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# The Stern Review

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# The Stern Review

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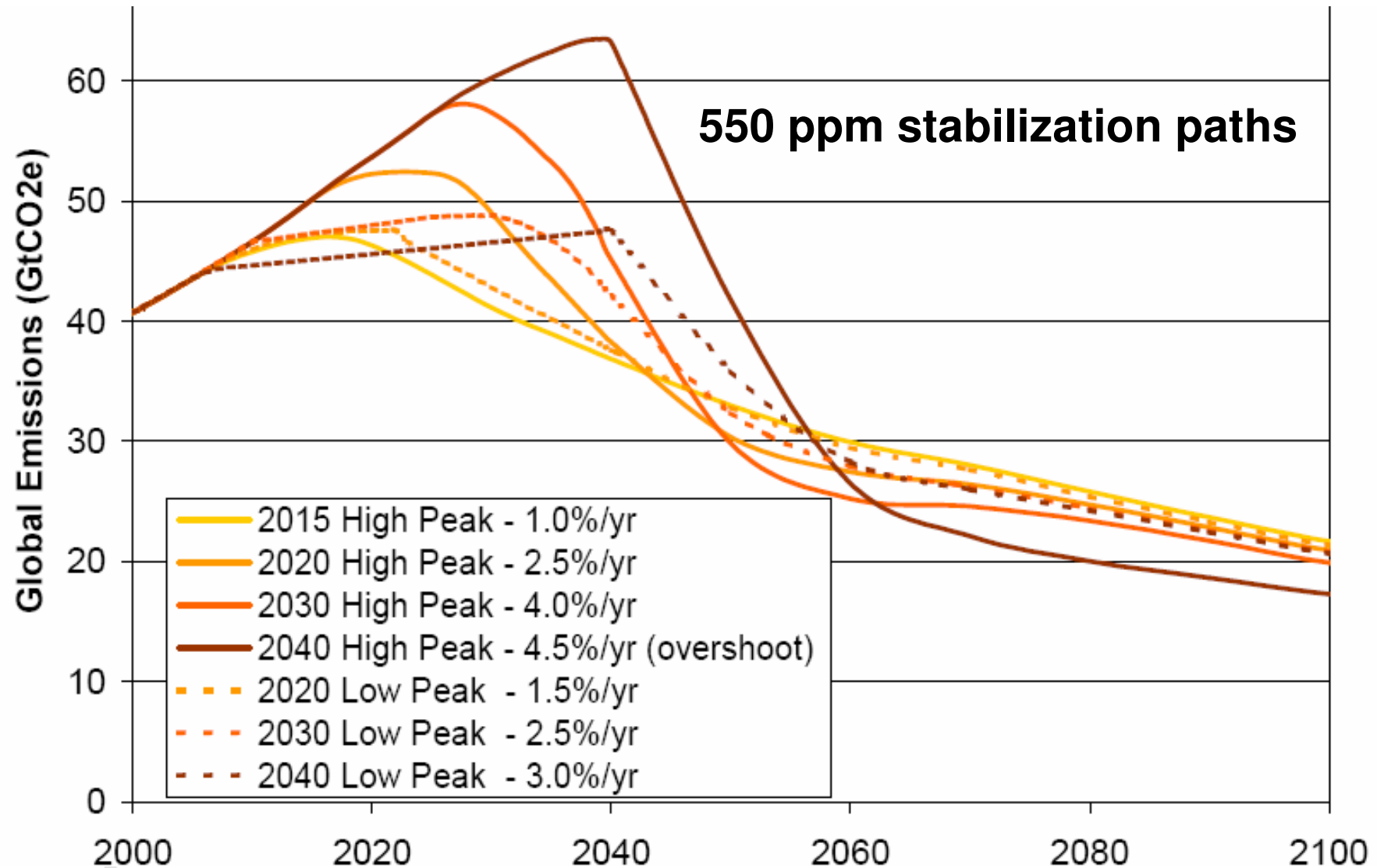
- The benefits of strong, early action on climate change outweigh the costs
- Ignoring climate change will eventually damage economic growth
- Risks of major disruption to economic and social activity, later in this century and in the next, on a scale similar to those associated with the great wars and the economic depression of the first half of the 20th century
- Tackling climate change is the pro-growth strategy for the longer term, and it can be done in a way that does not cap the aspirations for growth of rich or poor countries

# **The Stern Review II**

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- **The impacts of climate change are not evenly distributed - the poorest countries and people will suffer earliest and most**
- **Climate change may initially have small positive effects for a few developed countries, but is likely to be very damaging for the much higher temperature increases expected by mid- to late-century**
- **The total impact on the economy is likely to be higher than previously suggested**
- **BAU climate change will reduce welfare by an amount equivalent to a reduction in consumption per head of 5 - 20%.**

# The Stern Review III



# The Stern Review IV

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- Annual costs of stabilisation at 500-550ppm CO<sub>2</sub>e ~ 1% of GDP by 2050
- Upper bound for the annual cost of emissions reductions for stabilisation at 550ppm CO<sub>2</sub>e ~ 1% of GDP by 2050
- Stabilisation at 450ppm CO<sub>2</sub>e is already almost out of reach
- Weak action in the next 10-20 years would put stabilisation even at 550ppm CO<sub>2</sub>e beyond reach
- Uncertainty is an argument for a more, not less, demanding goal

# The Stern Review V

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- Policy to reduce emissions should be based on three essential elements:
  - carbon pricing
  - technology policy
  - removal of barriers to behavioural change
- Creation of a broadly similar carbon price signal around the world
- Use of carbon finance to accelerate action in developing countries
- Adaptation policy is crucial for dealing with the unavoidable impacts of climate change
- Curbing deforestation is a highly cost effective way of reducing greenhouse gas emissions
- Delay would be costly and dangerous