

Climate Policy 101

Evaluating Climate Policy Options



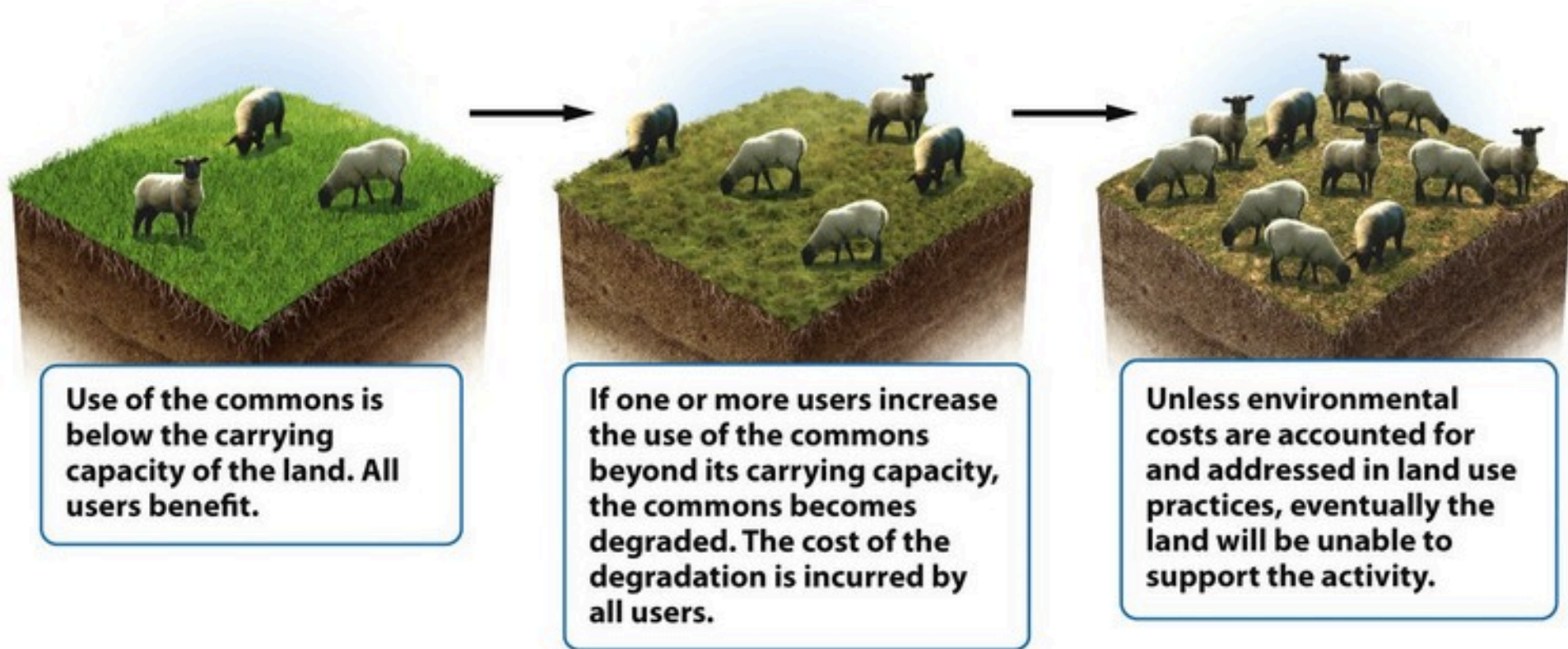
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6:30-7:30 PM January 19, 2016

Ground Rules & Caveats

Tragedy of the commons



Tragedy of the commons



Social Costs of Carbon

= Direct + Indirect + Counterfactuals

Hurricane destroyed my house, killed my family.

Glacier melt and rainwater decrease, I have no way to irrigate my crops.

I am now using aquifer water at the expense of the urban drinking water supply.

I would pay \$\$ to have prevented this issue.

Social Costs of Carbon

Difficult to calculate! Why?

