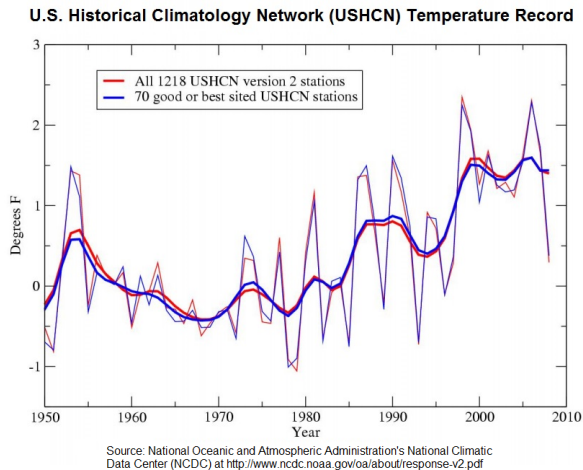




Graphic from Wikicommons

Paul Krugman has a [review](#) of a [new book](#) by William Nordhaus about climate policy. By way of preface, I should say that Nordhaus is not particularly popular with environmentalists, who have generally considered him as too conservative in his policy recommendations. Nordhaus does, however, more or less define the mainstream view — he's very well respected and has been modeling the economics of climate change longer than anyone else.

So Nordhaus's current conclusion is quite striking:

There's an international consensus that we should aim to limit the temperature rise to 2°C; sure enough, Nordhaus goes into full debunking mode here: "The scientific rationale for the 2°C target is not really very scientific." Instead, he argues for cost-benefit analysis—but this leads him to an only slightly higher target: his best estimate of the optimal climate policy *if done right* would limit the temperature rise to 2.3°C.

You can see why he's unpopular — first of all, he's already not beloved of environmentalists because his early policy recommendations were much more tepid, and second, it's annoying to have someone diss your logic over what turns out to be a difference of a third of a degree. On the other hand, for these very reasons, his current stance on climate policy is all the more noteworthy.

I should note that I'm basing all of this on Krugman's review. I've got the Nordhaus book but haven't had a chance to read it yet, though I'm particularly interested in what he has to say about the somewhat technical issue of discounting.