

WEBVTT

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00:00:04.049 --> 00:00:14.280

Robert Stavins: Hi there, I'm delighted to welcome everyone to this session of conversations on climate change and energy policy virtual forum from the

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00:00:14.639 --> 00:00:24.540

Robert Stavins: Harvard project on climate agreements. I'm your host, Rob Stephens, a professor here at the Harvard Kennedy School and Director of the Harvard environmental economics program.

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00:00:24.960 --> 00:00:34.050

Robert Stavins: And our project on climate agreements in this series of webinars, as you know, we're featuring leading authorities on climate change policy.

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00:00:34.530 --> 00:00:46.770

Robert Stavins: Whether from academia, the private sector NGOs or government and today we're fortunate to have someone who has had feet and several of those sectors, but before I introduce today's

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00:00:47.220 --> 00:00:58.380

Robert Stavins: Guest, let me say a few things about the logistics. We're recording both the audio and the video and links will be posted at the

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00:00:59.040 --> 00:01:15.690

Robert Stavins: Webinars site and also at the Harvard project on climate agreements website if you wish to pose a question at any point during the discussion, use the Q AMP a function which is at the bottom of your screen and after some initial discussion.

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00:01:15.720 --> 00:01:16.290

Joseph Stiglitz: My guest.

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00:01:16.710 --> 00:01:21.210

Robert Stavins: And myself, they'll begin to draw from those questions.

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00:01:22.830 --> 00:01:35.790

Robert Stavins: So I should also mention we will adjourn promptly at 10am eastern time that's 10am eastern time in the United States. So with that, I'm very pleased to introduce our guest today.

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00:01:36.570 --> 00:01:46.860

Robert Stavins: There is a cliché that my guest needs no introduction. In this case, the cliché is absolutely correct. But I'm going to offer a brief introduction anyway.

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Robert Stavins: Drawing on just a few highlights from his hundred and 40 page CV Joseph Stiglitz is university professor at Columbia University.

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00:01:56.910 --> 00:02:07.800

Robert Stavins: Co Chair of the high level expert group on the measurement of economic performance and social progress at the OECD and chief economist of the Roosevelt Institute.

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00:02:08.370 --> 00:02:18.330

Robert Stavins: Among the many positions that he's held. He was a member and then chairman of the President's Council of Economic Advisers in the Clinton administration.

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00:02:18.720 --> 00:02:23.940

Robert Stavins: And subsequently was senior vice president and chief economist at the World Bank.

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00:02:24.480 --> 00:02:35.310

Robert Stavins: He received the JOHN BATES Clark metre Medal for from the American Economic Association in 1979 as some of you will know that's the award.

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00:02:35.700 --> 00:02:43.980

Robert Stavins: That has given periodically for the most important contributions by an economist under the age of 40 and then after the age of 40

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00:02:44.820 --> 00:02:49.770

Robert Stavins: Joe Stiglitz won the Nobel Prize in Economics in 2000 in one

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00:02:50.580 --> 00:03:01.320

Robert Stavins: In addition, he's a fellow of the National Academy of Sciences. The American Academy of Arts and Sciences. The American Philosophical Society and the econometric society.

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00:03:02.250 --> 00:03:09.990

Robert Stavins: I believe I first met Joe in 1993 when he was a member of Clinton CEA and then as we were just discussing

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00:03:10.650 --> 00:03:27.300

Robert Stavins: Chatting on a long flight to Seoul, Korea for the initial meeting of the second Assessment Report of the Intergovernmental Panel on Climate Change. So it's really a great pleasure for me to welcome you, Joe to this conversation on climate change and energy policy.

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00:03:28.410 --> 00:03:29.340

Joseph Stiglitz: Nice to be here.

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00:03:29.970 --> 00:03:42.570

Robert Stavins: So, you know, there's so much we could talk about Joe, but I'd like to begin by looking back and to ask you to comment if you could on how you perceive the the economics.

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00:03:43.530 --> 00:03:51.990

Robert Stavins: If not, the politics at least the economics of climate change policy to have evolved over the many years that you've been engaged in the topic.

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00:03:54.000 --> 00:04:16.260

Joseph Stiglitz: Well, one of the big aspects of the evolution is that when we began talking about it as you said back in 1993. It was not recognized as the major problem that it is today. We were in the second assessment, which

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00:04:17.880 --> 00:04:30.090

Joseph Stiglitz: clarified that there was a significant problem. But just to give you one example we had at that point there was not the data that there is today show

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00:04:30.750 --> 00:04:35.190

Joseph Stiglitz: That there was going to be an increased incidence of extreme events.

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00:04:35.910 --> 00:04:47.550

Joseph Stiglitz: And one of the things we discussed was precisely that issue. How, how do we articulate. We thought that there was a likely to be an increased incidence of these extreme weather events.

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00:04:48.000 --> 00:04:59.670

Joseph Stiglitz: But we weren't sure that there was evidence enough to sustain that view. So we made the point and said exactly that. And then of course later on the evidence became overwhelming.

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00:05:01.740 --> 00:05:08.400

Joseph Stiglitz: This was a period before climate change became politicized in the United States.

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00:05:09.870 --> 00:05:23.940

Joseph Stiglitz: They're Republicans were were recognizing that it was real. And the question was, how much should we do, there was a principal at that time called the precautionary principle.

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00:05:24.510 --> 00:05:32.250

Joseph Stiglitz: Which was just the opposite of today's viewer precautionary principle, it was used at that time is. Let's not spend too much.

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00:05:32.760 --> 00:05:47.670

Joseph Stiglitz: Less we find out that it's not as bad a problem as we think, rather than the view. We better take precautions, because otherwise this is going to be an utter disaster. So the whole framing has changed in a in a dramatic dramatic way.

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00:05:48.450 --> 00:06:02.550

Robert Stavins: So not everyone since we have an international audience today. Not everyone will know immediately what you're referencing when you say that climate changes become politicized in the US, could you say a word about that to flush that out.

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00:06:03.060 --> 00:06:15.810

Joseph Stiglitz: Well, one of the two parties has a major strength. Not everybody in that party, but one of the two parties Republicans have a very large strand in that party that

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00:06:16.950 --> 00:06:19.980

Joseph Stiglitz: See if our climate skeptics.

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00:06:21.090 --> 00:06:21.750

Joseph Stiglitz: And

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00:06:24.060 --> 00:06:26.250

Joseph Stiglitz: The, you might say.

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00:06:27.390 --> 00:06:39.720

Joseph Stiglitz: Many of them say, Well, yes, climate change is going to be there, but there's nothing we can do about it. Some say it's not man made so we have to just accept it.

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00:06:41.880 --> 00:06:55.860

Joseph Stiglitz: The raw view within the party is that doing what is required to do to keep the temperature going above one and a half, two degrees centigrade.