General Policy Options

1. Mitigate

2. Adapt

3. Geoengineer

4. Suffer

Suffering



oh noes climate change

Suffering



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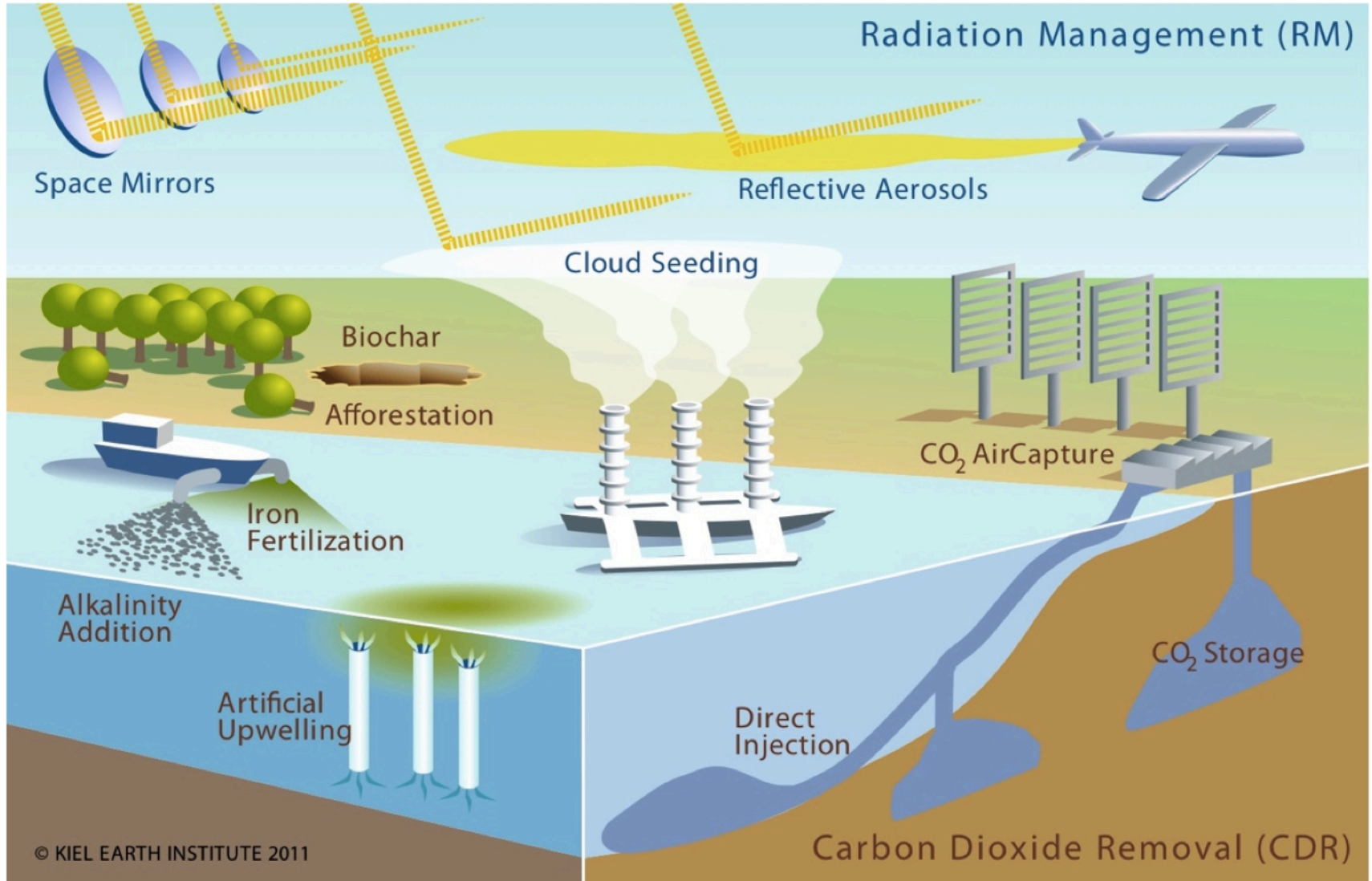
Suffering



