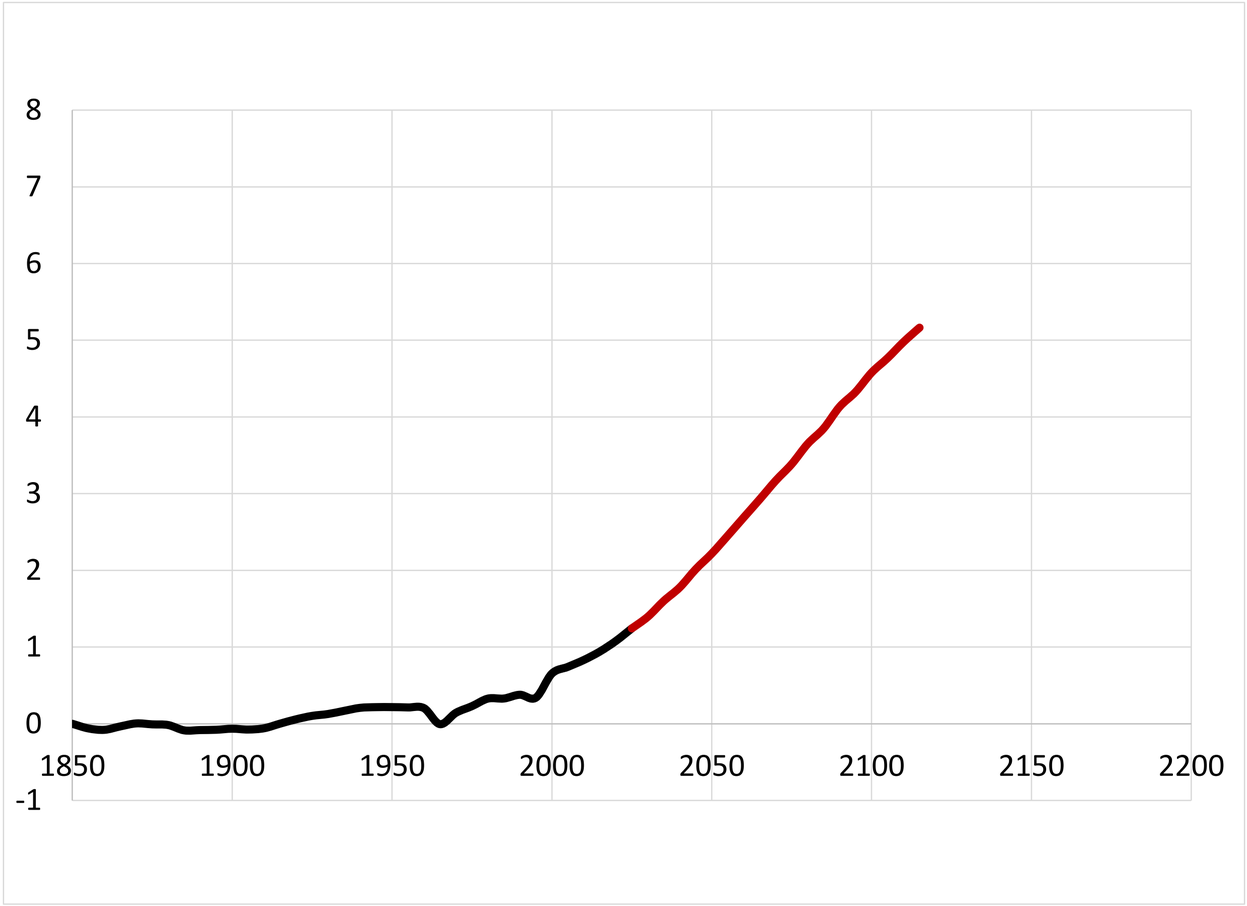
