

Video: Pricing carbon emissions

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If we want to alter the trajectory of global climate change, a single powerful tool can generate action to reduce greenhouse gases: price incentives.

That is the argument of Max Auffhammer, a UC Berkeley professor of environmental and resource economics, energy economics and applied econometrics who focuses on the social cost of carbon: an estimate, expressed in dollars and cents, of the damage that one ton of [carbon dioxide](#) emitted into the atmosphere does to the planet.

One ton of carbon dioxide is roughly the amount you emit by driving your Camry from San Francisco to Chicago.

This is not a dollar figure that anybody ever pays, of course. Instead, it is a number that governments should use to evaluate the benefits and costs of new regulations that affect [greenhouse gas emissions](#), Auffhammer says. He emphasizes that over the next five to 10 years we need to determine what this number is so that every government on the planet can use it to help arrive at better policies to avert a global climate crisis.

In a brief talk in May at Cal Future Forum, Auffhammer, a research associate at the National Bureau of Economic Research and lead author for the Intergovernmental Panel on Climate Change (IPCC), discussed the difficulties associated with putting a price on the main driver of [climate change](#).

Provided by University of California - Berkeley

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