, Vrije Universiteit, Amsterdam, The Netherlands
\textsuperscript{d} Department of Economics, Trinity College, Dublin, Ireland

ESRI working papers represent un-refereed work-in-progress by researchers who are solely responsible for the content and any views expressed therein. Any comments on these papers will be welcome and should be sent to the author(s) by email. Papers may be downloaded for personal use only.
The Impact of Tax Reform on New Car Purchases in Ireland

1. Introduction

Private car transport accounted for approximately 12% of total CO₂ emissions in Ireland in 2006 (O’Gallachoir et al, 2009). This represented a significant increase over time, both in absolute terms and in terms of its share of total emissions. Transport, as a whole, accounted for around 36% of total CO₂ emissions in this period. The transport sector was identified as a serious cause for concern to policymakers due to its unsustainable dependence on oil and its negative environmental impacts. The National Climate Change Strategy Ireland (NCCSI, 2007) forecasted that this sector would account for the largest increase in emissions by 2010 if no policy measures were taken. This, along with concerns over the long-term supply of oil, provided some of the background for policy intervention in 2007. One such policy objective is improving the efficiency of the car fleet by incentivizing purchase of more fuel efficient cars. This can be done by incentivising the purchase of diesel cars which are more efficient and have lower running costs (Figure 1).

The number of private cars in Ireland has risen significantly in the last two decades. This has led to a noticeable convergence in the number of cars per thousand between Ireland and its European counterparts. This is a crude measure for comparing levels of car ownership across countries. Although a deep recession has delayed many of the negative trends in private car transport, this does not mean that private car transport has become more sustainable. The recent depression led to a collapse in new car sales, but new car sales have now started to recover. Government policy can significantly influence this purchase decision though taxation (Mayeres and Proost, 2001; Verboven, 2002; Ryan et al. 2009).

Private car transport produces many negative externalities, particularly in relation to the environment (Mayeres and Proost, 2001). This provides a further rationale for government intervention. Taxation can achieve a reduction in this negative externality (Baumol, 1972). This can be done in terms of a tax which taxes emissions directly or

---

1 This refers to the two digit NACE code 36 which covers all aspects of transport including freight
indirectly though a differential taxation regime on purchase. The EU have set emission targets for new cars that enter the car fleet. They have adopted a target of 130 g/km CO₂ for weighted new car sales by 2015 and 110 g/km CO₂ by 2020 (European Commission, 2002, 2005). As noted in Kunert and Kuhfeld (2007), Ryan et al. (2009), and Mandell (2009), there is a European consensus to move away from purchase taxes and move towards use taxes which are differentiated by emissions. The European Commission also proposes abolishment of registration taxes. Ireland has no indigenous car manufacturing industry and is thus a technology taker. Because it is such a small market, tax changes in Ireland will have a negligible effect on the design of cars. However, car manufacturers will respond to a coordinated policy change across the entire European Union.

In July 2008, the car tax structure was changed in Ireland. Taxation on new private cars is now based on (expected) emissions per kilometre rather than engine size. This change affects both the purchase price and the ownership costs of all new private cars but has no effect on the usage costs. This has no direct effect on carbon dioxide emissions. A more efficient fleet will only result in lower emissions if there is no change in mileage.

Similar schemes exist in many other European countries. In 2002, the UK introduced a carbon-differentiated vehicle taxation policy. This policy was also accompanied by a modified benefit-in-kind tax policy on company cars to encourage purchase of more efficient vehicles. However, this policy only impacted on the ownership cost per year and had no effect on initial purchase cost. The difference between the tax bands was substantially smaller compared to the Irish system (VCA, 2008). This taxation system changed again in April 2010. Although there still remains only one type of vehicle tax, the revamped tax further encouraged the purchase of low emitting vehicles. ‘First-year taxes’ are such that low emitting cars are exempt from vehicle tax in the first year in contrast to high emitting vehicles that are penalised heavily in the first year. Sweden has previously utilised a car taxation policy similar to Ireland. Although they have no direct purchase taxes, Sweden has offered a subsidy (~€1000/car) to encourage the purchase of environmentally friendly cars. This policy was used in conjunction with carbon-differentiated ownership taxes which had the effect of encouraging the purchase of cars with emissions of under 120 g/km. This system was intended to remain in operation until
2010 but was amended in 2009 due to the unexpectedly large sales that it caused (Mandell, 2009). The subsidy was replaced by a five year exemption from motor tax.

There are various reasons for adopting a new tax regime that switches tax incidence onto emissions rather than engine size. As we show in the paper, there is not perfect correlation between engine size and emissions and thus this tax change has significant effects for the market share of each fuel type. This also means that the tax change will create a structural break when projecting emissions from private car transport.

In this paper, we present a methodology to explain the significant effect the recent tax change has had on the fuel share of new car sales in Ireland. Section 2 surveys the relevant literature. Section 3 discussed the data used in the analysis. Section 4 presents the methodology. Section 5 discusses the results. Finally, Section 6 offers conclusions.

2. Previous Research

Since the late 1980s, the share of diesel cars has increased steadily across Europe (Pock, 2010). However, the environmental benefit of diesel cars over petrol cars is contentious (Verboven, 2002; Mayeres and Proost, 2001). In terms of CO₂ emissions, diesel cars are superior due to their higher fuel efficiency. However, diesel engines produce higher NOₓ emissions and also produce particulates (North et al., 2006). Improvements in the diesel engine, like the introduction of turbo and direct injection, have helped to reduce the gap considerably between petrol and diesel cars in important physical attributes like acceleration and speed (Verboven, 2002; Mayeres and Proost, 2001). This has had the effect of making the two fuel types closer substitutes in terms of consumer preferences. However, these two fuels are treated very differently across European countries in terms of taxation policy. These heterogeneous taxation policies largely explain the different penetration rates of diesel in the European Union (Ryan et al., 2009).

The share of diesel sales varies considerably across European countries (See Figure 2). There are three types of taxation that affect the car purchase decision – purchase, ownership and usage. The rates applied to these vary significantly. Kunert and Kuhfeld
(2007) examine these various rates across the EU. They find that Ireland has the 3rd highest tax burden on petrol and diesel car ownership within the EU 25. They conclude that the structure of vehicle taxes should be rebalanced with CO2 not being the sole focus. Verboven (2002) examines the diesel tax policies in Belgium, France and Italy. He concludes that these differential tax rates have led to a certain degree of price discrimination in the diesel car market. He also finds that when controlling for engine size, annual mileage is the main determinant factor in the fuel choice decision. Verboven (2002) focuses on the tax differential in relation to two of its components, namely purchase and ownership. The other component is in relation to the amount of excise applied to each litre of the fuel. This can have both a direct and indirect effect on emissions. It directly affects usage and it indirectly affects the efficiency level of purchased new cars. Many studies have looked at both the short-run and long-run price elasticity of fuel demand using both micro and macro data (See Goodwin et al. (2004) for a recent review of this literature). Sterner (2007) highlights the importance of these fuel taxes in relation to controlling emissions from private car transport. These fuel prices also have an impact on the efficiency of the car stock as noted in Li et al. (2009). They conclude that a 10% increase in fuel prices leads to a 0.22% increase in car fleet economy in the short-run and a 2.04% increase in the long-run.

Ryan et al. (2009) explicitly examine the impact of the different fiscal regimes on passenger car sales and the associated CO2 emissions intensity of these sales. They conclude that carbon differentiated circulation taxes are preferable to registration taxes when attempting to encourage a more efficient fleet. Verboven (2002) uses these tax differentials to analyze the extent of price discrimination that they have created in three European car markets. He finds that countries with a low tax burden on diesel cars (France and Belgium) have a higher level of price discrimination compared with normal tax burden (Italy). Mayeres and Proost (2001) examine the rationale for the different taxation treatment of diesel cars. Using a general equilibrium framework, they conclude that the negative environmental costs of diesel cars have a higher social cost than its

---

2 See also Mayeres and Proost (2001) for an account of the various taxation policies towards diesel fuel in the European Union. The European Commission reports (COWI, 2002 and TIS, 2002) also give a full account of the various fiscal treatments in 2002.

