On the numerical inevitability of socialism

Ingram Jaccard1, Peter-Paul Pichler1, Johannes Többen1, and Helga Weisz1,2

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Text of abstract

1 Social Metabolism and Impacts, Potsdam Institute for Climate Impact Research, Member of the Leibniz Association, PO Box 60 12 03, Potsdam, 14412, Germany  
2 Department of Cultural History & Theory and Department of Social Sciences, Humboldt University Berlin, Unter den Linden 6, Berlin, 10117, Germany

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Highlights: These are the highlights.

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# 1 Introduction

# 2 Introduction

Decarbonization scenarios that are compatible with the achievement of the Paris Accord to keep global warming well below 2°C above pre-industrial levels consider both the supply and the demand side in the necessary transformation of the energy system. On the supply side, economic and physical upper limits exist due to the assumptions of how much energy can be provided from renewable sources on the one hand, and how much CO2 removal infrastructure is used to compensate for remaining emissions from fossil fuels on the other. On the demand side (Creutzig et al., 2018) there are lower limits to how much energy is minimally required for a decent life Millward-Hopkins et al. (2020), depending on different assumptions about the available infrastructure of energy services, as well the prevalent social ideas about what constitutes a good life. Maximum possible energy supply and minimum necessary energy demand describe a space in which the simultaneous achievement of climate targets and a decent living for all depends on the distribution of available energy services among the population.

If this dual objective is taken seriously in European climate policy, then there are practical limits to how unequal the society of the future can be, which go beyond the purely political. The European Green Deal already recognizes that inequalities in incomes, energy consumption and greenhouse gas emissions lead to different responsibilities and capacities in achieving the emission savings targets, and includes proposals to increase equity and political acceptance. However, a limited energy supply creates an obvious, if rarely acknowledged, zero-sum game where energetic overconsumption by some has to be compensated by less consumption by others.

In 2016, the average energy footprint of EU citizens was X Gj and the carbon footprint X tonnes CO2e per capita (Ivanova et al., 2017). However, the differences in average energy and carbon footprints are large within and between different regions in the EU. Energy footprints ranged from X to Y in 2016 (Oswald et al., 2020) and carbon footprints between X and Y in the same year (Ivanova et al., 2017). Depending on the assumptions of different global mitigation scenarios, the average footprints need to be reduced to between X and Y GJ or X and Y tCO2e per capita by 2050, respectively.

We assess under what conditions European energy inequality is compatible with the achievement of global climate goals and a decent standard of living following these steps.

* We first construct common European expenditure deciles based on national income stratified household expenditure data covering 30 European countries further stratified by 5 consumption sectors.
* We then calculate average household GHG and energy footprints per European expenditure decile and consumption sector to explore the current structure of energy and carbon intensities across these categories.
* Based on these results, we use the current empirical per sector best technology to calculate a homogenized counterfactual European household energy demand distribution (and associated emissions) at current European consumption levels. We report energy and emissions savings per expenditure decile and country and relate the resulting energy demand to available supply across different global 1.5°C scenarios from the literature.
* Using assumptions on decent living energy demand and available energy supply from different 1.5°C scenarios show how the homogenized European energy demand distribution would need to be transformed (flattened) to conform to these constraints. We report exemplary implications for energy use in different expenditure deciles.
* we discuss implications for policy (GND, doughnut etc) and whatnot
* additional line of inquiry: how much of those emissions is non-eu?

# 3 Background

# 4 Methods

Terms to define:

* *Adult equivalents: we use households as unit of analysis because it is the most relevant unit. Because household sizes are different in different countries and income groups we use adult equivalent units made by Eurostat for this purpose.*
* *European deciles: we aggregate the data of 30 European countries with 5 income groups each into 10 European expenditure groups. we call this European, but some are missing and Turkey is there.*
* *10:10 ratio: is a measure of inequality in quantile distributions. we here mean that we divide the average value of the population in the top decile by that of the bottom decile. for expenditure, for example, a 10:10 ratio of 5 means that households in the top decile spend 5 times more on average than those in the bottom decile.*
* *Ressource footprints: energy, what type, GHGs what gases, including direct*
* *MRIO*