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00:06:56.460 --> 00:07:11.760

Joseph Stiglitz: would divert too much resources and would be bad for the economy and in terms of, you might say cost benefit analysis is not something we should do so.

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Robert Stavins: Just to validate

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00:07:13.560 --> 00:07:26.460

Robert Stavins: What I said just to validate what you have said in terms of politicization it's helpful to remind, some people in the audience that back in 1990 when I was working with the George HW Bush administration.

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00:07:27.510 --> 00:07:33.450

Robert Stavins: The Clean Air Act amendments in 1990 which were very, very important. Not on climate change, but on air pollution.

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Robert Stavins: passed the House of Representatives with 97% of democrats and about 86% of publicans and, of course, that would be unheard of. Today, completely change.

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00:07:48.180 --> 00:07:53.550

Joseph Stiglitz: Yeah, precisely and and as a the the from my perspective.

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00:07:54.930 --> 00:08:03.420

Joseph Stiglitz: The curious thing is that in that 20 some year period, the evidence has become stronger and stronger.

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00:08:03.450 --> 00:08:20.910

Joseph Stiglitz: Right about the magnitude of the risks that we face. I say, you know, the one thing that we miss make a mistake we made in our second assessment was we didn't really realize how fast things would come and how bad things could be

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00:08:21.240 --> 00:08:21.540

Robert Stavins: Right.

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00:08:21.690 --> 00:08:32.760

Joseph Stiglitz: And so we were. We said we were conservative and 27 years later, we can say with complete confidence. We were very conservative

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00:08:33.570 --> 00:08:38.820

Robert Stavins: Indeed, so let me break us up to the President and present into the situation we're in.

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00:08:39.570 --> 00:08:46.980

Robert Stavins: After all, we're doing this remotely with hundreds of participants remote around the world because of the global can't pandemic.

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00:08:47.370 --> 00:08:55.020

Robert Stavins: Which has had immense impacts on economies around the world and various countries as you as you well know,

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00:08:55.350 --> 00:09:10.590

Robert Stavins: Are developing into pandemic or post pandemic economic recovery plans and there's certainly interest from some constituencies for these economic recovery packages to have a green tinge. If not, indeed, a green hue, the European bland.

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00:09:11.190 --> 00:09:19.890

Robert Stavins: contains significant green elements with respect to climate change in 2009 the Obama administration's American Recovery and Reinvestment Act included

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Robert Stavins: \$50 billion for energy infrastructure, energy efficiency, renewable energy research and development in your mind, should the post coven or even sooner economic recovery plan for the US includes significant green elements.

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00:09:37.230 --> 00:09:48.000

Joseph Stiglitz: Very much self. You know, I think the basic thing is that the pandemic has brought to light. Some of the real weaknesses in our economy.

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00:09:48.570 --> 00:09:54.720

Joseph Stiglitz: And it has made a certainly more aware that we need to be better prepare for the risk that we face.

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00:09:55.290 --> 00:10:03.120

Joseph Stiglitz: One of those risks was dependent make that we hadn't thought about and the other one is something that we know about, which is the climate risk.

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00:10:03.780 --> 00:10:20.370

Joseph Stiglitz: So never is government spent so much money and I think from my perspective, we as citizens have the right to make sure that that money makes a use it serves a dual purpose not only the purpose of bringing the economy back

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00:10:20.610 --> 00:10:38.010

Joseph Stiglitz: In a back in a way that's more consistent with the vision that we want of the post pandemic economy, society, and that means a more equal society. I hope more knowledge based society, but also a much greener.

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00:10:39.060 --> 00:10:53.040

Joseph Stiglitz: Economy and I was engaged in a research project with Cameron Hepburn an expert in a number of his colleagues and externally and we asked precisely the question.

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00:10:54.720 --> 00:11:00.330

Joseph Stiglitz: Can you take that money, that money that's going to be used to

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00:11:02.190 --> 00:11:12.090

Joseph Stiglitz: Restore the economy post pandemic and use it in a way that will create a greener economy and

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00:11:13.770 --> 00:11:24.660

Joseph Stiglitz: We were, we showed, I think that one of that spending could be just, it could be targeted timely.

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00:11:26.910 --> 00:11:45.240

Joseph Stiglitz: labor intensive to help address the problem of the demand for labor, which is clearly one of the real problems right i multiplier makes means a lot of bang for the buck in American vocabulary, so you you know we're spending a lot of money, but we need a lot of power.

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00:11:46.590 --> 00:11:51.930

Joseph Stiglitz: So we, we can do that and so

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00:11:53.190 --> 00:11:53.790

Joseph Stiglitz: To me.

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00:11:55.860 --> 00:11:57.450

Joseph Stiglitz: Having this dual purpose.

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00:11:58.590 --> 00:12:06.480

Joseph Stiglitz: Is really really important and some countries are doing a quite good job with that. Let me just mentioned two examples, you know,

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00:12:08.190 --> 00:12:11.730

Joseph Stiglitz: France when they rescue the airplane airlines.

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00:12:12.750 --> 00:12:19.290

Joseph Stiglitz: Put a condition and the airlines reduce their carbon footprint significantly

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00:12:20.940 --> 00:12:21.960

Joseph Stiglitz: We didn't do that.

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Joseph Stiglitz: New Zealand.

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00:12:25.620 --> 00:12:43.920

Joseph Stiglitz: Hip very badly by in the tourist industry they've managed a pandemic fantastically well illustrating some of the principles of you know why it's important to have rely on expertise trust government lots of things that we have a lot to learn from. But New Zealand.

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00:12:45.390 --> 00:13:01.920

Joseph Stiglitz: You know, a lot of their out of their tourist industry is a beautiful national parks and so they could take some of their underemployed or unemployed. Waiters, waitresses and use them to improve the parks.

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00:13:03.810 --> 00:13:05.040

Joseph Stiglitz: To make the parks.

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00:13:06.120 --> 00:13:12.360

Joseph Stiglitz: An investment in their few tours in the future, but also an investment in and for station.

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00:13:13.590 --> 00:13:17.670

Joseph Stiglitz: And just like we have been benefiting from

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00:13:19.080 --> 00:13:25.620

Joseph Stiglitz: The new deal from the CCC 80 years after that the Civilian Conservation Corps.

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00:13:27.300 --> 00:13:34.920

Joseph Stiglitz: They're saying, let's do the same to make our economy stronger in the future, but also greener in the future.

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00:13:35.670 --> 00:13:42.750

Robert Stavins: And you're mentioning the policies of the 1930s that were used to help bring the us out of the

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00:13:43.260 --> 00:13:54.270

Robert Stavins: Great Depression, that reminds us of the fact that there's a US proposal not a legislative proposal as such but a proposal from legislators from the house in the Senate of a year ago.

