
Three Ideas in the Economics of Greenhouse Gas Reduction

Severin Borenstein

E.T. Grether Professor of Business and Public Policy, Haas
School of Business, UC Berkeley and Co-Director, Energy
Institute at Haas

and

Director, University of California Energy Institute

Three (possibly under-appreciated) Ideas in the Economics of GHG Reduction

- Inelastic Fossil Fuel Supply and the Equilibrium Price of GHGs
 - Cap and Trade in a Large Ecosystem with Incomplete Property Rights (or Responsibilities)
 - A Dynamic Commitment Advantage of Subsidizing R&D
-