

What next?: Reducing Consumption Levels

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⇒ **this project focuses on a **reduction** of consumption**

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Focus of this paper

(1) indirect effects on climate externality and (2) societal acceptance of such a policy

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Exercise

- compare effects of different policies to reduce consumption as to limit global warming to 1.5 °C above pre-industrial levels (accounting for indirect effects)

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- Does a reduction in demand slow down green innovation? Or does a triggered recomposition imply an acceleration?
- If the poor get poorer, do they adjust their composition of consumption in a way that emissions increase?
- Who profits, who loses? Does such a policy increase inequality? For example, because the poor see a lower labour income, or do profits sink in a ways so that inequality decreases?

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 - **Quality:** proxy share of green goods consumed by Nielsen sustainable panel
- ⇒ How high is emission-consumption by household type? What consumption to target by policy?
- ⇒ How do households differ by the share of green goods consume?
- ⇒ Informs model on how a reduction of emission-consumption can be implemented

References

Auerbach, A. J., Gorodnichenko, Y., and Murphy, D. (2021). Inequality, fiscal policy and COVID19 restrictions in a demand-determined economy. *European Economic Review*, 137.

Gough, I. CAN GROWTH BE GREEN? Technical report.