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00:13:54.660 --> 00:14:04.440

Robert Stavins: More than a year ago for so called Green New Deal, to which is intended to echo, you know, memories of the original New Deal of the 1930s.

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00:14:05.400 --> 00:14:14.670

Joseph Stiglitz: That's right, and number of countries Korea is also put forward a Green New Deal you're passing use the word new do they use the word Green Deal.

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00:14:14.730 --> 00:14:15.450

Robert Stavins: Yeah, exactly.

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00:14:15.540 --> 00:14:28.770

Joseph Stiglitz: And I think it's echoing without the Americanization are the notion that we have. So they're devoting substantial part of their recovery to making it more green

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00:14:30.540 --> 00:14:33.930

Joseph Stiglitz: I think one aspect of that a lot of people

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00:14:35.550 --> 00:14:43.260

Joseph Stiglitz: Always thought of doing something about the climate change as being adverse to the economy.

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00:14:44.490 --> 00:14:52.560

Joseph Stiglitz: And my view is that can be very positive to the economy next turn, and I had an international commission

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Joseph Stiglitz: On carbon pricing and one of the conclusions of our commission was that

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Joseph Stiglitz: A green transition could in fact be as we put it a growth story that it could actually stimulate the economy could be very, very positive for the economy and and that's why the young people who were instrumental and pushing the idea of the Green New Deal.

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00:15:28.080 --> 00:15:30.810

Joseph Stiglitz: They wanted to emphasize the positive aspects.

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00:15:30.810 --> 00:15:31.110

Robert Stavins: Right.

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00:15:31.470 --> 00:15:38.310

Joseph Stiglitz: Of addressing some of the other proposals are emphasizing more of the negative

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00:15:39.480 --> 00:15:41.490

Joseph Stiglitz: You know the price we have to pay

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00:15:41.790 --> 00:15:42.000

Joseph Stiglitz: Or

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00:15:42.210 --> 00:15:49.050

Joseph Stiglitz: No, no. Overall, we're going to come out of this much better one aspect that I think I

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00:15:52.710 --> 00:16:06.840

Joseph Stiglitz: highlight is that what we're talking about here is a heavy mobilization of resources and sometimes I use as a better metaphor. The Green New Deal wartime mobilization.

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00:16:07.890 --> 00:16:13.320

Joseph Stiglitz: The differences that you see the enemy right in front of you in war.

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00:16:14.700 --> 00:16:31.080

Joseph Stiglitz: The, the effects of climate change, we are seeing right in front of us. We see it in the fires the hurricanes floods, but some people are not seeing it as clearly as we would actually a military attack.

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00:16:31.410 --> 00:16:40.950

Robert Stavins: Right now, that's interesting. Before we continue, let me mention to people that joined late that if you wish to pose a question.

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00:16:41.220 --> 00:16:52.350

Robert Stavins: Please use the button at the bottom of your zoom key at the bottom of your zoom screen that says Q AMP. A we already do have some questions coming in. And we're going to get to them. We're gonna begin to get to them.

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00:16:52.980 --> 00:17:02.190

Robert Stavins: In just a few minutes, you know, Joe, I think it's interesting. You're talking about the green new deal that when the Green New Deal was first proposed by

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00:17:02.880 --> 00:17:09.930

Robert Stavins: Congresswoman Kazuo Cortez and Senator Kerry, one of the complaints that I heard a lot

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00:17:10.770 --> 00:17:19.980

Robert Stavins: Both from environmental economist and others is that, gee, it's not just about environment. It's also got an employment policy in there. It's going to health care.

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00:17:20.280 --> 00:17:27.510

Robert Stavins: And the interesting thing now is that in terms of economic recovery. That's of course precisely what people are looking for something that's broadly based

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00:17:28.530 --> 00:17:30.360

Robert Stavins: It's a remarkable turn of events.

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00:17:30.870 --> 00:17:35.280

Joseph Stiglitz: Yeah, and and in a way, as a both wartime mobilization and

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00:17:36.540 --> 00:17:42.420

Joseph Stiglitz: The New Deal were transformative moments in in our history and

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00:17:43.440 --> 00:17:44.910

Joseph Stiglitz: When you know

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00:17:46.020 --> 00:18:03.690

Joseph Stiglitz: You, you, you're moving from fossil fuels to renewables, we've added an economy that's based on fossil fuels for a couple hundred years. So this is a transformative use Mike say at at a very fundamental level. And since we are

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00:18:04.920 --> 00:18:16.050

Joseph Stiglitz: Going to be a major change. It doesn't mean have to be negative extra point, it can be a positive change. Why don't we think about all the other changes that can be done simultaneously.

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00:18:16.890 --> 00:18:23.370

Robert Stavins: Yeah, I want to take note of the fact that I was corrected in the Q AMP a thank you for that to one of my

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00:18:23.970 --> 00:18:35.130

Robert Stavins: Colleagues, I said that it was Senator Kerry, it was actually his successor from Massachusetts Senator marquis who was the co chief co sponsor of the Green New Deal.

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00:18:35.700 --> 00:18:47.640

Robert Stavins: Who will be running for reelection in November. Now, Joe. Many economists, perhaps most economists would say that carbon pricing, at least in large complex industrial economies.

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00:18:48.750 --> 00:19:01.980

Robert Stavins: Will be necessary in order to achieve significant or really meaningful reductions in fossil fuel emissions, but they might also say that will be necessary but not sufficient.

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00:19:02.430 --> 00:19:14.580

Robert Stavins: Because of other market failures principal agent problems public good nature of information. What's your take on the role of carbon pricing, at least in these large more advanced economies.

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00:19:15.540 --> 00:19:34.890

Joseph Stiglitz: It has a role, but it's only part one instrument and one way of thinking about is the following. It is very natural for economists to begin by saying the problem with climate change is that there's a market failure. There's an externality of global public good associated with

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00:19:35.940 --> 00:19:37.110

Joseph Stiglitz: A clean atmosphere.

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00:19:38.790 --> 00:19:52.410

Joseph Stiglitz: When there's a disparity between social cost and private cars social benefit and private benefit the natural way of addressing that is put a tax to aligned the two

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00:19:53.010 --> 00:20:04.200

Joseph Stiglitz: And that comes up with the principle of in fact just attacks would solve the problem. Why approach this. I spent, you know, I've been a public

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00:20:05.520 --> 00:20:06.780

Joseph Stiglitz: Finance economist

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00:20:07.830 --> 00:20:11.910

Joseph Stiglitz: And that is a theoretical questions that

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00:20:13.110 --> 00:20:18.210

Joseph Stiglitz: I spent a lot of time over the last 50 years thinking about and

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00:20:19.230 --> 00:20:22.290

Joseph Stiglitz: The question is, can

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00:20:23.820 --> 00:20:40.740

Joseph Stiglitz: A just attacks have a problem like this. And the answer is, and you put it correctly. When you have a multiplicity of you might call limitations on the market failure to the market.