3 The net savings in relation to fuel usage are indeed calculated. However, the difference across the three countries is small in comparison with the differences apparent in annual car tax.
petrol equivalent. Thus, increasing the taxation on diesel can achieve significant welfare improvements. This paper essentially puts a higher social cost on the negative effects of diesel cars (NO$_x$) over the negative effects of petrol cars (CO$_2$).

These studies focus on the effects of the differential tax regimes that are in place for diesel engines. However, another important effect is the fuel choice decision which affects the penetration rates of diesel cars. Rouwendal and De Vries (1999) design a model that looks explicitly at the fuel choice decision. They conclude that the tradeoffs between petrol and diesel are dependent on the number of kilometers driven. This is in agreement with Verboven (2002) who argues that all vehicle attributes are homogenous to a first approximation.

There is a relatively small literature that directly looks at the impact of taxes differentiated by (potential) carbon dioxide emissions. Mandell (2009) examines the system in Sweden and finds that when the tax change affects the purchase and ownership, these types of policies can have a much larger impact on the market share of diesels. In the UK, assessing the exact impact of the 2002 tax change has proved complex (Ward-Jones, 2008). It has been shown that motor tax is not significant in the car choice decision (Lehmen et al., 2003), but more recent analysis would suggest that consumers are indeed switching to lower emission vehicles (SMMT, 2007). However, the UK system penalizes high emissions far less than the current Irish system. The recent change to incorporate ‘first-year taxes’ somewhat addresses this imbalance.

Many studies have looked at modeling vehicle choice (Bresnahan and Schmalensee (1987), Berry, Levinsohn, and Pakes (1995, 1999), Brownstone and Train (1999)) and the effect of the various car attributes on this choice. These papers attempt to model the various levels of product heterogeneity, which are apparent in car choice decisions. Berry, Levinsohn, and Pakes (1995) provide the seminal work in this area using a random coefficient logit model to investigate vehicle choice. This type of model provides more realistic substitution patterns than the traditional logit model. This methodology produces higher cross-price elasticities for cars with more similar attributes. This model uses knowledge of income distribution to infer willingness to pay estimates for the various products attributes. However, this model has not been applied explicitly to the fuel choice decision.
Pock (2010) uses a similar model to the model used in this paper to explain (but not predict) the different diesel to petrol ratios across Europe, which is important when constructing estimates of gasoline demand. Verboven (2002) uses a utility maximising model where mileage is the only heterogeneity among consumers. Heijnen and Kooreman (2006) extend this model, relaxing the assumption that the price elasticity for mileage is zero, and look at Nash equilibria to examine the interactions between taxation and car use. Rouwendal and De Fries (1999) construct a structural model which consists of a logit model for fuel choice, with a sample selection for mileage. These models suffer from limited knowledge of the exact form of the mileage distribution and the assumption that the mileage distribution is homogenous across engine sizes. Verboven (2002) specifies the cumulative distribution function parametrically as a simple function of mean annual mileage and standard deviation.

In Ireland, recent research has focused on the efficiency of the new car fleet (O’Gallachoir et al., 2009; Howley et al., 2007). Hennessy and Tol (2010) focus on modeling the car stock and point out that changing patterns of new car sales have little effect on stock efficiency in the short run. They also emphasise the important of an engine size disaggregated model when making future projections about the car stock. Other research on car purchase decisions in Ireland includes Mariuzzo et al. (2009) which investigates new car sales using a nested logit approach. This research examines the existence of price co-ordination among sellers in the new car market.

Giblin and McNabola (2009) have modeled the recent tax change using the COWI cross-country car choice model\(^4\) to simulate the impact of both the VRT change and the motor tax change, collectively and separately. They find that the change in ownership taxes has a larger effect on car choice than the change in purchase tax. They predict an increase (6%) in the market share of diesel cars. This is very much against recent observed data which suggests that the share of diesel cars has actually increased from 25% to 57% (CSO, 2010)

\(^4\) The COWI model was developed in Denmark as part European Commission project. It is a discrete choice car model which has previously been used to study the potential effects of fiscal measures on the efficiency of new passenger vehicles in the EU (COWI, 2002)
3. Data

We use car and mileage data. The car data is collected from a variety of sources. The mileage data is constructed by the CSO and has been disaggregated by engine size, fuel type and age.

The car prices, disaggregated by 9 engine categories, are taken from Society of Irish Motoring Industry (SIMI). Before the tax change, the average difference between petrol and diesel was approximately €2000. This is in line with previous estimates (Verboven, 2002; Ryan et al., 2009). Fuel prices are taken from the AA database of fuel prices. These are annual prices which are normalised across the year and the country. Diesel prices have been historically lower than petrol prices in Ireland (see Figure A1). However, this trend was reversed in 2007 but has since returned. In terms of the model, the relative difference in purchase prices and fuel prices between the two fuel types is the desired input value. We assume homogenous maintenance costs and that the resale value of the car is a function of the initial purchase price including taxes. Other car attributes like horsepower, speed and size are assumed to be homogenous to a first approximation as in Verboven (2002).

The use of mileage distribution data when evaluating car purchase decisions is limited in the literature. The random coefficient model of Berry, Levinsohn and Pakes (1995) allows for the use of distributional data to examine heterogeneity in consumer preferences. In their paper, they use income and demographic distributional data. However, no mention of mileage distribution is included in this paper or any subsequent paper using this type of methodology. Our mileage distribution data is provided by the CSO. This dataset uses two types of administrative data to construct estimates of annual mileage disaggregated by engine size, fuel type and age. First, it uses data collected from the National Car Test (NCT) which constructs estimates of mileage based on odometer readings. This procedure is described and analysed in Kelly et al. (2009). However, as noted in Kelly et al. (2009), the NCT is only conducted on cars that are 4 years or older.

5The notable exception to this is Verboven (2002) who uses mileage distribution data taken from industry associations ACEA, FEBIAC, ANDTRI, and from survey data by De Borger (1987).
This leads to the need for supplementary data source for newer cars. Information on cars less than 4 years old is appended to the dataset from various private sources.  

The mileage data used in this analysis is based on odometer readings. In Hennessy and Tol (2010), we examined mileage distribution using the Household Budget Survey (HBS) which asks an explicit question on annual mileage. There is evidence of rounding error around the mean value (16,000 km). There is some evidence in the literature to suggest that mileage estimates from survey data may be biased (Prieger (2005); Staplin et al. (2008)). This arises because respondents essentially answer a question that they have never precisely measured. However, at an aggregated level we find little to justify this assertion, assuming that our odometer estimates in 2005 are an accurate representation of the population (see Figure A2). In the HBS, we are only able to disaggregate by average engine size per household and thus mileage distributions by engine size will not be as accurate.

We examine the aggregate distribution of mileage from the year 1999 to 2008 (see Figure 3). The proportion of cars that can be described as high mileage cars (> 25,000km) remains constant over the time period. The biggest change is in the low to medium mileage cars. We see that there are now more cars that drive fewer kilometres than in 1999. This can be partially explained by the increase in the number of multi-car households.

The main advantage of complete distributional data is that it allows us to identify the relevant market for a more efficient engine type. Consumers who drive the least will care little about the savings of driving a more efficient car and thus be heavily influenced by initial purchase price. Figure 4 shows that the shapes of the distribution are significantly different between engines sizes. High (low) mileage and large (small) engines go together.

