

Stimulating the Development of Less CO₂-Intensive Technologies as a Response to the Possibility of Future Global Warming

Ian Parry

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Abstract

Estimates of the costs of developing less CO₂-intensive technologies, such that the welfare gains from stimulating this R&D would be important relative to any estimated gains from just cutting CO₂ emissions, are derived. These estimates seem to be plausible. The result is potentially significant for the type of policy instrument that might be used in response to the greenhouse effect (e.g. carbon taxes, research prizes versus CO₂ quotas) rather than the overall amount of intervention that might be justified.