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00:20:42.060 --> 00:20:45.600

Joseph Stiglitz: The answer is unambiguous, it cannot solve the problem.

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00:20:46.710 --> 00:20:49.290

Joseph Stiglitz: And the the

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00:20:50.310 --> 00:20:54.660

Joseph Stiglitz: You need regulations, you need public investment.

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00:20:55.860 --> 00:20:58.050

Joseph Stiglitz: You need more direct action.

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00:21:00.240 --> 00:21:01.080

Joseph Stiglitz: That

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00:21:03.390 --> 00:21:06.090

Joseph Stiglitz: And in this particular case.

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00:21:07.380 --> 00:21:11.190

Joseph Stiglitz: We are engaged in a societal transformation as we've been talking about.

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00:21:11.280 --> 00:21:18.540

Joseph Stiglitz: And one of the really foolish assumptions that economist have made is that preferences are fixed.

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00:21:19.890 --> 00:21:20.430

Joseph Stiglitz: And

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00:21:21.660 --> 00:21:23.280

Joseph Stiglitz: You know, there's no reason

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00:21:24.450 --> 00:21:32.190

Joseph Stiglitz: That's not true. We know it's not true, right, and younger people are moving to more than are vegetarians.

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00:21:33.630 --> 00:21:35.700

Joseph Stiglitz: The way we live changes.

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00:21:37.290 --> 00:21:39.210

Joseph Stiglitz: And that's all part of societal change.

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00:21:40.440 --> 00:21:57.060

Joseph Stiglitz: You know, our preference for you might say, some people have a preference for discrimination. That's the way Gary Becker used to put like that notion of a preference for discrimination and that's changing. Fortunately, yes. Oh, uh, there

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00:21:58.170 --> 00:22:04.440

Joseph Stiglitz: In that context, we really do need to try to change patterns of behavior.

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00:22:05.550 --> 00:22:17.520

Joseph Stiglitz: And regulations can often help move us in those changes in patterns of behavior. And there are many other things that change the way we look at the world.

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00:22:18.300 --> 00:22:29.190

Joseph Stiglitz: So for instance, one of the arguments for divestment, and I've been a very strong supporter of divestment. One of the arguments, is it helps crystallize.

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00:22:30.030 --> 00:22:46.650

Joseph Stiglitz: The fact that we don't want to participate. When we say we ordinary citizens, how can they participate in this green evolution. We don't want to participate in having our institutions be contributors to

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00:22:47.640 --> 00:23:01.980

Joseph Stiglitz: Climate change by owning dirty assets and we want them to move towards green and all these are part of what I would say a broader agenda of societal transformation to a greener economy.

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00:23:03.390 --> 00:23:05.880

Robert Stavins: So I'm Vice President Biden's

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00:23:07.170 --> 00:23:11.490

Robert Stavins: Client climate plan and the team. He seems to have put together.

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00:23:12.030 --> 00:23:16.530

Robert Stavins: During the campaign, which of course might be different than during the transition or during an administration.

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00:23:16.860 --> 00:23:28.500

Robert Stavins: But is actually very light on carbon pricing. It seems to be more focused on one of the other approaches you mentioned, which is government financing of actions and public works.

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00:23:29.190 --> 00:23:41.850

Robert Stavins: Much like the Green New Deal. So I assume that you're supportive of that element should, would you want to see carbon pricing also part of it, or is that not even necessary.

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00:23:42.480 --> 00:23:45.450

Joseph Stiglitz: Well, I think I'd like to see some carbon pricing.

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00:23:46.920 --> 00:24:12.120

Joseph Stiglitz: Introduced in an appropriate way. I mean, one of the things when it was introduced in France gave rise to a very big backlash because of the distributive effects. Very hard to deal with those distributive effects, some of the proposals to give a uniform lump sum.

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00:24:13.170 --> 00:24:14.640

Joseph Stiglitz: Subsidy to everybody.

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00:24:17.610 --> 00:24:26.610

Joseph Stiglitz: Are not adequate ways of dealing with the distributive effects because we call horizontal inequities. Some people are

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00:24:27.480 --> 00:24:35.610

Joseph Stiglitz: Much more carbon users than others, even any level of income and so they are not being adequately compensated and and

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00:24:36.120 --> 00:24:55.050

Joseph Stiglitz: That's a real real problem and and there is therefore a political economy problem we're moving our whole society. So I think we've learned from fans that you have to be very thoughtful about how you do it and and protect some of the more vulnerable parts of our population.

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00:24:56.550 --> 00:25:03.270

Joseph Stiglitz: But one of the things of the Commission that I co chaired one of our

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00:25:04.560 --> 00:25:14.790

Joseph Stiglitz: Points and it's also in one paper I have in the European Economic Review was to point out that if you have good regulations and good public investment.

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00:25:15.300 --> 00:25:25.620

Joseph Stiglitz: The magnitude of the carbon tax that you will need to be able to achieve the goals of one and a half to two degrees centigrade will be much lower.

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00:25:25.980 --> 00:25:26.280

Robert Stavins: Right.

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00:25:26.460 --> 00:25:30.240

Joseph Stiglitz: And therefore, I'll make it a lot more politically acceptable right

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00:25:30.630 --> 00:25:39.060

Robert Stavins: And I should mention that the proposals that have been introduced into the congress democrats in the in the House of Representatives actually

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00:25:39.450 --> 00:25:52.440

Robert Stavins: Over the last couple of years have all been revenue neutral. They've been with a called carbon dividends approaches the revenue then is sent back to address these distributional issues that you know you're pointing out quite rightly

164

00:25:52.560 --> 00:26:02.220

Joseph Stiglitz: Yeah but but but let me say my concern is that we really do need a lot of public investment.

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00:26:02.280 --> 00:26:18.510

Joseph Stiglitz: Right, and so the focus on just redistribution. They don't succeed in doing appropriately i is is not I think correct that there are many ways of dealing with distribution issues.

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00:26:19.410 --> 00:26:20.640

Joseph Stiglitz: As cash handouts.

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00:26:21.090 --> 00:26:21.360

Right.

168

00:26:22.380 --> 00:26:32.820

Joseph Stiglitz: And public investment like public transportation systems public transportation systems that connect people with the work can be

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00:26:34.110 --> 00:26:41.010

Joseph Stiglitz: a really critical part, you know, I was in France last fall.

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00:26:42.150 --> 00:26:46.920

Joseph Stiglitz: And I spent some time going to some of the, you know, areas that were

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00:26:48.990 --> 00:26:55.740

Joseph Stiglitz: Evidence of the all best movement discontent. And one of the concerns is that there have been

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00:26:57.000 --> 00:27:04.470

Joseph Stiglitz: A weakening of the public transport system making individuals have to travel long distances.