---

6 Motorcheck.ie provides a database of private cars in Ireland. This provides information on annual mileage of cars that are less than 4 year old.
4. Model

We quantify the effect of the recent tax change in Ireland which has switched the incidence of taxation from engine size to carbon dioxide emissions. We are interested in the fuel share given an exogenous car stock disaggregated by engine size\(^7\). We construct a total life-cycle cost model which estimates a mileage break-even point. At any point greater than this break-even point, a rational agent will opt for the more efficient car and choose a diesel. The costs of a car consist of the purchase price, the operational cost, the maintenance cost and resell value \((1)\). These can be compared across both fuel types. We assume that the various attributes within comparative engine size of petrol and diesel cars are homogeneous to a first approximation (Rouwendahl and De Fries (1999); Verboven (2002))\(^8\)

The total life-cycle cost of car ownership is given by:

\[
C_i = P_i(1 + \alpha_i) + \beta_i + \sum_{t=0}^{\infty} \frac{M_{i,t} + \gamma_{i,t} + (\pi_{i,t} + \delta_{i,t})e_{i,t}D_t}{(1 + \rho)^t} - \frac{S_i}{(1 + \rho)^t}
\]

where

- \(C_i\) is the net present cost of a car of type \(i\);
- \(P\) is the purchase price;
- \(\alpha\) is the value added tax and stamp duty;
- \(\beta\) is the vehicle registration tax;
- \(M\) is the annual maintenance;
- \(\gamma\) is the annual motor tax;
- \(\pi\) is the price of fuel;
- \(\delta\) is the excise duty on fuel;
- \(\varepsilon\) is the fuel efficiency of the car;
- \(D\) is the annual distance drive;

\(^7\) This exogenous car stock, disaggregated by age and engine size is taken from the ISus Car Model which is described in Hennessy and Tol (2010)

\(^8\) The rationale for this assumption has improved in the last decade with the advent of turbo and direct injection. This considerably reduces the noticeable drag that characterised previous diesel fuelled cars.
• $\rho$ is the discount rate;
• $T$ is the life-time of the car; and
• $S$ is the sell value of the car.

If we hold all parameters constant over time and at their current value (as a car buyer might), then (1) simplifies to:

$$C_i = P_i (1 + \alpha_i) + \beta_i + \frac{(1 + \rho)^T - 1}{(1 + \rho)^T} + 1 + \frac{\rho}{(1 + \rho)^T} [M_i + \gamma_i + (\pi_i + \delta_i) \varepsilon_i] - \frac{S_i}{(1 + \rho)^T}$$

Diesels are more expensive to buy but cheaper to drive. For the same life-time, the break-even distance is given by:

$$D^* = \frac{(1 + \rho)^T - 1}{(1 + \rho)^T} \frac{\rho}{\rho} \left[ \Delta P_i (1 + \alpha_i) + \Delta \beta_i - \frac{\Delta S_i}{(1 + \rho)^T} \right] + \Delta M + \Delta \gamma$$

where the $\Delta$s denote the difference between car type $i$ and $j$.

Equation (3) gives the break-even distances for each engine size. We evaluate this pre- and post-tax reform, keeping all other variables constant. We do so for each engine size. This is important as the computed efficiency advantage of diesel over petrol varies by engine size. We follow Verboven (2002), assuming that anyone with a mileage above the break-even distance buys a diesel car. The market share of diesel cars thus follows from the mileage distribution shown in Figure 4. We calibrate the discount rate against observed market shares in 2007.

We integrated this break-even distance model into the ISus Car Model. This model is described in Hennessy and Tol (2010) and it forecasts the private car stock in Ireland out to 2025. It provides forecasts of the number of cars disaggregated by engine size, age and fuel type. It also provides forecast of mileage by engine size and fuel type. This allows us to examine the effect of the tax change in relation to emissions. There is also a tax component of this model which allows us to project the amount of tax revenue generated by private car taxation.
5. Results

In this section, we discuss the results of the model with specific details of the changes in relative break-even distance and how this along with the distribution of mileage by engine size affects the market share of diesels. We use the cumulative mileage distribution in 2008 as it best represents the current population. We conduct a number of different simulations to examine the different effects on the share of diesel cars per engine size.

5.1 Baseline Scenario

Our baseline specification includes all aspects of current government car taxation policy. As discussed previously, this includes a purchase tax (VRT) and an ownership tax (Motor tax) based on CO₂ emissions rather than engine size as before 2008. Table 1 shows the taxes before and after the 2008 reform. We find a substantial effect overall, varying by engine size. The break-even distance figures are shown in Table 2 and Figure 4. The effect of the tax reform is greatest in the medium size car market. It has little effect on the small size car market where the tax change has benefited both diesel and petrol. Furthermore, smaller cars tend to be driven less far. This effect is also evident for large cars (over 2 litre engine) where petrol cars have lost substantial market share. However, the tax reform has also meant that this segment of the car market has decreased. Table 3 shows the impact on market share.

Our impact estimates are greater than the impact found of similar schemes in the literature (Lehman et al., 2003; Mandell, 2009). However, as discussed previously, this particular tax reform is far larger than the scheme’s that have been analysed in the previous studies. When it is compared against the VED scheme in the UK, the Irish band based system has a much wider range than the UK system (see Table A1). This, along with the system of no car purchase taxes in the UK, explains why of the Irish carbon-differential tax scheme has such a large effect.
5.2 Decomposition

We apply the model to a scenario where only the purchase price changed as a result of the tax change. This reduces the purchase price of lower emission cars. It has no direct effect on annual ownership taxes or annual usage costs. We find a substantial effect in the predicted market share of diesels by engine size (Table 4) when compared with the observed shares of diesels before the tax change.

We also apply the model to a scenario where only the ownership cost changes as a result of the tax change. This imposes solely an annual cost on car ownership regardless of usage. The simulation results are reported in Table 5. Again, we see a substantial increase in the ‘dieselisation’ rate across the medium to large engine classes.

It is apparent that the overall effect of the ownership tax reform is larger than that of the purchase tax reform. This confirms previous literature (Ryan et al., 2009; Giblin and McNabola, 2009; Mandell, 2009).

5.3 Effect of Tax Reform on Government Revenue

We examine the impact of the tax change on government revenue. The motor tax reform only affects cars registered after June 2008. Thus, it takes time for this tax change to have a significant effect on motor tax revenue (see Figure 5). By 2025, the tax shortfall will be as much as €400 million compared to the situation of unreformed taxes. This assumes that motor tax rates remain constant.

In contrast, the effect on Vehicle Registration Tax revenue is immediate. As new car sales have fallen sharply due to the severe recession, there has been a collapse in VRT revenue. However, with the advent of the tax reform, a return to “normal” car sales will not mean a return to pre-reform VRT revenues. Figure 5 shows that a significant short fall will emerge in VRT revenue. This effect depends on the rate of recovery in the economy which affects both the amount and cost of cars being purchased (see Table 6). Giblin and McNabola (2009) estimate that based on annual sales of approximately 130,000 new cars, the shortfall in tax revenue will be €181 million. This is broadly similar with the estimates derived in this analysis (see Table 6).
A carbon tax was introduced in late 2009 in Ireland. This has placed an extra unit cost on each litre of fuel consumed. The carbon tax raises the price of a litre of petrol by 4.2 cents and the price of diesel by 4.9 cent. This reflects the higher carbon content in diesel fuel. Table 7 shows the projected tax revenue, which exceeds the revenue foregone by the motor and vehicle registration tax reform in the first year (2010) only. After that, the overall tax burden on private transport is lower than it would have been without tax reform – by up to half a billion euro in 2025. The tax reforms of 2008 and 2009 shifted the burden of taxation from car ownership to car use – as many economists would recommend (Verhoef et al., 1995; Proost et al., 2002; Ubbels et al., 2002) – but also reduced the total tax burden – a topic on which opinions diverge (Parry and Small, 2005).

