

THE ECONOMISTS' STATEMENT ON CLIMATE CHANGE

This statement, released on March 29, 1997, was endorsed by over 2500 economists including nine Nobel Laureates:

1. The review conducted by a distinguished international panel of scientists under the auspices of the Intergovernmental Panel on Climate Change has determined that "the balance of evidence suggests a discernible human influence on global climate." As economists, we believe that global climate change carries with it significant environmental, economic, social, and geopolitical risks, and that preventive steps are justified.
2. Economic studies have found that there are many potential policies to reduce greenhouse-gas emissions for which the total benefits outweigh the total costs. For the United States in particular, sound economic analysis shows that there are policy options that would slow climate change without harming American living standards, and these measures may in fact improve U.S. productivity in the longer run.
3. The most efficient approach to slowing climate change is through market-based policies. In order for the world to achieve its climatic objectives at minimum cost, a cooperative approach among nations is required -- such as an international emissions trading agreement. The United States and other nations can most efficiently implement their climate policies through market mechanisms, such as carbon taxes or the auction of emissions permits. The revenues generated from such policies can effectively be used to reduce the deficit or to lower existing taxes.

The original drafters of this statement are: Kenneth Arrow, Stanford University; Dale Jorgenson, Harvard University; Paul Krugman, MIT; William Nordhaus, Yale University; and Robert Solow, MIT.

The Nobel Laureate signatories are: Kenneth Arrow, Stanford University; Gerard Debreu, University of California, Berkeley; John Harsanyi, University of California, Berkeley; Lawrence Klein, University of Pennsylvania; Wassily Leontief, New York University; Franco Modigliani, MIT; Robert Solow, MIT; Joseph Stiglitz, Columbia University; and James Tobin, Yale University.

All signatories endorse this statement as individuals and not on behalf of their institutions.