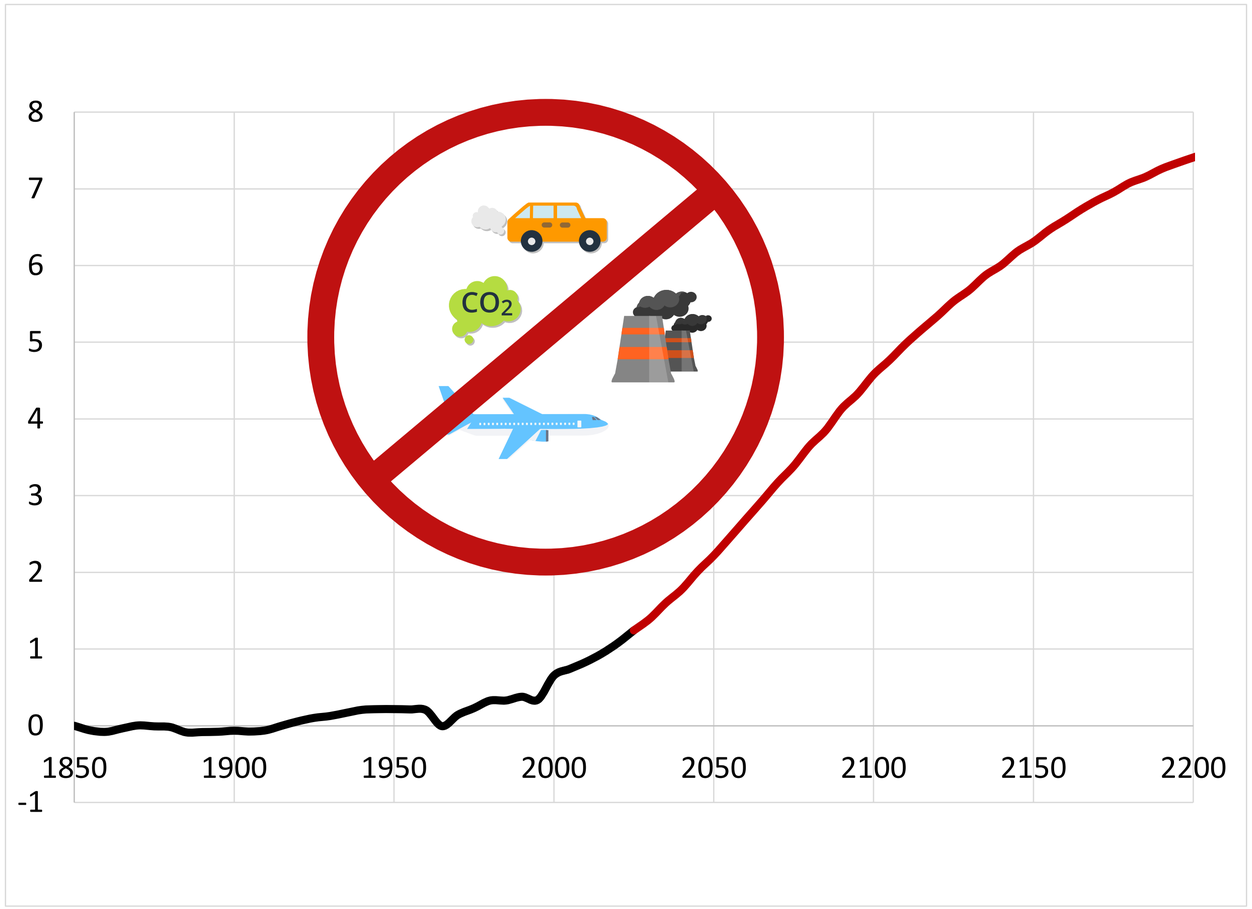