5.4 Emissions and Tax Revenue Lost per Tonne of Carbon Dioxide

Tax reform impacts carbon dioxide emissions. There are two effects. First, the fuel efficiency of cars improves as drivers switch from petrol to diesel. Table 7 shows that the effect is relatively modest – about 0.1 million tonnes of carbon dioxide, compared to some 6.0 mln tCO₂ for total private transport emissions. However, higher fuel efficiency implies lower driving costs. If we include this rebound effect, carbon dioxide emissions still fall, but only by a little bit. See Table 7.

Table 7 also shows the cost to the exchequer per tonne of carbon dioxide avoided. In 2011, it varies between €3,800/tCO₂ without the rebound effect and the carbon tax and €17,000/tCO₂ with rebound and carbon tax. The range gets wider over time, increasing to 1,600-121,000 €/tCO₂ in 2025.

For comparison, the 2010 price of carbon dioxide in the EU ETS is about €15/tCO₂; this may rise to 30-70 €/tCO₂ in 2020 (Böhringer et al., 2009). One cannot, of course, compare the marginal welfare cost to the marginal tax revenue. The tax revenue foregone is a transfer from the government to owner and drivers of cars. Nevertheless, the government is responsible for meeting the targets for greenhouse gas emission reduction – and it can meet such targets through the purchase of certified emission credits, which tend to trade at a price slightly below ETS permits.
6. Conclusions

This paper studies the impact of shifting vehicle registration and motor taxes from engine size to potential emissions, as introduced in Ireland in July 2008. This has led to a substantial shift to diesel cars, particularly for larger engines. We estimate that the overall market share of diesels will increase from 25% to 58% as a direct result of the tax reform. As a result, the revenues from the vehicle registration tax dropped instantaneously and permanently; while the revenues from the motor tax drop gradually over time as the car stock adjusts to the new pattern of car sales. The government introduced a carbon tax on transport fuels in November 2009. In the long run, the extra revenue from the carbon tax is about 1/6 of the revenue foregone from the vehicle registration and motor taxes. Although the tax burden has shifted from car ownership to carbon use, the overall tax burden has fallen. Because diesel cars are more fuel efficient, carbon dioxide emissions fall but only modestly. As travel costs fall, people may well drive more; correcting for this rebound effect, the drop in emissions is minimal. As a consequence, the cost to the revenue per tonne of carbon dioxide avoided is high if not very high.

These results come with a number of caveats. First, the model predicts a large shift from petrol to diesel. This has been consistently observed over the last 18 months. While this is a welcome validation of the model, car sales were at an exceptionally low level because of the depression of the Irish economy. Our predictions should be checked with data once the economy has returned to normal. Second, we foresee a reduction in tax revenue of half a billion euro per year. This is probably not acceptable given the fiscal situation. It is therefore likely that tax rates will be adjusted upwards. Tax bands may also be changed. The lowest band at present is 120 g/km and this gives no incentive to purchase a 90 g/km car over a 119 g/km car. This problem will be highlighted as larger numbers of low emissions hybrid cars come onto the market. Thirdly, we use a simple car purchase model, calibrated with aggregate data. The robustness of our results should be checked against more detailed models estimated with micro-data. The same is true for our assumptions about distance driven. All this is deferred to future research.
References


Central Statistics Office. 200 Vehicles Licensed for the First Time.


### Tables:

**Table 1: Tax rates before and after the July 2008 reform**

<table>
<thead>
<tr>
<th></th>
<th>Diesel</th>
<th></th>
<th></th>
<th></th>
<th></th>
<th>Petrol</th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Tax&lt;sup&gt;a&lt;/sup&gt;</td>
<td>ISus</td>
<td>VRT&lt;sup&gt;b&lt;/sup&gt;</td>
<td>MT&lt;sup&gt;c&lt;/sup&gt;</td>
<td>Tax&lt;sup&gt;a&lt;/sup&gt;</td>
<td>ISus</td>
<td>VRT&lt;sup&gt;b&lt;/sup&gt;</td>
<td>MT&lt;sup&gt;c&lt;/sup&gt;</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Bef</td>
<td>aft</td>
<td>bef</td>
<td>aft</td>
<td>Bef</td>
<td>aft</td>
<td>bef</td>
<td>aft</td>
<td></td>
<td></td>
</tr>
<tr>
<td>A</td>
<td>A</td>
<td>22.5%</td>
<td>14%</td>
<td>165</td>
<td>104</td>
<td>A</td>
<td>A</td>
<td>22.5%</td>
<td>14%</td>
<td>165</td>
</tr>
<tr>
<td>B</td>
<td>B</td>
<td>22.5%</td>
<td>16%</td>
<td>165</td>
<td>156</td>
<td>B</td>
<td>B</td>
<td>22.5%</td>
<td>16%</td>
<td>165</td>
</tr>
<tr>
<td>B</td>
<td>D</td>
<td>22.5%</td>
<td>16%</td>
<td>275</td>
<td>156</td>
<td>B</td>
<td>D</td>
<td>22.5%</td>
<td>16%</td>
<td>275</td>
</tr>
<tr>
<td>B</td>
<td>E</td>
<td>25%</td>
<td>16%</td>
<td>320</td>
<td>156</td>
<td>C</td>
<td>E</td>
<td>25%</td>
<td>20%</td>
<td>320</td>
</tr>
<tr>
<td>B</td>
<td>F</td>
<td>25%</td>
<td>16%</td>
<td>343</td>
<td>156</td>
<td>D</td>
<td>F</td>
<td>25%</td>
<td>24%</td>
<td>343</td>
</tr>
<tr>
<td>B</td>
<td>G</td>
<td>25%</td>
<td>16%</td>
<td>428</td>
<td>156</td>
<td>D</td>
<td>G</td>
<td>25%</td>
<td>24%</td>
<td>428</td>
</tr>
<tr>
<td>C</td>
<td>H</td>
<td>25%</td>
<td>20%</td>
<td>550</td>
<td>302</td>
<td>E</td>
<td>H</td>
<td>25%</td>
<td>28%</td>
<td>550</td>
</tr>
<tr>
<td>E</td>
<td>I</td>
<td>30%</td>
<td>28%</td>
<td>800</td>
<td>550</td>
<td>F</td>
<td>I</td>
<td>30%</td>
<td>32%</td>
<td>800</td>
</tr>
<tr>
<td>G</td>
<td>J</td>
<td>30%</td>
<td>36%</td>
<td>1150</td>
<td>2100</td>
<td>G</td>
<td>J</td>
<td>30%</td>
<td>36%</td>
<td>1150</td>
</tr>
</tbody>
</table>

<sup>a</sup> This table shows how the engine size classes in the ISus car model (A-J) are transformed into new emissions bands (A-G). Note this is an illustrative example. The concordance table used to create emissions bands is based on actual sales in 2008-2009. This shows that petrol with the same engine size do not necessarily end up in the same emission bands.

