

Trump's cost of carbon

Stories

Politico, [The hidden impact of Trump's energy executive order](#)

Robert Murphy, [Testimony to the US Senate Committee on Environment and Public Works](#)

Keohane and Olmstead, box on the social cost of carbon, pages 41-43

Questions

Imagine you're working as an economic adviser at the Natural Resources Defense Council. Your boss, Gina McCarthy, has been asked to testify to the Senate Environment and Public Works Committee in a hearing to discuss President Trump's proposed changes to the U.S. government's approach to calculating the social cost of carbon. She needs your help to prepare, and has asked you to answer the following questions:

- 1) Why is the government's estimate of the social cost of carbon important?
- 2) Why would the Trump administration prefer a higher discount rate than the Obama administration did?
- 3) Should the U.S. consider impacts of climate change falling outside the U.S. in its estimate of the social cost of carbon? Why?