# 5 Results

## 5.1 Resource footprints are less unequal than expenditure levels

Consumption-based indicators such as the energy and greenhouse gas footprint of households are largely determined by their spending levels. An inequality of household expenditures in a population therefore implies an inequality of their resource footprints. Figures 1a-c show European households by decile of expenditure and their associated resource footprints for GHGs and energy in 2015. The figures show that increasing expenditure generally translated into larger resource footprints, but that the inequality decreased from expenditure to energy to greenhouse gas emissions with 10:10 ratios (the top decile divided by the bottom decile) of 7, 3.5 and 2.6, respectively. Total expenditure ranged from 0.2 trn€ to 1.2trn€ (or X to Y per adult equivalent) across bottom and top decile, the energy footprint from 4.5 EJ to 15 EJ (or 132GJ/ae to 457 GJ/ae), and the GHG footprint from 220 MtCO2eq to 610 MtCO2eq (or 7 tCO2eq/ae to 18.1 tCO2eq/ae). The reason for this is evident from figures 1d-f. Both the energy intensity measured as energy use per € expenditure (d) and the carbon intensity measured as GHGs per unit of energy use (f) gradually decrease from bottom to top expenditure decile. The average energy intensity of consumption decreased from 25 MJ/€ in the bottom decile to less than half (12 MJ/€) in the top decile. Additionally, the GHG intensity of energy use was also higher in the bottom decile (53gCO2eq/TJ) compared to the top decile (40 gCO2eq/TJ). There is a clear trend of decreasing intensities across expenditure deciles even though the variance in the lower deciles is much higher. The GHG intensity of consumption (figure 1e) combines the effects of the intensities of 1d and 1f. [*The higher GHG intensity of energy use is likely due to a larger share of emission intensive energy carriers in the energy system. The decreasing energy intensity per expenditure is due to either inefficient energy technologies or energy subsidies in poorer areas in Europe.*]

![Figure 5.1: Expenditure and resource footprints and intensities across European expenditure deciles. Total expenditures (a), energy footprint (b), and GHG footprint (c) per decile. Energy intensity as energy footprint per expenditure (d), GHG intensity as GHG footprint per expenditure (e), and GHG intensity as GHG footprint per energy footprint (f).](data:application/pdf;base64,)

Figure 5.1: Expenditure and resource footprints and intensities across European expenditure deciles. Total expenditures (a), energy footprint (b), and GHG footprint (c) per decile. Energy intensity as energy footprint per expenditure (d), GHG intensity as GHG footprint per expenditure (e), and GHG intensity as GHG footprint per energy footprint (f).

Figures 1d-e show that energy and GHG intensities are particularly high in the lower four deciles, while the higher deciles do not show large differences in weighted average resource intensity. The background to this is the unequal distribution of income in Europe, which, especially in the East, is much lower than in Central and Northern Europe. In most of Eastern European countries, between 80-100% of the population falls within the bottom four European deciles. In Scandinavia, Germany, France, Austria, the Netherlands, Belgium, the UK, and Ireland fewer than 20% of the population belong to the bottom four European deciles (Supplementary figure map). [*Here a sentence quoting literature or EXIOBASE to show that a number of Eastern European countries have much higher intensities due to, e.g. coal use.*] Note that our analysis is based on average expenditure data from five income groups at the national level. This aggregation cuts off the lower and upper ends of the respective national expenditure distributions.

The different intensities of household consumption across European expenditure deciles can be attributed to a combination of two plausible causes: first, if the the composition of consumption baskets systematically differs according to the level of household expenditure. Second, if resource intensity within individual consumption sectors systematically differs according to the level of household expenditure.

![Figure 5.2: Sectoral expenditure shares and GHG intensities of European expenditure deciles. Share of expenditure per final demand sector of total spending per decile in percent (a) and GHG intensity per final demand sector in kgCO2/€.](data:application/pdf;base64,)

Figure 5.2: Sectoral expenditure shares and GHG intensities of European expenditure deciles. Share of expenditure per final demand sector of total spending per decile in percent (a) and GHG intensity per final demand sector in kgCO2/€.

Figure 5.2 shows that both of these factors play a role. Poorer households on average, spend larger shares of their expenditure in the shelter sector. The bottom and top deciles spend an average of 4% and 11% of their household expenditures on shelter, respectively. Overall, with increasing expenditure decile, the shares of transport and services expenditures increase and the shares of shelter, food and manufactured goods decrease. At the same time, shelter is by far the most GHG intensive sector with the highest variance between expenditure deciles. In our sample, the intensity of all sectors decreases with expenditure level but the shelter sector stands out with a GHG intensity that is more than 3 times higher in the bottom decile (6.7 kgCO2eq/€) than in the top decile (1.7 kgCO2eq/€). Households in the top decile spend about 57% in the service sector that has the lowset GHG intensity, compared to 37% in the bottom decile [*wow that is high. correct?*]. Single country studies using MRIO models with national resolution can pick up on differences in consumption baskets but due to the homogeneous technology assumption cannot represent differences in technology between expenditure quantiles.

