

# In Dire Straits

- The climate crisis acutely threatens the survival of mankind.
- Solutions are extremely costly and involve;
  - complete change of lifestyle,
  - degrowth,
  - unseen structural change,
  - new economic system,
  - removing democracy,
  - ,...



# Another narrative

- Climate change is for real but global consequences probably not very large. IPCC reports 0.2-2% GDP losses from 2° warming.
- But very large uncertainty. Little evidence for large global tipping points, but they cannot be ruled out.
- Our research indicates that a clever climate policy need not have large effects on growth and does surely not require a new economic system.
- Global (almost) carbon pricing necessary and sufficient. Individual efforts largely in vain and support to green energy not a substitute.
- Ambitious climate policy a good insurance mechanism against the worst and unlikely climate scenarios.

# Is there a demand for solutions?

- IMF WEO October 2020 – Global carbon neutrality by 2050 can be done by phasing in a modest carbon price – 10-40\$/tCO<sub>2</sub> by 2030 (2.5-10 cents/ltr gasoline).
- Small but arguably non-negligible negative effects on growth and equality can be largely neutralized by;
  - A debt financed infrastructure investment program and green energy subsidies of 1% of GDP phased out over 10 years.
  - Transfers to low-income hlds financed by lesser part of carbon pricing revenues.
- Why does not report on solutions like this produce front-page headlines?
- Is there popular and political demand for solutions that risk sounding to easy to be believed?