<sup>b</sup> Classification in the tax code

<sup>c</sup> Vehicle Registration Tax, ad valorem

<sup>d</sup> Motor Tax, specific duty, €/year
### Table 2: The effect of tax reform on break-even distance (1000 kilometre)

<table>
<thead>
<tr>
<th>Engine size</th>
<th>Before tax reform</th>
<th>After tax reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 900 CC</td>
<td>50.7</td>
<td>51.6</td>
</tr>
<tr>
<td>901-1000 CC</td>
<td>50.7</td>
<td>51.3</td>
</tr>
<tr>
<td>1001-1300 CC</td>
<td>27.2</td>
<td>23.5</td>
</tr>
<tr>
<td>1301-1400 CC</td>
<td>26.4</td>
<td>18.3</td>
</tr>
<tr>
<td>1401-1500 CC</td>
<td>21.2</td>
<td>9.7</td>
</tr>
<tr>
<td>1501-1600 CC</td>
<td>27.5</td>
<td>14.4</td>
</tr>
<tr>
<td>1601-2000 CC</td>
<td>14.0</td>
<td>8.6</td>
</tr>
<tr>
<td>2001-2400 CC</td>
<td>18.1</td>
<td>5.6</td>
</tr>
<tr>
<td>&gt; 2401 CC</td>
<td>17.8</td>
<td>10.3</td>
</tr>
</tbody>
</table>
Table 3: The effect of tax reform on diesel market share (in fraction) of new car purchases

<table>
<thead>
<tr>
<th>Engine Size</th>
<th>Before tax reform</th>
<th>After tax reform</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;900 cc</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>900-1000 cc</td>
<td>0.00</td>
<td>0.00</td>
</tr>
<tr>
<td>1001-1300 cc</td>
<td>0.03</td>
<td>0.06</td>
</tr>
<tr>
<td>1301-1400 cc</td>
<td>0.08</td>
<td>0.30</td>
</tr>
<tr>
<td>1401-1500 cc</td>
<td>0.26</td>
<td>0.90</td>
</tr>
<tr>
<td>1501-1600 cc</td>
<td>0.09</td>
<td>0.57</td>
</tr>
<tr>
<td>1601-2000 cc</td>
<td>0.68</td>
<td>0.89</td>
</tr>
<tr>
<td>2001-2400 cc</td>
<td>0.52</td>
<td>0.94</td>
</tr>
<tr>
<td>&gt;2400 cc</td>
<td>0.50</td>
<td>0.81</td>
</tr>
</tbody>
</table>
Table 4: The effect of a change in Vehicle Registration Tax only

<table>
<thead>
<tr>
<th>Engine size</th>
<th>Market share of diesel</th>
<th>Break-even distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 900 CC</td>
<td>0.01</td>
<td>51.6</td>
</tr>
<tr>
<td>901-1000 CC</td>
<td>0.00</td>
<td>51.3</td>
</tr>
<tr>
<td>1001-1300 CC</td>
<td>0.03</td>
<td>28.7</td>
</tr>
<tr>
<td>1301-1400 CC</td>
<td>0.06</td>
<td>26.8</td>
</tr>
<tr>
<td>1401-1500 CC</td>
<td>0.56</td>
<td>14.6</td>
</tr>
<tr>
<td>1501-1600 CC</td>
<td>0.23</td>
<td>22.1</td>
</tr>
<tr>
<td>1601-2000 CC</td>
<td>0.65</td>
<td>15.1</td>
</tr>
<tr>
<td>2001-2400 CC</td>
<td>0.71</td>
<td>13.4</td>
</tr>
<tr>
<td>&gt; 2401 CC</td>
<td>0.77</td>
<td>11.2</td>
</tr>
</tbody>
</table>
Table 5: The effect of a change in Motor Tax only

<table>
<thead>
<tr>
<th>Engine size</th>
<th>Market share of diesel</th>
<th>Break-even distance</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt; 900 CC</td>
<td>0.01</td>
<td>50.1</td>
</tr>
<tr>
<td>901-1000 CC</td>
<td>0.00</td>
<td>50.1</td>
</tr>
<tr>
<td>1001-1300 CC</td>
<td>0.10</td>
<td>21.7</td>
</tr>
<tr>
<td>1301-1400 CC</td>
<td>0.31</td>
<td>17.6</td>
</tr>
<tr>
<td>1401-1500 CC</td>
<td>0.63</td>
<td>13.1</td>
</tr>
<tr>
<td>1501-1600 CC</td>
<td>0.33</td>
<td>19.5</td>
</tr>
<tr>
<td>1601-2000 CC</td>
<td>0.85</td>
<td>9.8</td>
</tr>
<tr>
<td>2001-2400 CC</td>
<td>0.53</td>
<td>17.8</td>
</tr>
<tr>
<td>&gt; 2401 CC</td>
<td>0.50</td>
<td>17.6</td>
</tr>
</tbody>
</table>
Table 6: The effect of tax reform on car tax revenue (million euro)

<table>
<thead>
<tr>
<th>Year</th>
<th>Motor Tax</th>
<th>Vehicle Registration Tax</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>No tax reform</td>
<td>Tax reform</td>
</tr>
<tr>
<td>2009</td>
<td>800</td>
<td>791</td>
</tr>
<tr>
<td>2010</td>
<td>800</td>
<td>782</td>
</tr>
<tr>
<td>2011</td>
<td>809</td>
<td>763</td>
</tr>
<tr>
<td>2012</td>
<td>817</td>
<td>744</td>
</tr>
<tr>
<td>2013</td>
<td>824</td>
<td>723</td>
</tr>
<tr>
<td>2014</td>
<td>832</td>
<td>702</td>
</tr>
<tr>
<td>2015</td>
<td>857</td>
<td>693</td>
</tr>
<tr>
<td>2016</td>
<td>882</td>
<td>683</td>
</tr>
<tr>
<td>2017</td>
<td>905</td>
<td>674</td>
</tr>
<tr>
<td>2018</td>
<td>926</td>
<td>665</td>
</tr>
<tr>
<td>2019</td>
<td>947</td>
<td>658</td>
</tr>
<tr>
<td>2020</td>
<td>968</td>
<td>652</td>
</tr>
<tr>
<td>2021</td>
<td>988</td>
<td>649</td>
</tr>
<tr>
<td>2022</td>
<td>1008</td>
<td>648</td>
</tr>
<tr>
<td>2023</td>
<td>1028</td>
<td>649</td>
</tr>
<tr>
<td>2024</td>
<td>1047</td>
<td>652</td>
</tr>
<tr>
<td>2025</td>
<td>1066</td>
<td>657</td>
</tr>
</tbody>
</table>
### Table 7: Emissions and tax revenue lost per tonne of carbon dioxide

<table>
<thead>
<tr>
<th></th>
<th>Tax revenue</th>
<th>Carbon dioxide avoided</th>
<th>Revenue forgone per emission avoided</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>MT+VRT(^a)</td>
<td>CT(^b)</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Million euro</td>
<td>thousand tonnes of CO(_2)</td>
<td>€/tCO(_2)</td>
</tr>
<tr>
<td>2010</td>
<td>-70</td>
<td>120</td>
<td>50</td>
</tr>
<tr>
<td>2011</td>
<td>-214</td>
<td>119</td>
<td>-95</td>
</tr>
<tr>
<td>2012</td>
<td>-245</td>
<td>118</td>
<td>-127</td>
</tr>
<tr>
<td>2013</td>
<td>-276</td>
<td>116</td>
<td>-160</td>
</tr>
<tr>
<td>2014</td>
<td>-306</td>
<td>115</td>
<td>-191</td>
</tr>
<tr>
<td>2015</td>
<td>-386</td>
<td>116</td>
<td>-270</td>
</tr>
<tr>
<td>2016</td>
<td>-417</td>
<td>116</td>
<td>-301</td>
</tr>
<tr>
<td>2017</td>
<td>-445</td>
<td>117</td>
<td>-328</td>
</tr>
<tr>
<td>2018</td>
<td>-470</td>
<td>117</td>
<td>-353</td>
</tr>
<tr>
<td>2019</td>
<td>-497</td>
<td>116</td>
<td>-381</td>
</tr>
<tr>
<td>2020</td>
<td>-521</td>
<td>116</td>
<td>-405</td>
</tr>
<tr>
<td>2021</td>
<td>-542</td>
<td>116</td>
<td>-426</td>
</tr>
<tr>
<td>2022</td>
<td>-567</td>
<td>116</td>
<td>-451</td>
</tr>
<tr>
<td>2023</td>
<td>-583</td>
<td>115</td>
<td>-468</td>
</tr>
<tr>
<td>2024</td>
<td>-602</td>
<td>115</td>
<td>-487</td>
</tr>
<tr>
<td>2025</td>
<td>-619</td>
<td>114</td>
<td>-505</td>
</tr>
</tbody>
</table>

