Results from Exercise 7

Comparison of key findings:

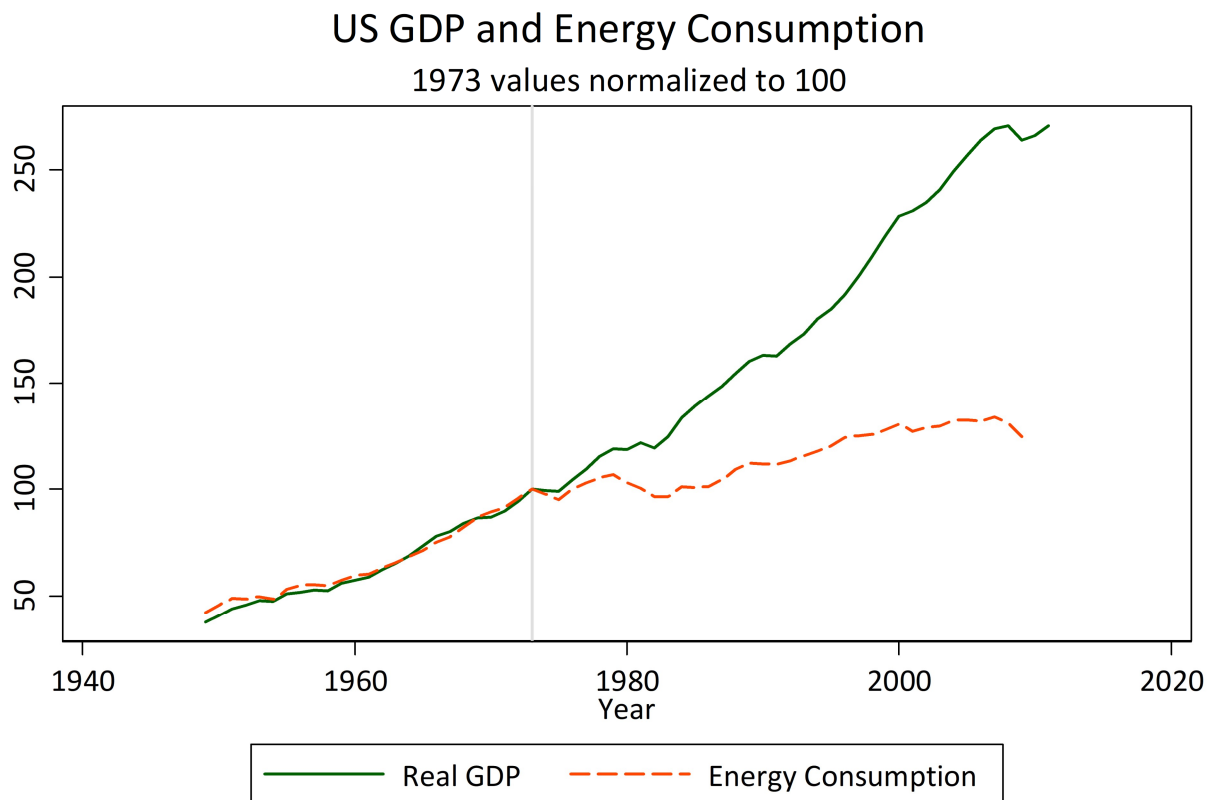| Variable	CD	PC
Impact on energy use	**-20%**	-1%
Cost in CV	**$191 B**	$213 B
Tax revenue raised	$170 B	**$210 B**
Net cost before climate benefits	$21 B	**$3 B**

How well does the policy work?

Criterion	CD	PC
Effective at reducing emissions:	**yes**	no
Lower cost in CV:	**yes**	no
Higher revenue raised:	no	**yes**
Low net cost:	yes	**very**

- Policy is either **effective** or **inexpensive** on a net basis
- Can rule out worst case: **not** ineffective *and* expensive
- Significant transfers in either case

Which is closer to the truth?

US GDP and Energy Consumption
1973 values normalized to 100

Note: 1973 is indicated by the vertical line

Climate benefits under CD:

Energy-related CO2 emissions in 2019:	5 billion tons
Reduction under CD:	1 billion tons
Social cost of carbon, MC_e:	$50/ton
Total reduction in damages:	$50 billion

- Net gain overall: $50 B - $21 B = $34 B