

“THE SOCIAL COST OF CARBON: TRENDS, OUTLIERS AND CATASTROPHES” is a meta analysis of estimates of the social cost of carbon. The study reviews 211 estimates in peer reviewed and gray literature manuscripts. The author makes several observations. First, the estimates of the economics damages of climate change, the social cost of carbon (SCC) are falling over time as more studies are completed. Second, a lower discount rate leads to higher estimates of SCC. Third, the Stern Review is an outlier. Fourth, there is a large tail for upper estimates of the damages of SCC but that most of this tail is in the gray literature.

I think there is an interesting paper here but that it would be a lot stronger if revised. Rather than present the paper as a review of the literature (which the author just completed a few years earlier), present the paper as a direct test of three hypotheses. First, what is the trend of economic impacts? Second, is the Stern Review representative of the literature? Third, is there any evidence of a fat tail (the Weitzman assertion?) I recommend leaving out the role of the discount rate since that is well known.

One of the issues the author skirts but is not careful about concerns the quality of the studies. I would recommend creating two samples. First, high quality published research with empirical foundation. Second, the entire literature. How do the hypotheses fare with each sample?

Although it is interesting to see what happens when one uses the gray literature, I think one must be cautious giving it much weight. I certainly would never recommend imposing a phenomenal tax solely on the results the gray literature produces. It would very likely be an enormous waste of resources.

Finally, the author finds that with the Weitzman approach, one would impose a large tax on carbon that many people in the world could not pay. Does he assume that the payment is a tax per capita or a tax on carbon? That is, has he taken into account that the poorest segment of society likely has a very small carbon footprint?