*The consumption basket aspect has been extensively studied and mostly found to be intuitively true. This is a line of inquiry we do not currently pursue but I just remembered the analysis we did on this which is actually quite interesting: This common sense knowledge could be challenged because it is true mostly in western countries with high demand for heating and cooling and mobility both mostly fossil based and subsidized. In this case, necessities especially shelter (maybe and car based mobility (accessible to most)) have a higher intensity compared to “luxury spending” ie the average intensity of the international supply chain for manufactured goods etc.. It is not true in rich countries with high renewable energy shares (e.g. Norway) where the domestic energy system is more resource efficient than the international supply chain. It is possibly also not true in countries with low heating/cooling demand. We may want to check if that flips after applying the best technology transformation.*

## 5.2 Inequality across final consumption sectors

In absolute terms, the various final consumption sectors contribute very differently to the total resource footprint of households (Figure 3). On average, shelter and transport are the two largest sectors, accounting for nearly two thirds of both resource footprints. However, there are big differences between the sectors when looking at the respective contributions in the expenditure quantiles. For shelter there is almost no difference (neither in GHG nor in energy footprint). Especially the lower four expenditure deciles have high GHG emissions, which can be explained by the extreme differences in resource intensity shown in Figure 2. Transport was the most unequal sector, with resource footprints 10 times higher in the top decile compared to the bottom deciles (corroborating findings in (Ivanova et al., 2020) and (Oswald et al., 2020)). Manufactured goods Manufactured goods were the second most unequal consumption category (S90/S10 ratios around 5.3 for both footprints), followed by services (S90/S10 ratios of 4.4 for carbon and 4.9 for energy) and then food (S90/S10 ratios of 2.1 for both footprints).

![Figure 5.3: Energy and GHG footprints by final demand sector and European expenditure decile in 2015 further broken down by emission source location.](data:application/pdf;base64,)

Figure 5.3: Energy and GHG footprints by final demand sector and European expenditure decile in 2015 further broken down by emission source location.

The shelter footprint was almost entirely domestic, with 26/30% coming from direct household emissions/energy use for heating and cooling, and the rest embedded primarily along the domestic supply chain. The transport footprint was just under 2/3rds domestic. The majority of the transport footprint, above 60%, came from vehicle fuel, either burned directly or indirectly embedded along its supply chain. More than half of the transport footprint’s foreign 1/3rd came from outside Europe. The manufactured goods footprint was mostly non-European, while services and food were both around half domestic.

# 6 Counterfactual: a 1.5°C compatible Europe

In order to assess the level of inequality in energy footprints that is compatible with global 1.5°C scenarios we take two steps:

1. We apply a per sector current empirical best technology transformation to all consumption across Europe and assess the energy (and emissions savings) from for expenditure deciles and countries
2. We show how the inequality in the current energy distribution of european expenditure needs to be transformed to be compatible in the space created by the two constraints taken from the global 1.5°C scenarios. The first is total available energy supply (as average per household) and the second is minimal decent living demand.

## 6.1 Current empirical best technology per sector

![Figure 6.1: Energy savings through sectoral best current technology by expenditure deciles a) and country b).](data:application/pdf;base64,)

Figure 6.1: Energy savings through sectoral best current technology by expenditure deciles a) and country b).

* Improving energy efficiency is the most politically uncontroversial step towards mitigation targets. The EU has a bunch of policies for that, old and new. The GD has a transition fund to pay for this for poorer countries, sort of.
* We have seen that the 10th decile has the best energy and GHG efficiency, so we take those average values and apply them to all consumption in Europe. We have to discuss some implicit assumptions. We basically assume efficiency differences are losses between primary energy and final demand. There could also be losses between final demand and energy service (that require more infrastructural change) or there could be different levels of energy service demand (population density, age structure, climate, etc). We could argue that this is why we take the average of decile 10, which covers some countries (*does it?*) but it is a limitation of sorts.
* Here I would then show a combined figure 4 with Ingram’s distribution and the red line (coordinates flipped) and a map that shows energy savings in countries. Short summary of what these numbers are for expenditure decile and countries

## 6.2 Inequality in a 1.5°C compatible Europe

* We introduce the main global 1.5°C compatible scenarios with their energy supply and their assumptions for minimal energy demand for a decent life (maybe table).
* We explain that they all give average values but say little or nothing about distribution. We then explain for one example that if we simply scale the current distribution to the mean value of a medium supply scenario, we run into problems for the lower deciles to achieve decent living energy.
* We then explain how to do this more generically poiting to figure 5 that shows the scenario space.

![Figure 6.2: Dings](data:application/pdf;base64,)

Figure 6.2: Dings

# 7 Discussion

# 8 Conclusion

# 9 Acknowledgements

# 10 References

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### 10.0.1 Colophon

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