

# **GV120 - Politics and Economics Policies**

University of Essex - Department of Government

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Lorenzo Crippa

Week 3 – 18 October, 2019

# Organisation of presentations

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- Everyone signed up for a presentation?
- Everyone found their readings on Moodle?
- Questions or problems?

# Seminar timetable

Week number	Groups and activities
2	Organisation and introduction
3	Henri Maes and Mark Valentini
4	Ester Cavaioni and Blake Mallon Sally Touray
5	Emma Paulinyova and Emma Sornlund Sònia Villalba
6	Discuss take-home assignment Samuel Leonard and Joshua Kelly
7	Discuss in-lecture test Halide Asafogullari and Azhan Airwan (week 6)
8	Henry Adebisi (week 6) Kwamina Keelson and Shiv Bhatt (week 7)
9	Ethan Liddel Nyima Jobe
10	Dorsa Heidari and Aleksandra Waszescik Domantas Seveliovas and Abigail Kiely
11	Amine Yemmou and Brendan Smith (week 10)

Time for Henri Maes and Mark Valentini to present!

## Key takeaways from the reading and the lecture

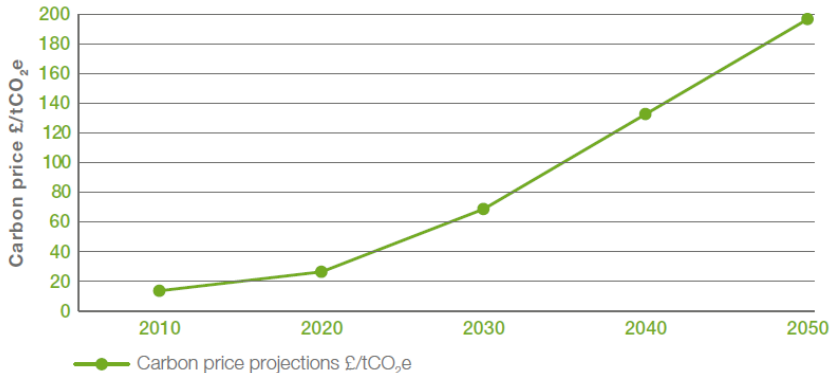
Bowen, A. (2011). The case for carbon pricing. *Grantham Research Institute on Climate Change and the Environment*.

- CO2 emissions represent a negative externality
- The market is not able to internalise them by itself
- Government's intervention is needed

# The case for a carbon tax

- Make the polluter pay (moral argument)
- Change the incentives to pollute from two sides (economic argument)
  1. Increase the cost of polluting for producers
  2. Raise the price of CO<sub>2</sub>-intense products for consumers
- How much should be charged?
  1. Marginal cost of abatement
  2. But pragmatism is required due to uncertainty

## A projection. Increase of temperatures below 2 degrees



Source: DECC (2010), EC (2010), CCC calculations.

## Employing the instruments we learned

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- Carbon pricing is a tax: A trade-off between market efficiency and clean environment?
- Is carbon pricing a Pareto improvement or not?
- Is carbon pricing fair?
- More importantly: Can it be effective?



- Problem of collective action. E.U. Emissions Trading Scheme is already below 30GBP
- What impact on developing countries?
- Who should get these tax revenues?

There's no such thing as a simple solution