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00:27:06.420 --> 00:27:12.780

Joseph Stiglitz: dividend payout would not have solve their problem a lot better, who

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00:27:15.060 --> 00:27:21.900

Joseph Stiglitz: Have public transportation system that would be better for the environment and would help address some of their problems.

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00:27:22.350 --> 00:27:31.950

Robert Stavins: So you've brought up Europe, we have a very international audience. So let me turn you to be thinking about more the international domain of policy.

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00:27:32.340 --> 00:27:49.170

Robert Stavins: There's an irony that the European Union is an enthusiastic. Indeed, I'd say a leading participant in the Paris Climate Agreement and the United States is about to withdraw in November. The irony is that European economists

177

00:27:50.400 --> 00:28:02.880

Robert Stavins: In discussions that I've had and papers that I've read have been very critical of the Paris Agreement, whereas us economists have been more mixed. Do you have a particular view about the Paris Climate Agreement.

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00:28:04.290 --> 00:28:05.520

Joseph Stiglitz: Well, I think the Paris.

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00:28:07.140 --> 00:28:28.950

Joseph Stiglitz: Climate Agreement clearly didn't go far enough. And a lot of the criticism is that the voluntary commitments don't add up to achieving the goals that were set out at Paris, but I think you have to understand the, the theory as it were behind the Paris Agreement.

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00:28:29.970 --> 00:28:39.630

Joseph Stiglitz: The theory behind the Paris Agreement was that if there was enough consensus behind an agreement.

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00:28:40.680 --> 00:28:52.380

Joseph Stiglitz: Then major companies would begin doing what they needed to do to become a less rely on carbon.

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00:28:53.490 --> 00:29:01.860

Joseph Stiglitz: That would been that they would then become part of the political economy supporting a green transition

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00:29:03.300 --> 00:29:07.440

Joseph Stiglitz: And I think to a large extent it succeeded in that way.

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00:29:08.520 --> 00:29:11.130

Joseph Stiglitz: You noticed when the United States withdrew.

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00:29:12.330 --> 00:29:18.300

Joseph Stiglitz: A very large fraction of the multinational said they're going ahead with their commitments.

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00:29:18.900 --> 00:29:31.350

Joseph Stiglitz: And I had with the greeting their firms. So in that sense, I think, Well, clearly the Paris wasn't didn't go far enough. Fair enough.

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00:29:31.830 --> 00:29:46.560

Joseph Stiglitz: And they were voluntary not mandatory. And one of the reasons, let's be clear about why they were voluntary is the United States made it very clear. I wouldn't go along with anything mandatory because we'd have to get it through our Congress

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00:29:47.940 --> 00:30:02.640

Joseph Stiglitz: It was America's foot dragging that really was at the source of the limitations of that that approach. But I think it was definitely a positive move moving in the right direction.

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00:30:03.900 --> 00:30:14.490

Robert Stavins: So, you know, as I promised, we're going to go now halfway through our hour together. We're going to go to questions that have been coming in through from our audience of several hundred

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00:30:15.630 --> 00:30:24.630

Robert Stavins: We've got 30 questions. I can't promise that. We'll get to all and I'll try to combine some of them, so we can cover as much as possible.

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00:30:25.920 --> 00:30:37.890

Robert Stavins: One of the first questions that came in, Joe is it's really from a developing country perspective and that is for developing countries to put in place a

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00:30:38.370 --> 00:30:56.040

Robert Stavins: A green recovery is something they probably could not afford to do. So what then is the best way forward for developing countries and perhaps the poor developing countries of post pandemic in terms of economic recovery.

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00:30:56.880 --> 00:31:13.260

Joseph Stiglitz: So first let me put international context. Yeah, I think there needs to be massive assistance from the developed countries to the developing countries and one way of doing that is

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00:31:14.100 --> 00:31:29.130

Joseph Stiglitz: The issuance of SDR special drawing rights and the head of the IMF has proposed a \$500 billion issuance and there's basically one thing standing

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00:31:29.760 --> 00:31:42.750

Joseph Stiglitz: Between that happening. And that is 90 stakes right now. You don't have to go to Congress to get approval, the Treasury Secretary could enable that to happen.

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00:31:42.930 --> 00:31:43.980

Joseph Stiglitz: Right and

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00:31:45.390 --> 00:31:49.020

Joseph Stiglitz: For reasons that are totally in explicable they

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00:31:50.070 --> 00:31:51.690

Joseph Stiglitz: We they've posted

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00:31:52.860 --> 00:31:58.650

Joseph Stiglitz: Many of the European countries have made commitments to donate their SD ours.

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00:31:58.890 --> 00:32:07.500

Joseph Stiglitz: In developing countries. So it's a way that they can help the developing countries without having budgetary effects on their own country.

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00:32:08.670 --> 00:32:13.260

Joseph Stiglitz: Particularly important in this time where every country is facing budgetary constraints.

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00:32:15.330 --> 00:32:20.310

Joseph Stiglitz: There has been a bill submitted in the US Senate.

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00:32:21.780 --> 00:32:23.130

Joseph Stiglitz: An amendment.

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00:32:25.560 --> 00:32:26.250

Joseph Stiglitz: To

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00:32:27.690 --> 00:32:38.670

Joseph Stiglitz: Increase the SDR issuance to \$2 trillion and that of course would provide enormous amount of assistance and I do. Oh.

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00:32:40.470 --> 00:32:41.310

Joseph Stiglitz: If the right

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00:32:42.570 --> 00:32:48.540

Joseph Stiglitz: In November, the right thing, things happen. There will be that \$2 trillion

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00:32:51.090 --> 00:33:00.510

Robert Stavins: Yeah, here, Eric, there is a interesting question is, how do you handle what would appear to be a mismatch between, on the one hand,

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00:33:01.290 --> 00:33:18.720

Robert Stavins: Climate change being very much a long term problem and what the question or in the premise does question says is the very short time horizon used by the key stakeholders, including in government and in business.

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00:33:20.550 --> 00:33:23.310

Joseph Stiglitz: That is a key problem and

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00:33:24.780 --> 00:33:33.330

Joseph Stiglitz: One aspect that I put a lot of emphasis on is strengthening our development past

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00:33:34.920 --> 00:33:48.090

Joseph Stiglitz: You know, the inner mediating between these long term needs. And there are a lot of long term investors in our economy funds sovereign wealth funds.

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00:33:49.200 --> 00:33:55.170

Joseph Stiglitz: They're thinking about 20 3040 or in the case of endowments thinking about perpetuity.

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00:33:56.760 --> 00:34:03.540

Joseph Stiglitz: And in between these long term needs and long term opportunities are short term financial markets.

