

Economics Seminar, Indian Statistical Institute, New Delhi.

SPEAKER: Ujjayant Chakravorty, University of Alberta

TITLE: Think Globally, Act Locally? Stock vs Flow Regulation of a Fossil Fuel

TIME: 11:30 - 1:00 P.M.

DAY & DATE: Friday, September 18th, 2009

PLACE: Seminar Room 2, New Building

Abstract:

Regulation of environmental externalities like global warming from the burning of fossil fuels (e.g., coal and oil) is often done both by capping emission flows and stocks. For example, the European Union and states in the Northeastern United States have introduced caps on flows of carbon emissions while the stated goal of the Intergovernmental Panel on Climate Change (IPCC) is to stabilize the atmospheric stock of carbon. Flow regulation is often local or regional in nature, while stock regulation is global. How do these multiple pollution control efforts interact when a nonrenewable resource creates pollution? In this paper we show that a stricter cap on flows may actually increase the global pollution stock and hasten the date when the global pollution cap is reached. The policy implication is that local and global pollution control efforts, if uncoordinated, may exacerbate environmental externalities.

<http://www.isid.ac.in/~pu/seminar.html>