To fight climate change and avoid an ever-warming climate,



we need an array of policies. Climate policies are needed

to transform the way we produce energy,

to make buildings greener,

to put greener cars on the roads and reduce our fuel consumption.

But these policies also need to protect people's jobs and incomes.

Let’s have a closer look on three possible climate policies.

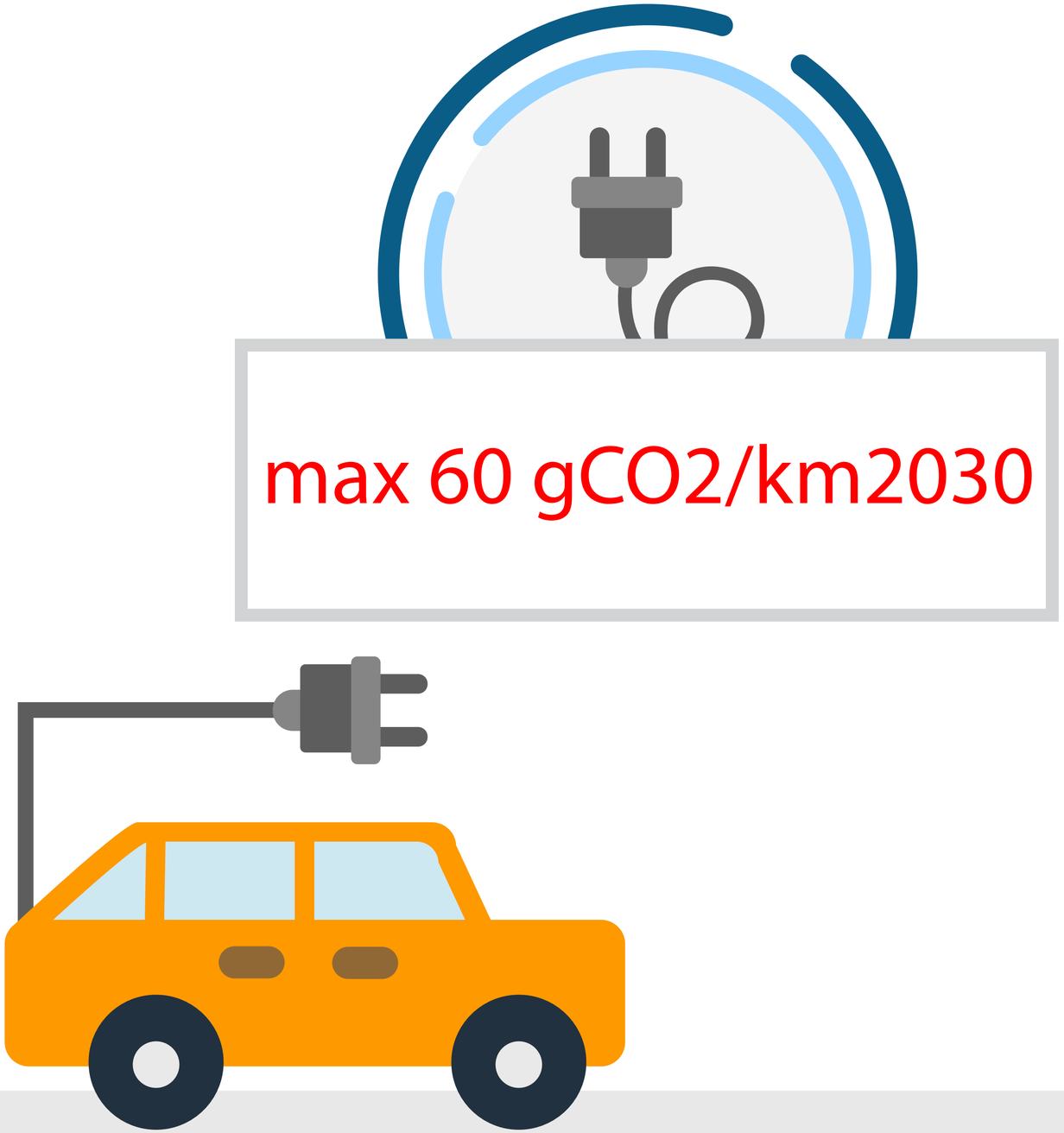
Let’s start with a policy that forces car producers to produce greener cars - an emission limit for cars.

max 95gCO2/km2021

With an emission limit, car producers are required by law to produce cars that emit less CO2 per kilometre.

max 60 gCO2/km2030

The emission limit is lowered every year,



with the aim that only electric or hydrogen vehicles will be sold after 2040. Note that electric vehicles can be more expensive than cars that run on petrol.

Together with a plan to produce electricity from clean sources, an emission requirement would accomplish the transition needed in the car industry.

Now, let’s turn to a policy that combines a tax on carbon emissions to reduce emissions

and cash transfers to protect people’s purchasing power.

With a carbon tax, all products that emit greenhouse gases would be taxed.

For example, the price of gasoline would increase by 40 cents per gallon.

With a carbon tax, companies and people pay for the greenhouse gases they emit. This pushes them to reduce their emissions.

To compensate people for the price increases, the revenues of the carbon tax would be redistributed to all households, regardless of their income.

Each adult would thus receive 600 dollar per year.

