

ECON 401 Senior seminar
Module 1: Economics and Global Climate Change

Reading Packet
Part I

Contents

1. What's Going On?

- IPCC 1995 Second Assessment Report, Summary for Policymakers: The Science of Climate Change.
- Clippings Set 1: Facts, evidence and Trends
 - Warming effects to be widespread, NYT, June 12, 2000
 - "Scientists verify, and attempt to explain, surface and atmosphere temperature discrepancies," RFF, Weathervane, Feb, 2000.
 - "Research Council Report says Global Warming is 'undoubtedly real.'" RFF Weathervane.
 - U.S. sets another record winter, NYT, March 11, 2000
 - Study faults humans for large share of global warming, NYT, July 14, 2000
 - Researchers find ocean temperature rising, even in the depths, NYT, March 24, 2000
 - Pacific ocean showing signs of major shifts in the climate, NYT, Jan. 20, 2000
 - Arctic thawing may jolt sea's climate belt, NYT, Dec. 1999.
 - Research predicts summer doom for Northern icecap, NYT, July 11, 2000.
 - Open water at Pole is not surprising experts say, NYT August 29, 2000.
- Clippings Set 2: whom to believe?
 - Global Warming: The Contrarian View, 2/2000, William Stevens, NYT.
 - Ross Gelbspan, 1999. "History at Risk: the Crisis of the Global Climate" (summary based on his book, The Heat is On)
 - "Scientists' motivation, funding fuel hot-button debate", Milwaukee Journal Sentinel, May 30, 2000.

2. What might the damages cost?

- IPCC Second Assessment Report, 1995. Summary for Policymakers: Scientific-Technical Analysis of Impacts, Adaptation and Mitigation of Climate Change.
- William Cline, 1992. The Economics of Global Warming, Chapter 3, "The economic benefits of limiting global warming."

3. What might it cost to slow global climate change?

- Weyant, "An introduction to the economics of climate change policy," For the Pew Center on Global Climate Change, July 2000.
- R. Repetto and D. Austin, The costs of climate protection: a guide for the perplexed, World Resources Institute, 1997. (econometrics included)
- Clippings set 3: costs of slowing climate change:
 - Study proposes new strategy to stem global warming, NYT August 19, 2000.
 - Get the easy greenhouse gases first, Gregg Easterbrook, NYT August 29, 2000.

ECON 401 Module 1
Economics and Global Climate Change

Reading Packet
Part II

Contents

4. **Weighing the costs of action versus inaction.**
 - Schelling, Some economics of global warming
 - W. Nordhaus, “An Optimal transition path for controlling greenhouse gases” *Science*, November 1992.
 - IPCC Second Assessment Report, working group III
 - Bradford, “On the Uses of Benefit-Cost Reasoning in Choosing Policy Toward Global Climate Change,” NBER Working Paper: 5920, February 1997).
 - “Tax the Knickers off your grandchildren” Steve Landsburg, *Slate*, March 6, 1997.
 - ??? Weitzman, “Why the Far-Distant Future Should Be Discounted at Its Lowest Possible Rate” *JEEM* Nov. 1998.
 - ??? Jaeger’s paper on the environmental Kuznets curve (where it is shown that the implicit price of environmental quality in terms of consumption should be assumed to rise with income.)

5. **Policy issues: abatement, adaptation, cost estimates.**
 - Making markets work for the environment, Chapter 7, 2000 Economic Report of the President.
 - J. Shogren and M. Toman, “Climate Change Policy” RFF Discussion paper 00-22

6. **Other aspects of policy approaches:**
 - “Endogenous substitution among energy resources and global warming” U. Chakravorty, J. Roumasset and K. Tse, *Journal of Political Economy*, 1997.
 - Richard G. Newell, Adam B. Jaffe, and Robert N. Stavins, The Induced Innovation Hypothesis and Energy-Saving Technological Change. RFF January 1998, Revised October 1998. (econometrics included).
 - J. Poterba, “Tax policy to combat global warming; on designing a carbon tax.” In Global Warming: Economic Policy Response, 1991.

7. **Appraisal of Kyoto and related options.**
 - Policies for the design and operation of the clean development mechanism, RFF Weatervane.
 - Jacoby, Prinn, and Schmalensee, “Kyoto’s Unfinished Business,” *Foreign Affairs* 77(4): 54-66 (In Stavins c. 2000)

Module II – Globalization, the WTO and Quality of Life

- | Session # | Topic / Readings |
|-----------|---|
| 1. | Introduction, housekeeping, Globalization debate: Gary Hufbauer & Lori Wallach |
| 2. | <u>Growth and the quality of life</u>
William Easterly, "Life during growth." Manuscript 2000.
R. Easterlin, "The worldwide standard of living since 1800" |
| 3. | <u>Does Trade cause growth?</u>
"Does trade cause growth?" J. Frankel and D. Romer, Amer. Econ. Rev 1999.
"Trade policy and economic growth: a skeptic's guide to the cross-national evidence" F. Rodriguez and D. Rodrik. NBER Working paper 7081, 1999. |
| 4. | <u>Investment and growth</u>
"Capital flows and growth in developing countries: recent empirical evidence," M. Soto. OECD Technical Papers No. 160, July 2000.
"The global capital market: benefactor or menace?" Maurice Obstfeld. J. of Economic Perspectives, Fall 1998. |
| 5. | <u>Trade, growth and inequality</u>
"Inequality and economic growth: the perspective of the new growth theories," P. Aghion, E. Caroli, and C. Garcia-Penalosa. J. of Economic Literature, Dec. 1999. |
| 6. | <u>Child labor and international labor standards</u>
"Child Labor: causes, consequence, and Cure, with remarks on international labor standards. J. of Economic Literature, Sept. 1999.
D. Rodrik, <i>Has Globalization Gone Too Far</i> , Chapters 1 and 2. |
| 7. | <u>The WTO – organization and function</u>
TBA |
| 8. | <u>Ethics, freedom and development</u>
Frank Knight, "The Ethics of Competition"
Amartya Sen, "Development as Freedom," excerpts. |
| 9. | Research paper discussions |
| 10. | Research paper discussions |
| 11. | <i>WTO settlement disputes – debate</i> |