A blog with the great title of Greed, Green and Grains (by environmental economist Michael J. Roberts) reported an interesting national bureau of economic research debate on the economics of climate change. The debaters were Pindyck (MIT) and Weitzman (Harvard). It seems increasingly clear that the key factors driving economic conclusions are the treatment of discounting and uncertainty — how much do we care about the world after this century and how averse are we to potential catastrophic outcomes? Pindyck apparently gave less weight to the distant future:

> While Pindyck did use some relatively “green” assumptions that might favor a large number, it was also clear the deck was stacked. **One key assumption: it makes no difference whether or not the world ends with certainty in 400 years.** I had a hard time with that one. Stephen Salant, one of the discussants, had a hard time with it too. He noted that changing this assumption alone could increase willingness to pay to 99 percent of income.

Weitzman, on the other hand, stressed the downside risks of climate change:

> We are in unchartered territory, and this is the principal source of uncertainty. Even a small probability that our activities will extinguish the planet give good cause to stop emissions, even at high cost, per Weitzman’s assumptions.
>
> In the end, Weitzman said economic benefit-cost analysis is no help in situations like this one. He argued that climate change was rather unique in this way. Decisions must be made by some other means.

So there you have it.