

As an environmental economist and as a member of UCLA's Institute of the Environment and as a firm believer in introducing a carbon tax of at least \$50 per ton of CO<sub>2</sub>, I must admit that I'm a pinch troubled that the green cognescenti view the public to be a collection of Homer Simpsons. Consider this quote from a piece that Andrew Revkin cites [in his blog today](#);

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It is difficult for the public to grasp the significance of global warming because the mildness of its early symptoms belies the gravity of its long-term consequences. Mindful of the human tendency to discount the importance of events seen as occurring far in the future, many scientists and science writers have come to regard newsworthy weather- and climate-related extreme events as “teachable moments” that serve to illustrate the importance and immediacy of the impacts of human-induced climate change.”

Besides for leveraging each natural disaster's impact to try to use it as a catalyst to create some momentum for carbon pricing, what can be done to create a “climate hawks” majority in the U.S Congress or in India or in China? My [friends at Hamilton College](#) have presented some empirical work highlighting that climate priorities are impacted by recent shocks. In my own research, I have documented how [interest in climate change](#) is positive correlated with the local business cycle. When your state's unemployment is down, you are willing to talk about climate change. While we can swap out all coal fired power plants with natural gas power plants, the growth of India and China and the rest of the developing world guarantees that global GHG emissions will continue to rise. What happens next? Global destruction?

The narrative that I most often see when scientists and bloggers talk about the social consequences of climate change is based on a behavioral economics worldview that people are not shrewd and are lazy, myopic procrastinators. Such individuals will make mistakes both in private choices and in voting on public policy. Think of the Titanic. Joe Romm knows that we (the Titanic) on our current carbon path will hit the iceberg and he is going nuts because he can't convince Republicans that we will hit it and that the pain will hurt. He is frustrated that we Homers aren't listening to him.

While there are many Homers, and we certainly are not 100% Mr. Spock, I believe that there are a number of people on our 7 billion person planet who have some

rational expectations about the challenges that we have created for ourselves. There are many smart people who “know that they do not know” what fat tail risk we will face. Homer’s future pain is a future Mark Zuckerberg’s opportunity. Future entrepreneurs who anticipate the water demand, the electricity demand, the demand for renewables, the demand for foods that are resistant to climate shocks will grow quite rich. Do you doubt that these folks will emerge? Human ingenuity has offered us some benefits up to this point. For those of you who have bothered to read my [Climatopolis](#), you will see that I’m a consistent thinker. I do not claim that climate change will be costless but I do think that adaptation to climate change will offer the ultimate test of neo-classical economic thought versus the doom and gloom predictions that are based on embracing behavioral economics. I will return to this theme in future posts where I discuss how poor nations will adapt to the coming challenge of climate change and how we can create institutions and markets to facilitate this adaptation.