\(^a\) Change in tax revenue due to motor tax and vehicle registration tax reform  
\(^b\) Change in tax revenue due to introduction of carbon tax on transport fuel  
\(^c\) Without rebound, without carbon tax  
\(^d\) With rebound, with carbon tax
Figure 1: Overall running costs of diesel and petrol cars (annual)
Figure 2: The share of diesel across Europe
Figure 3: Cumulative distribution of annual mileage for selected years
Figure 4: The effect of tax reform on break-even distance
Figure 5: The effect of tax reform on tax revenue
Appendix:

Table A1: Comparison of ownership taxes in Ireland and the UK

<table>
<thead>
<tr>
<th>Emissions</th>
<th>UK rates</th>
<th>Irish rates</th>
</tr>
</thead>
<tbody>
<tr>
<td>Up to 100</td>
<td>£0</td>
<td>€104</td>
</tr>
<tr>
<td>101 to 110</td>
<td>£35</td>
<td>€104</td>
</tr>
<tr>
<td>111 - 120</td>
<td>£35</td>
<td>€104</td>
</tr>
<tr>
<td>121 - 130</td>
<td>£120</td>
<td>€156</td>
</tr>
<tr>
<td>131 - 140</td>
<td>£120</td>
<td>€156</td>
</tr>
<tr>
<td>141 - 150</td>
<td>£125</td>
<td>€302</td>
</tr>
<tr>
<td>151 - 165</td>
<td>£150</td>
<td>€447</td>
</tr>
<tr>
<td>166 - 175</td>
<td>£175</td>
<td>€447</td>
</tr>
<tr>
<td>176 - 185</td>
<td>£175</td>
<td>€630</td>
</tr>
<tr>
<td>186 - 200</td>
<td>£215</td>
<td>€630</td>
</tr>
<tr>
<td>201 - 225</td>
<td>£215</td>
<td>€1,050</td>
</tr>
<tr>
<td>226 - 255</td>
<td>£405</td>
<td>€2,100</td>
</tr>
<tr>
<td>Over 255</td>
<td>£405</td>
<td>€2,100</td>
</tr>
</tbody>
</table>
Figure A1: Time series of monthly fuel prices
Figure A2: Comparing the distribution of survey vs. odometer data
<table>
<thead>
<tr>
<th>Year</th>
<th>Number</th>
<th>Title/ Author(s)</th>
</tr>
</thead>
</table>
| 2010 | 348    | Climate Policy under Fat-Tailed Risk: An Application of FUND  
*David Anthoff* and *Richard S.J. Tol* |
| 347  | Corporate Expenditure on Environmental Protection  
*Stefanie A. Haller* and *Liam Murphy* |
| 346  | Female Labour Supply and Divorce: New Evidence from Ireland  
Olivier Bargain, Libertad González, *Claire Keane* and Berkay Özcan |
| 345  | A Statistical Profiling Model of Long-Term Unemployment Risk in Ireland  
*Philip J. O’Connell*, *Seamus McGuinness*, *Elish Kelly* |
| 344  | The Economic Crisis, Public Sector Pay, and the Income Distribution  
*Tim Callan*, Brian Nolan (UCD) and *John Walsh* |
| 343  | Estimating the Impact of Access Conditions on Service Quality in Post  
*Gregory Swinand*, *Conor O’Toole* and *Seán Lyons* |
| 342  | The Impact of Climate Policy on Private Car Ownership in Ireland  
*Hugh Hennessy* and *Richard S.J. Tol* |
| 341  | National Determinants of Vegetarianism  
*Eimear Leahy*, *Seán Lyons* and *Richard S.J. Tol* |
| 340  | An Estimate of the Number of Vegetarians in the World  
*Eimear Leahy*, *Seán Lyons* and *Richard S.J. Tol* |
| 339  | International Migration in Ireland, 2009  
*Philip J O’Connell* and *Corona Joyce* |
| 338  | The Euro Through the Looking-Glass: Perceived Inflation Following the 2002 Currency Changeover  
*Pete Lunn* and *David Duffy* |
| 337  | Returning to the Question of a Wage Premium for Returning Migrants  
*Alan Barrett* and *Jean Goggin* |

**2009**

| 336  | What Determines the Location Choice of Multinational Firms in the ICT Sector?  
*Iulia Siedschlag*, *Xiaoheng Zhang*, *Donal Smith* |
| 335  | Cost-benefit analysis of the introduction of weight-based charges |
for domestic waste – West Cork’s experience
*Sue Scott* and *Dorothy Watson*

334 The Likely Economic Impact of Increasing Investment in Wind on the Island of Ireland
*Conor Devitt, Seán Diffney, John Fitz Gerald, Seán Lyons* and *Laura Malaguzzi Valeri*

333 Estimating Historical Landfill Quantities to Predict Methane Emissions
*Seán Lyons, Liam Murphy* and *Richard S.J. Tol*

332 International Climate Policy and Regional Welfare Weights
*Daiju Narita, Richard S. J. Tol*, and *David Anthoff*

331 A Hedonic Analysis of the Value of Parks and Green Spaces in the Dublin Area
*Karen Mayor, Seán Lyons, David Duffy* and *Richard S.J. Tol*

330 Measuring International Technology Spillovers and Progress Towards the European Research Area
*Iulia Siedschlag*

329 Climate Policy and Corporate Behaviour
*Nicola Commins, Seán Lyons, Marc Schiffbauer*, and *Richard S.J. Tol*

328 The Association Between Income Inequality and Mental Health: Social Cohesion or Social Infrastructure
*Richard Layte* and *Bertrand Maître*

327 A Computational Theory of Exchange: Willingness to pay, willingness to accept and the endowment effect
*Pete Lunn* and *Mary Lunn*

326 Fiscal Policy for Recovery
*John Fitz Gerald*

325 The EU 20/20/2020 Targets: An Overview of the EMF22 Assessment
*Christoph Böhringer, Thomas F. Rutherford*, and *Richard S.J. Tol*

324 Counting Only the Hits? The Risk of Underestimating the Costs of Stringent Climate Policy
*Massimo Tavoni, Richard S.J. Tol*

323 International Cooperation on Climate Change Adaptation from an Economic Perspective
*Kelly C. de Bruin, Rob B. Dellink* and *Richard S.J. Tol*