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00:34:05.400 --> 00:34:16.620

Joseph Stiglitz: development banks are institutions that have been created to think long term and the history is that they've done a really a reasonably good job of doing that.

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00:34:17.220 --> 00:34:40.230

Joseph Stiglitz: So I think part of this is institutional innovations to try to to do this and the European Investment Bank is the largest development bank in the world and it has explicitly incorporated the idea of of green investment is part of its mandate.

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00:34:42.300 --> 00:34:48.030

Joseph Stiglitz: So that's one part of it. Some second part is

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00:34:49.560 --> 00:34:55.230

Joseph Stiglitz: I'm involved in, in, you may know about the the lawsuit against

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00:34:56.520 --> 00:34:58.920

Joseph Stiglitz: The Trump administration by the shoulder and 21

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00:35:00.060 --> 00:35:00.390

Robert Stavins: Short

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00:35:00.540 --> 00:35:15.000

Joseph Stiglitz: And so on one expert witness on that and our arguments is that we need to build in institutionally ways of thinking long term in our decision making.

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00:35:15.600 --> 00:35:24.660

Joseph Stiglitz: And that the way decision making is institutionalized in the United States under the Trump administration is shorter.

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00:35:25.440 --> 00:35:35.790

Joseph Stiglitz: So the key variable here. You'll, you'll know about this is, is the discount rate. How do you you benefits and costs in the future, compared to today.

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00:35:36.450 --> 00:35:53.910

Joseph Stiglitz: And when I was Chairman of the Council of Economic Advisers, I argue that when we're thinking about something like climate change, we ought to be using a very low interest rate. In fact, Carol, and I and a couple of CO authors wrote a paper for that second assessment.

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00:35:55.110 --> 00:36:02.970

Joseph Stiglitz: Where we said their interest rate might even be negative. And you probably take into account risk and

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00:36:04.650 --> 00:36:05.280

Joseph Stiglitz: So,

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00:36:07.200 --> 00:36:27.120

Joseph Stiglitz: You need to institutionalize the ways we value future benefits. And that's one of the critical flaws and those who say we auto accept a four degree or three and a half degrees centigrade change in their cost benefit analysis.

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00:36:29.010 --> 00:36:44.550

Joseph Stiglitz: They basically are using the wrong discount rate and they haven't built that intergenerational discount appropriately in with risk and part of those most of those models don't really adequately deal with risk at all.

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00:36:45.720 --> 00:36:55.290

Robert Stavins: Although, as you will know my late colleague Marty Weitzman when it is important contributions over the last, I guess the last 10 510 years was that

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00:36:56.130 --> 00:37:06.270

Robert Stavins: Taking account of the possibility of small probability, but catastrophic outcomes of climate change, argued essentially for the equivalent of very low discount rate for these long time horizons.

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00:37:06.360 --> 00:37:18.030

Joseph Stiglitz: Oh very much so his work. He was very important in highlighting the importance of uncertainty and highlighting that when you do that, the effective discount rate you get

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00:37:18.480 --> 00:37:28.890

Joseph Stiglitz: Is is very low or negatives. I mean, he really reinforced the work that we had done can arrow and I are done back in the 90s.

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00:37:30.510 --> 00:37:30.780

Joseph Stiglitz: So,

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00:37:31.020 --> 00:37:33.180

Robert Stavins: Here's an interesting question.

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00:37:34.440 --> 00:37:45.000

Robert Stavins: Given the fact that a lot of spending has already been done by countries to deal with the pandemic and the economic consequences.

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00:37:45.480 --> 00:38:01.290

Robert Stavins: Of the pandemic. Um, are our choices limited now for mobilizing resources to address climate change. In other words, how much capacity do we have to run annual trillion dollar deficits and increase the federal debt.

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00:38:03.240 --> 00:38:08.640

Joseph Stiglitz: Well, in the United States. We have a, not only do we have a lot of capacity.

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00:38:09.990 --> 00:38:27.420

Joseph Stiglitz: We have a lot of need. Unless we're going to be spending more money. We won't have a strong recovery and there are a lot of reasons to explain why we were getting into a really

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00:38:29.130 --> 00:38:39.300

Joseph Stiglitz: Negative dynamic here, you know, once you start a downturn, no matter what caused it. This is different from the mis management of the banking system.

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00:38:39.960 --> 00:38:51.570

Joseph Stiglitz: This is caused by coven 19 but once you start having balance sheet up x bankruptcies, there is a natural dynamic, we have to intervene in that dynamic

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00:38:52.590 --> 00:38:52.980

Joseph Stiglitz: Really

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00:38:54.450 --> 00:39:01.680

Joseph Stiglitz: And so we need a lot, you know, more interventions. And as we intervene in the next round.

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00:39:03.480 --> 00:39:07.050

Joseph Stiglitz: We ought to be more forceful in articulating

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00:39:09.630 --> 00:39:21.870

Joseph Stiglitz: Our green vision, our vision of what kind of economy. We want coming out of this pandemic. So I think the answer is we should have done more.

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00:39:23.250 --> 00:39:32.790

Joseph Stiglitz: Last when when the pandemic started and what we passed in March and April, but it's not too late to do. All right.

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00:39:33.570 --> 00:39:42.060

Robert Stavins: Now you know when we started the Q AMP. A there were something over 30 questions we've answered quite a few of them. And now there are 40 quest.

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00:39:42.090 --> 00:39:43.800

Robert Stavins: 45 questions pending.

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00:39:44.070 --> 00:39:49.530

Robert Stavins: So I'm going to try to get as many as I can and and the lump them together a whole lot of people have asked

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00:39:50.610 --> 00:40:01.800

Robert Stavins: Questions that express some skepticism. I think not climate skepticism in terms of the reality, scientifically, the problem but skepticism regarding

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00:40:03.270 --> 00:40:19.650

Robert Stavins: Whether or not a climate response could be, quote unquote, a growth story. And so the question explicitly as said this professor Stiglitz mean that we could grow despite a carbon tax, or that a carbon tax would actually increase rather than decrease growth.

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00:40:21.120 --> 00:40:27.660

Joseph Stiglitz: Well, look, when I said it's not just the carbon tax. It's the carbon package.

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00:40:27.840 --> 00:40:34.410

Joseph Stiglitz: Yes, I kept emphasizing includes public investment regulations.

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00:40:35.610 --> 00:40:43.890

Joseph Stiglitz: And carbon pricing. So a included in that investment includes our end

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00:40:44.940 --> 00:40:45.750

Joseph Stiglitz: So,

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00:40:47.070 --> 00:41:03.960

Joseph Stiglitz: First let me say when what one other thing which is we have to be very careful about how we measure economic performance. You know, you mentioned I co chaired a commission on that subject GDP is not a good measure.

