

Reducing carbon emissions could help -- not harm -- US economy

A national policy to cut carbon emissions by as much as 40 percent over the next 20 years could still result in increased economic growth, according to an interactive website that reviews 25 of the leading economic models used to predict the economic impacts of reducing emissions.

“As Congress prepares to debate new legislation to address the threat of climate change, opponents claim that the costs of adopting the leading proposals would be ruinous to the U.S. economy. The world’s leading economists who have studied the issue say that’s wrong — and you can find out for yourself,” said Robert Repetto, professor in the practice of economics and sustainable development at the Yale School of Forestry & Environmental Studies who created the site.

The interactive website, <http://www.climate.yale.edu/seeforyourself>, synthesized thousands of policy analyses in order to identify the seven key assumptions accounting for most of the differences in the model predictions. The site allows visitors to choose which assumptions they feel are most realistic and then view the predictions of the economic models based on the chosen assumptions.

Among the key optimistic assumptions are that renewable energy technologies will be available at stable or increasing prices; that higher fossil fuel prices will stimulate energy-saving technological change; that reducing U.S. carbon emissions will reduce economic damages from climate change and air pollution; and that the United States will incorporate international trading of emission permits into its national policy.

Growth rates of the U.S. Gross Domestic Product (GDP) have been 3 percent per year over recent decades. With emissions reduced by 40 percent below projected business-as-usual trends, even under most pessimistic assumptions the GDP would grow 2.4 percent a year, reaching \$23 trillion by 2030, according to the website’s predictions. Under the most favorable assumptions, GDP would rise slightly above 3 percent a year.

“The website shows that even under the most unfavorable assumptions regarding costs, the U.S. economy is predicted to continue growing robustly as carbon emissions are reduced,” said Repetto. “Under favorable assumptions, the economy would grow more rapidly if emissions are reduced through national policy measures than if they are allowed to increase as in the past.”

Source: Yale University

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