

In 2010, an inter-agency task force provided a series of estimates of the “social cost of carbon” to guide government cost-benefit analyses. The estimates vary with the discount rate and the date. For instance, using a 5% discount rate, it would be worth spending hardly anything — only \$4.70 — to eliminate a ton of CO₂ in 2015. On the other hand, with a 3% discount rate, the amount rises to \$23.80, and at 2.5%, it rises again to \$38.40. An alternative estimate, intended to give more weight to possibility of more extreme impacts, was \$72.80 (at a 3% discount rate).

The government has now [updated](#) the estimates. Under the new estimate, using a 5% discount rate, it would be now worth spending over twice as much — \$12 instead of \$4.70 — to eliminate a ton of CO₂ in 2015. With a 3% discount rate, the amount rises to \$38 (instead of \$23.80), and at 2.5%, it rises again to \$58 (instead of \$38.40). The alternative estimate, giving more weight to possible extreme impacts, is now \$109 instead of \$72.80 (at a 3% discount rate). The estimates also rise quickly over time — by 2050 they more than double.

The estimates still leave a lot to be desired. They are derived from averaging the results of three very different models. The reason for using those three is that they happen to be in use already by economists. There’s no effort to decide which models are better or to create a better model. The new estimates are simply based on updates to the models by their creators, not any new research by the government. Any cost-benefit analysis of climate change is going to have great uncertainties, but the federal government really should be able to do better than this. It’s like making dinner by mixing a can of chili, a can of cream of mushroom, and a can of peaches, just because they happen to be what you grab quickly from the shelf.