



Sarah LE DUIGOU (USMB, IREGE),

Energetic transition and labour market performance: Can we make carbon tax socially acceptable?

In this paper, we analyse the impact of fuel price shocks on labour market performance. Whether it is due to geopolitical tensions or carbon taxes, the increase in fuel prices hinders individuals' mobility and increases the matching time between supply and demand on the labour market. Thus, we propose a search model with spatial mismatch to study the impact of fuel prices increase on pollution, employment and well-being of individuals. Using original French data to consolidate our assumptions and to calibrate the model, we show that the increase in fuel prices does lead to a decrease in pollution, but also generates an increase in unemployment, a decrease in wages and in individuals well-being. These adverse effects are very unevenly distributed and the most qualified, who are also often the least distant from major job centers, seem to be less affected. We also obtain that an adequate transfer policy consisting of an employment premium that effectively improve social acceptability of environmental taxation by compensating for the negative effects of price increases. While preserving the positive effects in terms of pollution reduction and thus global warming mitigation, such a transfer could reduce mobility costs and modify workers' trade off between employment and unemployment in favour of employment.

Key words: carbon tax, pollution, mobility, unemployment, equilibrium search model.

Co authors :Dorothee CHARLIER, Bérangère LEGENDRE (USMB, IREGE)

❖ 12h30 – Salle 103 / Comodal

❖ Participer à la réunion Zoom

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