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00:41:05.130 --> 00:41:16.260

Joseph Stiglitz: When we lose almost 2% of GDP as a result of weather related storms, as we have in some recent years and we rebuild the economy.

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00:41:18.660 --> 00:41:36.630

Joseph Stiglitz: We're not any wealthier, but our GDP goes up, because we're spending so much money just to get back to where we were before the destruction. So the point I want to make is that GDP is not our good indicator of well being, we want to prevent these kinds of disasters.

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00:41:38.100 --> 00:41:38.670

Joseph Stiglitz: Now,

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00:41:40.200 --> 00:41:48.270

Joseph Stiglitz: If we introduced the kind of carbon packages that I've described it will stimulate the economy.

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00:41:49.410 --> 00:41:50.340

Joseph Stiglitz: And

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00:41:52.050 --> 00:41:57.270

Joseph Stiglitz: That's the sense in which it could be a growth story. So let me give you an example where

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00:41:59.040 --> 00:42:00.870

Joseph Stiglitz: I argued with

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00:42:03.480 --> 00:42:07.800

Joseph Stiglitz: Prime Minister RB in Japan. Japan has

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00:42:10.260 --> 00:42:29.160

Joseph Stiglitz: From time to time talked about increasing their VA there's their sales tax to be at because they've their debt GDP ratio has been very, very high. And every time they've done it the economy goes down and I told him you know you should have a carbon tax.

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00:42:30.420 --> 00:42:38.010

Joseph Stiglitz: And I said that will have just the opposite effect because when you adopt that it will generate revenue. Yes.

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00:42:38.370 --> 00:42:49.320

Joseph Stiglitz: But it was stimulated investment because your firms are going to have to retrofit themselves for the green economy. Now you have to accompany that by sources of finance, so you

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00:42:49.680 --> 00:43:05.340

Joseph Stiglitz: You, you have to be able to enable them to make that green transition, but when you impose that kind of attacks it encourages investment and that encourages economic growth and especially when it encourages innovation.

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00:43:06.540 --> 00:43:23.970

Joseph Stiglitz: That will actually make for a more dynamic economy every episode where we done a lot of our indeed it has shown up a whole series of of things that many we haven't anticipated lead to a stronger economy.

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00:43:25.260 --> 00:43:28.290

Robert Stavins: So staying in the international realm.

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00:43:30.030 --> 00:43:50.760

Robert Stavins: One of the viewers asked what approach would you recommend to obtaining multi lateral policy support among the United States, the European Union, Japan, China and India for achieving net CO2 emissions, and it says, By the year 2014

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00:43:52.410 --> 00:43:53.760

Joseph Stiglitz: Well, um,

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00:43:55.830 --> 00:44:13.530

Joseph Stiglitz: I think that as the recognition of the fact that we share a planet and and these carbon molecules don't carry visas don't carry passports that we're all in this together. There is a common

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00:44:14.700 --> 00:44:31.050

Joseph Stiglitz: Understanding of a shared concern. So hopefully that will be enough to enable people to come to an agreement on what a fair sharing of that burden is

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00:44:32.610 --> 00:44:33.120

Joseph Stiglitz: But

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00:44:34.440 --> 00:44:44.730

Joseph Stiglitz: I've always been concerned that it's because it is a public good it. We may need enforcement mechanisms as last the

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00:44:46.200 --> 00:44:48.990

Joseph Stiglitz: Last whatever you might say, hey,

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00:44:50.070 --> 00:45:03.000

Joseph Stiglitz: We did that in the Montreal Convention and the ozone destroying gases. And so I've been a supporter for a very long time of cross border taxes.

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00:45:04.950 --> 00:45:05.820

Joseph Stiglitz: That

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00:45:07.200 --> 00:45:08.310

Joseph Stiglitz: Those countries that

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00:45:10.110 --> 00:45:15.540

Joseph Stiglitz: Do at least a certain amount in curbing their emissions.

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00:45:18.000 --> 00:45:23.010

Joseph Stiglitz: Would have to pay a cross border carbon duty.

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00:45:24.120 --> 00:45:30.870

Joseph Stiglitz: You can think of it as a carbon added value added tax, you can structure it in a number of different ways.

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00:45:32.040 --> 00:45:48.120

Joseph Stiglitz: But that would help motivate every country they join, because if you don't, the revenues will go to another country and you will face a cost in terms of the inability to export your dirty goods.

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00:45:49.200 --> 00:45:49.680

Robert Stavins: And

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00:45:50.910 --> 00:46:01.410

Robert Stavins: It does happen that the Obama administration is the Waxman marquis legislation that the cap and trade system had in the equivalent of that which was an important allowance requirement.

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00:46:02.070 --> 00:46:16.920

Robert Stavins: On certain both products coming into the US and then France had proposed that several years back before wax monarchy and US objective of course to it. So they're they're those usual and consistencies and I really

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00:46:17.490 --> 00:46:25.050

Joseph Stiglitz: Well, I've been pushing that with with a large number of governments for for 15 years as, you know,

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00:46:26.160 --> 00:46:32.280

Joseph Stiglitz: When you have a free rider problem you you do, you may need to resort to incentives and

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00:46:34.860 --> 00:46:36.360

Joseph Stiglitz: enforcement mechanisms.

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00:46:37.200 --> 00:46:53.070

Robert Stavins: Now you here's a personal question that come came in from someone who is listed as an anonymous attendee and they say the following. As someone who works in the conventional industry and fossil fuel extraction

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00:46:54.270 --> 00:47:04.050

Robert Stavins: And who sees a definite gap between large corporate businesses and the drive for sustainable practice, what can I, as an individual do

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00:47:06.510 --> 00:47:07.740

Joseph Stiglitz: Well, I think.

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00:47:09.630 --> 00:47:20.910

Joseph Stiglitz: We were all have multiple roles and our society, we are consumers. We are workers.

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00:47:22.050 --> 00:47:23.190

Joseph Stiglitz: We are citizens.

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00:47:24.900 --> 00:47:38.310

Joseph Stiglitz: As citizens, I think we have an important role in advocacy and helping change the political process in ways to deal with.

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00:47:39.420 --> 00:47:49.800

Joseph Stiglitz: Carbon, the green transition. That's really important. And because I think in the end. These problems are only going to be solved. When we have appropriate public policy.

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00:47:51.240 --> 00:47:55.290

Joseph Stiglitz: As consumers, I think we, we also have

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00:47:56.340 --> 00:47:56.940

Joseph Stiglitz: Arose

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00:47:59.130 --> 00:48:00.210

Joseph Stiglitz: You know, moving

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00:48:01.980 --> 00:48:03.000

Joseph Stiglitz: More towards

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00:48:04.260 --> 00:48:07.620

Joseph Stiglitz: A greener housing greener eating.