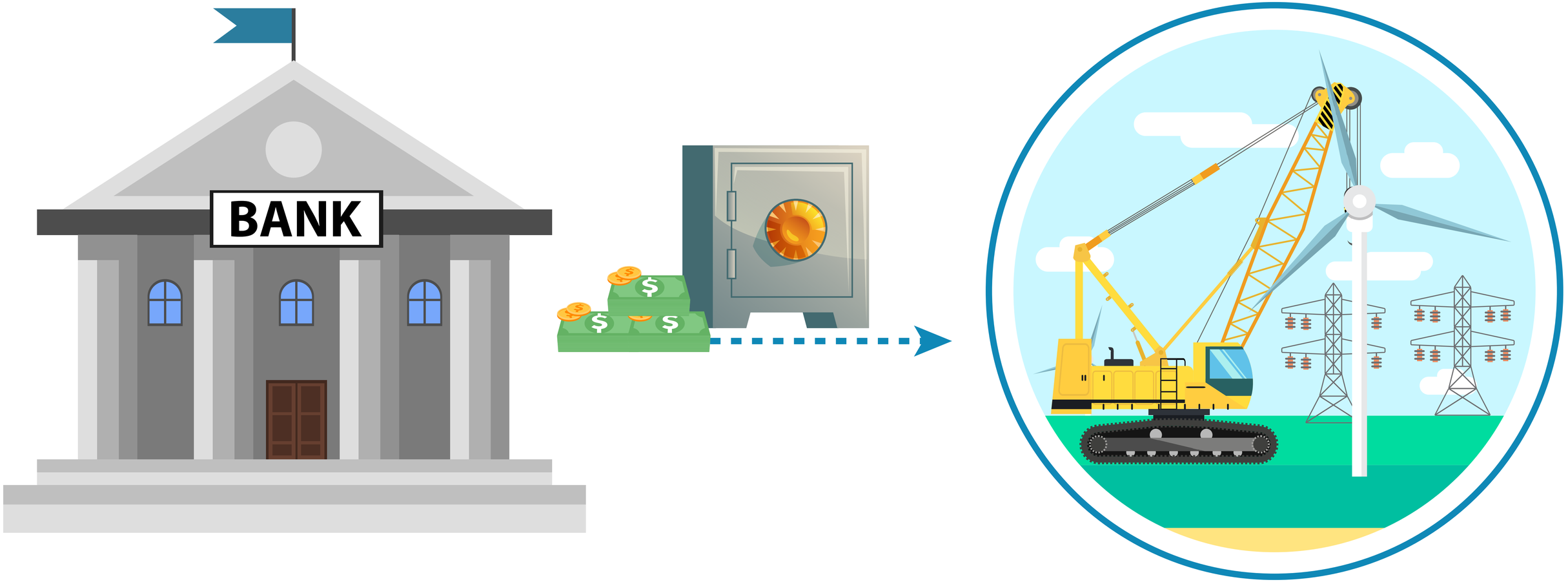
On average, poorer people own smaller cars, live in smaller houses and fly less, so they use less fossil fuels than average.
As they would receive the same cash transfer as everyone else,

poorer people will generally gain from a carbon tax with cash transfers. Conversely, rich people will tend to lose.

Does this policy work? Yes! The Canadian province of British Columbia has a carbon tax with cash transfers since 2008.

Research has shown that this policy has decreased carbon emissions, increased employment, and made a majority of people richer.

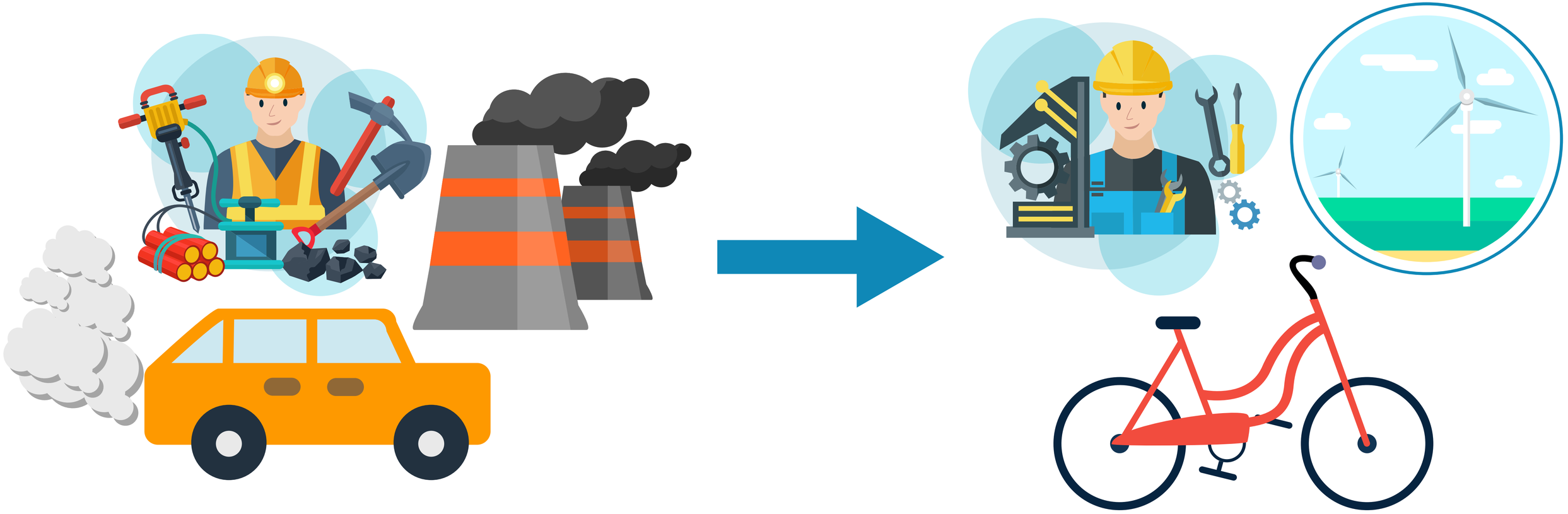
The last policy is a large program of public investment in green infrastructure,