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Geoengineering



Adaptation

to the effects of Climate Change

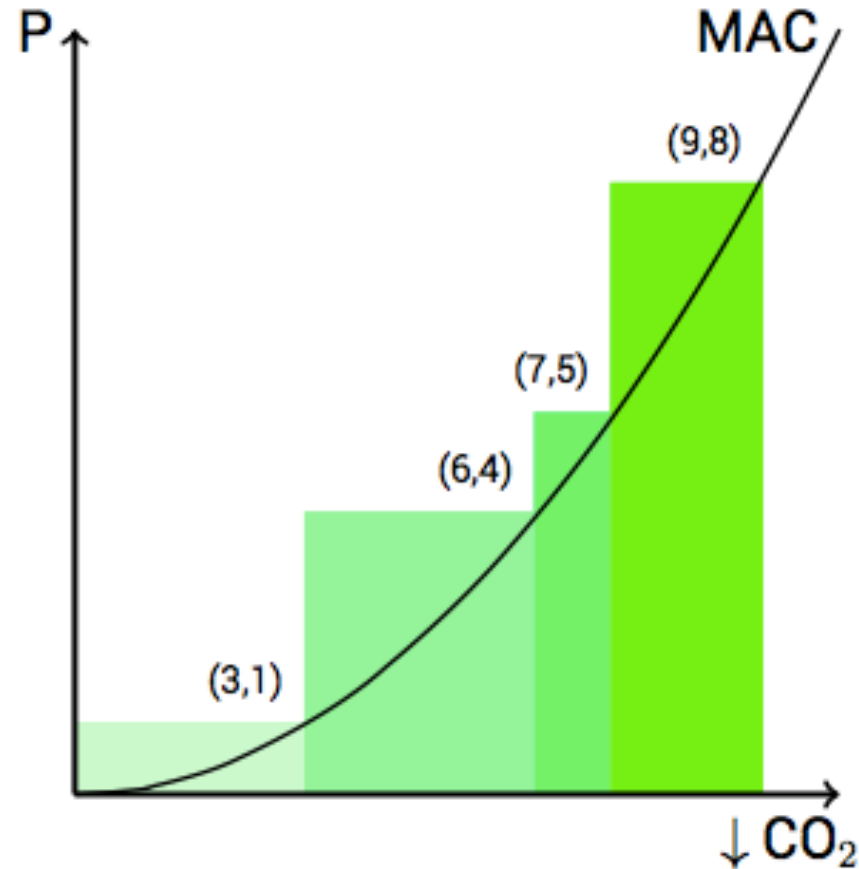


Mitigation



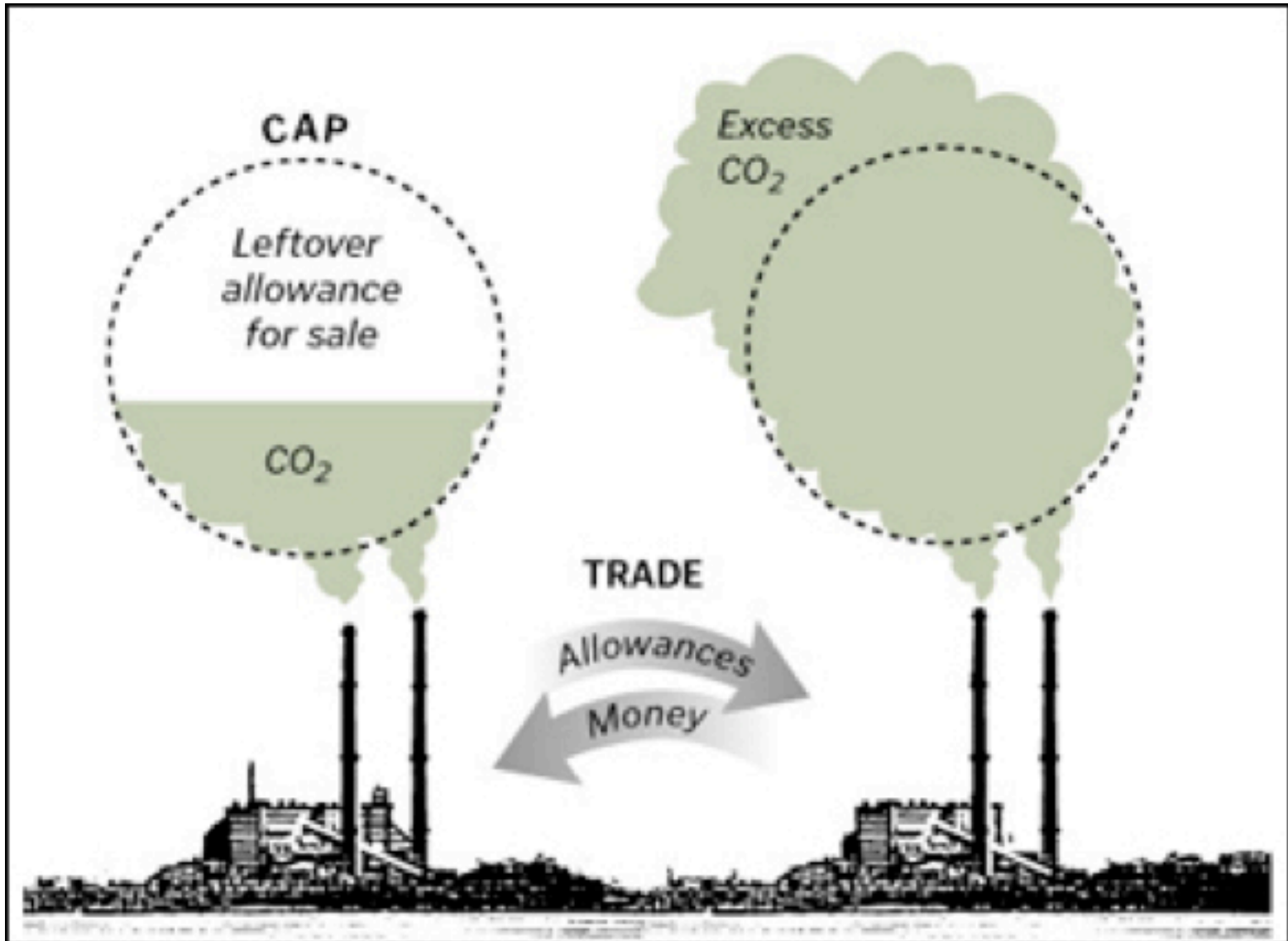
Mitigation: Market Solutions

- Carbon tax
 - fixed cost per unit
 - uncertainty in emissions
- Cap and trade
 - Fixed emissions amount
 - Uncertain cost



Marginal Abatement Cost
(aka cost of reducing each successive unit of GHG emissions)

Cap and Trade



Mitigation: Command and Control

- Command & Control through standards and regulations



Mitigation: R&D

- Incentivize technology research and development with subsidies



Question for Discussion

- Which instruments are efficient? Equitable?
- Which instruments are politically feasible?
- What if aspirational regulations fail?