322 What Role for Property Taxes in Ireland?
*T. Callan, C. Keane* and *J.R. Walsh*
<table>
<thead>
<tr>
<th>Page</th>
<th>Title</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>320</td>
<td>A Code of Practice for Grocery Goods Undertakings and An Ombudsman: How to Do a Lot of Harm by Trying to Do a Little Good</td>
<td>Paul K Gorecki</td>
</tr>
<tr>
<td>319</td>
<td>Negative Equity in the Irish Housing Market</td>
<td>David Duffy</td>
</tr>
<tr>
<td>318</td>
<td>Estimating the Impact of Immigration on Wages in Ireland</td>
<td>Alan Barrett, Adele Bergin and Elish Kelly</td>
</tr>
<tr>
<td>316</td>
<td>Mismatch in the Graduate Labour Market Among Immigrants and Second-Generation Ethnic Minority Groups</td>
<td>Delma Byrne and Seamus McGuinness</td>
</tr>
<tr>
<td>315</td>
<td>Managing Housing Bubbles in Regional Economies under EMU: Ireland and Spain</td>
<td>Thomas Conefrey and John Fitz Gerald</td>
</tr>
<tr>
<td>314</td>
<td>Job Mismatches and Labour Market Outcomes</td>
<td>Kostas Mavromaras, Seamus McGuinness, Nigel O'Leary, Peter Sloane and Yin King Fok</td>
</tr>
<tr>
<td>313</td>
<td>Immigrants and Employer-provided Training</td>
<td>Alan Barrett, Seamus McGuinness, Martin O'Brien and Philip O'Connell</td>
</tr>
<tr>
<td>312</td>
<td>Did the Celtic Tiger Decrease Socio-Economic Differentials in Perinatal Mortality in Ireland?</td>
<td>Richard Layte and Barbara Clyne</td>
</tr>
<tr>
<td>311</td>
<td>Exploring International Differences in Rates of Return to Education: Evidence from EU SILC</td>
<td>Maria A. Davia, Seamus McGuinness and Philip J. O'Connell</td>
</tr>
<tr>
<td>310</td>
<td>Car Ownership and Mode of Transport to Work in Ireland</td>
<td>Nicola Commins and Anne Nolan</td>
</tr>
<tr>
<td>309</td>
<td>Recent Trends in the Caesarean Section Rate in Ireland 1999-2006</td>
<td>Aoife Brick and Richard Layte</td>
</tr>
<tr>
<td>308</td>
<td>Price Inflation and Income Distribution</td>
<td>Anne Jennings, Seán Lyons and Richard S.J. Tol</td>
</tr>
<tr>
<td>Page</td>
<td>Title</td>
<td>Authors</td>
</tr>
<tr>
<td>------</td>
<td>---------------------------------------------------------------------------------------------</td>
<td>------------------------------------------------------------------------</td>
</tr>
<tr>
<td>307</td>
<td>Overskilling Dynamics and Education Pathways</td>
<td>Kostas Mavromaras, <em>Seamus McGuinness</em>, Yin King Fok</td>
</tr>
<tr>
<td>306</td>
<td>What Determines the Attractiveness of the European Union to the Location of R&amp;D Multinational Firms?</td>
<td><em>Iulia Siedschlag</em>, Donal Smith, Camelia Turcu, Xiaoheng Zhang</td>
</tr>
<tr>
<td>305</td>
<td>Do Foreign Mergers and Acquisitions Boost Firm Productivity?</td>
<td><em>Marc Schiffbauer</em>, <em>Iulia Siedschlag</em>, <em>Frances Ruane</em></td>
</tr>
<tr>
<td>304</td>
<td>Inclusion or Diversion in Higher Education in the Republic of Ireland?</td>
<td><em>Delma Byrne</em></td>
</tr>
<tr>
<td>303</td>
<td>Welfare Regime and Social Class Variation in Poverty and Economic Vulnerability in Europe: An Analysis of EU-SILC</td>
<td>Christopher T. Whelan and <em>Bertrand Maître</em></td>
</tr>
<tr>
<td>302</td>
<td>Understanding the Socio-Economic Distribution and Consequences of Patterns of Multiple Deprivation: An Application of Self-Organising Maps</td>
<td>Christopher T. Whelan, Mario Lucchini, Maurizio Pisati and <em>Bertrand Maître</em></td>
</tr>
<tr>
<td>301</td>
<td>Estimating the Impact of Metro North</td>
<td><em>Edgar Morgenroth</em></td>
</tr>
<tr>
<td>298</td>
<td>Irish Public Capital Spending in a Recession</td>
<td><em>Edgar Morgenroth</em></td>
</tr>
<tr>
<td>297</td>
<td>Exporting and Ownership Contributions to Irish Manufacturing Productivity Growth</td>
<td><em>Anne Marie Gleeson</em>, <em>Frances Ruane</em></td>
</tr>
<tr>
<td>296</td>
<td>Eligibility for Free Primary Care and Avoidable Hospitalisations in Ireland</td>
<td><em>Anne Nolan</em></td>
</tr>
<tr>
<td>294</td>
<td>Labour Market Mismatch Among UK Graduates; An Analysis Using REFLEX Data</td>
<td><em>Seamus McGuinness</em> and <em>Peter J. Sloane</em></td>
</tr>
</tbody>
</table>
Towards Regional Environmental Accounts for Ireland
Richard S.J. Tol, Nicola Commins, Niamh Crilly, Sean Lyons and Edgar Morgenroth

EU Climate Change Policy 2013-2020: Thoughts on Property Rights and Market Choices
Paul K. Gorecki, Sean Lyons and Richard S.J. Tol

Measuring House Price Change
David Duffy

Intra-and Extra-Union Flexibility in Meeting the European Union’s Emission Reduction Targets
Richard S.J. Tol

The Determinants and Effects of Training at Work: Bringing the Workplace Back In
Philip J. O’Connell and Delma Byrne

Climate Feedbacks on the Terrestrial Biosphere and the Economics of Climate Policy: An Application of FUND
Richard S.J. Tol

The Behaviour of the Irish Economy: Insights from the HERMES macro-economic model
Adele Bergin, Thomas Conefrey, John FitzGerald and Ide Kearney

Mapping Patterns of Multiple Deprivation Using Self-Organising Maps: An Application to EU-SILC Data for Ireland
Maurizio Pisati, Christopher T. Whelan, Mario Lucchini and Bertrand Maitre

The Feasibility of Low Concentration Targets: An Application of FUND
Richard S.J. Tol

Policy Options to Reduce Ireland’s GHG Emissions
Instrument choice: the pros and cons of alternative policy instruments
Thomas Legge and Sue Scott

Accounting for Taste: An Examination of Socioeconomic Gradients in Attendance at Arts Events
Pete Lunn and Elish Kelly

The Economic Impact of Ocean Acidification on Coral Reefs

Assessing the impact of biodiversity on tourism flows: A model for tourist behaviour and its policy implications
Giulia Macagno, Maria Loureiro, Paulo A.L.D. Nunes and Richard Tol
S.J. Tol

280 Advertising to boost energy efficiency: the Power of One campaign and natural gas consumption
Seán Diffney, Seán Lyons and Laura Malaguzzi Valeri

279 International Transmission of Business Cycles Between Ireland and its Trading Partners
Jean Goggin and Iulia Siedschlag

278 Optimal Global Dynamic Carbon Taxation
David Anthoff

277 Energy Use and Appliance Ownership in Ireland
Eimear Leahy and Seán Lyons

276 Discounting for Climate Change
David Anthoff, Richard S.J. Tol and Gary W. Yohe

275 Projecting the Future Numbers of Migrant Workers in the Health and Social Care Sectors in Ireland
Alan Barrett and Anna Rust

274 Economic Costs of Extratropical Storms under Climate Change: An application of FUND
Daiju Narita, Richard S.J. Tol, David Anthoff

273 The Macro-Economic Impact of Changing the Rate of Corporation Tax
Thomas Conefrey and John D. Fitz Gerald

272 The Games We Used to Play
An Application of Survival Analysis to the Sporting Life-course
Pete Lunn

2008

271 Exploring the Economic Geography of Ireland
Edgar Morgenroth

270 Benchmarking, Social Partnership and Higher Remuneration: Wage Settling Institutions and the Public-Private Sector Wage Gap in Ireland
Elish Kelly, Seamus McGuinness, Philip O’Connell

269 A Dynamic Analysis of Household Car Ownership in Ireland
Anne Nolan

268 The Determinants of Mode of Transport to Work in the Greater Dublin Area
Nicola Commins and Anne Nolan

267 Resonances from Economic Development for Current Economic Policymaking
Frances Ruane

266 The Impact of Wage Bargaining Regime on Firm-Level Competitiveness and Wage Inequality: The Case of Ireland
Seamus McGuinness, Elish Kelly and Philip O’Connell

