

Social Cost of Carbon: Key

1. A higher discount rate means that we put less weight on the future relative to today. Given that the worst effects of climate change are many years away, if we place less weight on the future, then the costs of climate change are less concerning.
2. If we agreed on the SCC, then a solution to climate change is to tax emissions at a rate equal to the SCC.
3. If the SCC is zero, then there is no externality associated with greenhouse emissions. There is nothing to fix.