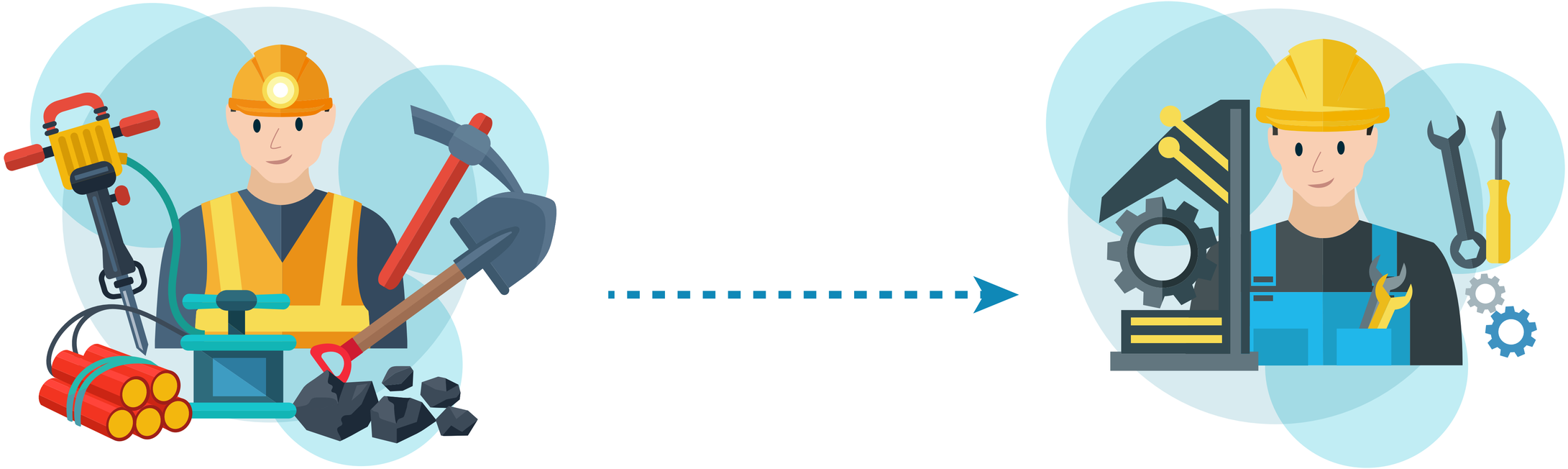
which would be financed by additional debt taken up by the government.

A green infrastructure program would bring about the transition in energy infrastructure needed to halt climate change. In the US, 1.5 million of people

could find a job in green sectors, such as public transportation, renewable power plants, buildings' insulation, or sustainable agriculture.



In general, all climate policies have the potential to transform the economy into a greener, safer, less polluted world. This green transformation has some downsides: people will have to change their habits, and some people will even have to change job.



For example, there will be less demand for polluting sectors such as coal mining. But re-training options would be offered to workers in these sectors to ensure that they could find a new job elsewhere.

And the green transition also comes with benefits: a safer world for future generations of course, but also less pollution.

And climate policies can be designed to protect poor and middle-class households,
as they can have more income with the carbon tax with cash transfers, and more jobs with a green infrastructure program.

We have focused on three important policies, but many others would be useful to fight climate change, including funding research into green technologies,

subsidising the insulation of buildings, or stopping deforestation.

To stop climate change, we probably need all of them together.