265 Poverty in Ireland in Comparative European Perspective
Christopher T. Whelan and Bertrand Maître

264 A Hedonic Analysis of the Value of Rail Transport in the Greater Dublin Area
Karen Mayor, Seán Lyons, David Duffy and Richard S.J. Tol

263 Comparing Poverty Indicators in an Enlarged EU
Christopher T. Whelan and Bertrand Maître

262 Fuel Poverty in Ireland: Extent, Affected Groups and Policy Issues
Sue Scott, Seán Lyons, Claire Keane, Donal McCarthy and Richard S.J. Tol

261 The Misperception of Inflation by Irish Consumers
David Duffy and Pete Lunn

260 The Direct Impact of Climate Change on Regional Labour Productivity

259 Damage Costs of Climate Change through Intensification of Tropical Cyclone Activities:
An Application of FUND
Daiju Narita, Richard S. J. Tol and David Anthoff

258 Are Over-educated People Insiders or Outsiders?
A Case of Job Search Methods and Over-education in UK
Aleksander Kucel, Delma Byrne

257 Metrics for Aggregating the Climate Effect of Different Emissions: A Unifying Framework
Richard S.J. Tol, Terje K. Berntsen, Brian C. O’Neill, Jan S. Fuglestvedt, Keith P. Shine, Yves Balkanski and Laszlo Makra

256 Intra-Union Flexibility of Non-ETS Emission Reduction Obligations in the European Union
Richard S.J. Tol

255 The Economic Impact of Climate Change
Richard S.J. Tol

254 Measuring International Inequity Aversion
Richard S.J. Tol
Using a Census to Assess the Reliability of a National Household Survey for Migration Research: The Case of Ireland  
*Alan Barrett and Elish Kelly*

Risk Aversion, Time Preference, and the Social Cost of Carbon  
*David Anthoff, Richard S.J. Tol* and Gary W. Yohe

The Impact of a Carbon Tax on Economic Growth and Carbon Dioxide Emissions in Ireland  
*Thomas Conefrey, John D. Fitz Gerald, Laura Malaguzzi Valeri* and *Richard S.J. Tol*

The Distributional Implications of a Carbon Tax in Ireland  
*Tim Callan, Sean Lyons, Susan Scott, Richard S.J. Tol* and Stefano Verde

Measuring Material Deprivation in the Enlarged EU  
*Christopher T. Whelan, Brian Nolan* and *Bertrand Maître*

Marginal Abatement Costs on Carbon-Dioxide Emissions: A Meta-Analysis  
*Onno Kuik, Luke Brander* and *Richard S.J. Tol*

Incorporating GHG Emission Costs in the Economic Appraisal of Projects Supported by State Development Agencies  
*Richard S.J. Tol* and *Seán Lyons*

A Carton Tax for Ireland  
*Richard S.J. Tol, Tim Callan, Thomas Conefrey, John D. Fitz Gerald, Seán Lyons, Laura Malaguzzi Valeri* and *Susan Scott*

Non-cash Benefits and the Distribution of Economic Welfare  
*Tim Callan and Claire Keane*

Scenarios of Carbon Dioxide Emissions from Aviation  
*Karen Mayor and Richard S.J. Tol*

The Effect of the Euro on Export Patterns: Empirical Evidence from Industry Data  
*Gavin Murphy* and *Iulia Siedschlag*

The Economic Returns to Field of Study and Competencies Among Higher Education Graduates in Ireland  
*Elish Kelly, Philip O’Connell* and *Emer Smyth*

European Climate Policy and Aviation Emissions  
*Karen Mayor and Richard S.J. Tol*

Aviation and the Environment in the Context of the EU-US Open Skies Agreement  
*Karen Mayor and Richard S.J. Tol*
239 Yuppie Kvetch? Work-life Conflict and Social Class in Western Europe
Frances McGinnity and Emma Calvert

Alan Barrett and Yvonne McCarthy

237 How Local is Hospital Treatment? An Exploratory Analysis of Public/Private Variation in Location of Treatment in Irish Acute Public Hospitals
Jacqueline O’Reilly and Miriam M. Wiley

236 The Immigrant Earnings Disadvantage Across the Earnings and Skills Distributions: The Case of Immigrants from the EU’s New Member States in Ireland
Alan Barrett, Seamus McGuinness and Martin O’Brien

235 Europeanisation of Inequality and European Reference Groups
Christopher T. Whelan and Bertrand Maître

234 Managing Capital Flows: Experiences from Central and Eastern Europe
Jürgen von Hagen and Iulia Siedschlag

Charlie Karlsson, Gunther Maier, Michaela Trippl, Iulia Siedschlag, Robert Owen and Gavin Murphy

232 Welfare and Competition Effects of Electricity Interconnection between Great Britain and Ireland
Laura Malaguzzi Valeri

231 Is FDI into China Crowding Out the FDI into the European Union?
Laura Resmini and Iulia Siedschlag

230 Estimating the Economic Cost of Disability in Ireland
John Cullinan, Brenda Gannon and Seán Lyons

229 Controlling the Cost of Controlling the Climate: The Irish Government’s Climate Change Strategy
Colm McCarthy, Sue Scott

228 The Impact of Climate Change on the Balanced-Growth-Equivalent: An Application of FUND
David Anthoff, Richard S.J. Tol

227 Changing Returns to Education During a Boom? The Case of Ireland
Seamus McGuinness, Frances McGinnity, Philip O’Connell

42
‘New’ and ‘Old’ Social Risks: Life Cycle and Social Class Perspectives on Social Exclusion in Ireland
Christopher T. Whelan and Bertrand Maître

The Climate Preferences of Irish Tourists by Purpose of Travel
Seán Lyons, Karen Mayor and Richard S.J. Tol

A Hirsch Measure for the Quality of Research Supervision, and an Illustration with Trade Economists
Frances P. Ruane and Richard S.J. Tol

Environmental Accounts for the Republic of Ireland: 1990-2005
Seán Lyons, Karen Mayor and Richard S.J. Tol

Assessing Vulnerability of Selected Sectors under Environmental Tax Reform: The issue of pricing power
J. Fitz Gerald, M. Keeney and S. Scott

Climate Policy Versus Development Aid
Richard S.J. Tol

Exports and Productivity – Comparable Evidence for 14 Countries
The International Study Group on Exports and Productivity

Energy-Using Appliances and Energy-Saving Features: Determinants of Ownership in Ireland
Joe O’Doherty, Seán Lyons and Richard S.J. Tol

The Public/Private Mix in Irish Acute Public Hospitals: Trends and Implications
Jacqueline O’Reilly and Miriam M. Wiley

Regret About the Timing of First Sexual Intercourse: The Role of Age and Context
Richard Layte, Hannah McGee

Determinants of Water Connection Type and Ownership of Water-Using Appliances in Ireland
Joe O’Doherty, Seán Lyons and Richard S.J. Tol

Unemployment – Stage or Stigma?
Being Unemployed During an Economic Boom
Emer Smyth

The Value of Lost Load
Richard S.J. Tol

Adolescents’ Educational Attainment and School Experiences in Contemporary Ireland
Merike Darmody, Selina McCoy, Emer Smyth

Acting Up or Opting Out? Truancy in Irish Secondary Schools
Where do MNEs Expand Production: Location Choices of the Pharmaceutical Industry in Europe after 1992
Frances P. Ruane, Xiaoheng Zhang

Holiday Destinations: Understanding the Travel Choices of Irish Tourists
Seán Lyons, Karen Mayor and Richard S.J. Tol

The Effectiveness of Competition Policy and the Price-Cost Margin: Evidence from Panel Data
Patrick McCloughan, Seán Lyons and William Batt

Tax Structure and Female Labour Market Participation: Evidence from Ireland
Tim Callan, A. Van Soest, J.R. Walsh