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00:48:09.300 --> 00:48:13.200

Joseph Stiglitz: Creator, transportation, you know, we make lots of decisions.

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00:48:14.970 --> 00:48:21.120

Joseph Stiglitz: As individuals we do savings and we can put our money into

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00:48:22.440 --> 00:48:30.690

Joseph Stiglitz: Portfolios that are greener, we can express our values through how we allocate our portfolios.

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00:48:31.830 --> 00:48:47.940

Joseph Stiglitz: As workers, I think it's important to articulate to the extent that we can, and in some firms, there's a greater openness and others that we ought to be thinking of moving towards greener, it's, it's, it's going to be

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00:48:48.510 --> 00:48:57.510

Joseph Stiglitz: I would argue it's better for the companies, your work with if they're ready for the green transition and even some oil.

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00:48:58.620 --> 00:49:00.390

Joseph Stiglitz: Companies gas companies.

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00:49:01.410 --> 00:49:18.840

Joseph Stiglitz: Many of them have become much more aware of this and I've been moving in that direction and have actually encouraged the creation of offices within the company to think about out of that. So they're, they're actually trying to encourage a dialogue in that

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00:49:20.430 --> 00:49:21.600

Joseph Stiglitz: If you're an accountant.

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00:49:23.160 --> 00:49:25.410

Joseph Stiglitz: Trying to say, you know,

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00:49:26.430 --> 00:49:32.430

Joseph Stiglitz: To accompany that for which you serve as an income you really ought to report on your climate risk.

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00:49:33.510 --> 00:49:41.220

Joseph Stiglitz: Some countries like New Zealand is already introduced legislation is adopted mandatory disclosure of climate risk.

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00:49:42.300 --> 00:49:46.380

Joseph Stiglitz: And I think other countries are going to be doing that so

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00:49:47.850 --> 00:49:57.840

Joseph Stiglitz: So I think there are lots of actual actions and if we're going to move our society is going to take lots of these adding up together to succeed in doing this.

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00:49:58.500 --> 00:50:11.010

Robert Stavins: So the issue of disclosure of climate risk actually links together with another topic that you comment on earlier and which we've had, I think, probably close to a dozen questions.

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00:50:11.430 --> 00:50:19.800

Robert Stavins: And so I'm going to lump them into one question for you, and that is to recognize that there have been movements in the United States and in Europe.

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00:50:20.220 --> 00:50:32.010

Robert Stavins: Pressing a variety of institutions, including universities, colleges foundations pension funds to divest of equity holdings in

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00:50:32.340 --> 00:50:42.480

Robert Stavins: fossil fuel companies you commented earlier on your support for that. And so I guess the general question will be to ask you to expand on your thoughts on that topic.

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00:50:43.620 --> 00:50:47.550

Joseph Stiglitz: Yep. Well, I've been a supporter of divestment and

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00:50:50.130 --> 00:50:50.820

Joseph Stiglitz: It has

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00:50:52.080 --> 00:50:53.520

Joseph Stiglitz: three aspects of it.

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00:50:55.800 --> 00:50:57.120

Joseph Stiglitz: You might say,

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00:50:58.140 --> 00:50:58.860

Joseph Stiglitz: As

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00:50:59.970 --> 00:51:00.690

Joseph Stiglitz: Prudent

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00:51:02.610 --> 00:51:04.170

Joseph Stiglitz: Simply economic

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00:51:05.460 --> 00:51:23.610

Joseph Stiglitz: Perspective is that the market is short sighted, so there was an earlier question about short sighted partner kicks and one aspect of being short sighted is that they have, I believe, not taking into account the fact that we will be moving

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00:51:24.900 --> 00:51:36.360

Joseph Stiglitz: Whether it's in 10 years or five years or 20 years to a green economy and there will be a carbon price and those there will be lots of stranded assets and the value of those assets.

328

00:51:38.040 --> 00:52:02.790

Joseph Stiglitz: Carbon assets are going to go down. So to me, Prudential behavior. It says don't be in those assets that are going to go down. It's foolish, but the second is, I don't want to be part of that dirty industry of the past and I want to send a you might say a moral signal that

329

00:52:05.820 --> 00:52:12.450

Joseph Stiglitz: I don't want to be part of destroying the future of our world.

330

00:52:13.830 --> 00:52:24.210

Joseph Stiglitz: And that's part of you might when I said and dodginess preferences. It's part of creating an identity that we are not on that side.

331

00:52:25.860 --> 00:52:26.580

Joseph Stiglitz: Of the world.

332

00:52:27.630 --> 00:52:37.830

Joseph Stiglitz: And then in between these is the third view which says if enough people do to best the price of these assets will go down.

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00:52:38.880 --> 00:52:48.570

Joseph Stiglitz: And that will discourage the flow of capital to these industries and that in turn will mean that there will be less dirty investment.

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00:52:49.620 --> 00:52:51.060

Joseph Stiglitz: So, you know,

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00:52:52.920 --> 00:53:04.950

Joseph Stiglitz: One person doing it, not going to have a very big effect of that calm but when lots of people do it. It does have an effect and it sends a warning signal.

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00:53:05.490 --> 00:53:21.000

Joseph Stiglitz: It reminds those who are making those investments, making investments in those companies. Is this a really good way of spending our money. Is it a risky way of spending the money. Now one of the things. Let me mention

337

00:53:22.140 --> 00:53:22.710

Joseph Stiglitz: A

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00:53:24.090 --> 00:53:31.920

Joseph Stiglitz: I've also been an advocate of changing the legal framework to say

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00:53:33.300 --> 00:53:37.560

Joseph Stiglitz: That part of being a fiduciary responsibility.

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00:53:38.580 --> 00:53:55.500

Joseph Stiglitz: Is looking long term, not just short term and looking at part of looking at long term is looking at long term economic returns, but also long term social returns. What kind of society.

341

00:53:56.190 --> 00:54:10.920

Joseph Stiglitz: And that we ought to have a mandate for produce Sherry's to take that long term perspective, the very sad thing. I don't know if you've been following it going on.

342

00:54:12.060 --> 00:54:18.330

Joseph Stiglitz: Beneath the radar is that the Trump Department of Labor is moving in the other direction.

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00:54:20.010 --> 00:54:44.250

Joseph Stiglitz: Create a mandate for pension funds to look only at short term economic returns. So that would be a move in exactly the wrong direction shows you how much is at stake in this coming election, you know, there's so many little rules that change the way our economy, our society works.

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00:54:44.970 --> 00:54:52.860

Robert Stavins: And this is an area where there's a difference between the United States and Europe with it predates the Trump administration in terms of

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00:54:53.370 --> 00:55:05.700

Robert Stavins: The responsibility of corporations under the law, as opposed to the US. This fiduciary responsibility to shareholders being defined relatively narrower there a broader definitions in. As you will know, in Europe.

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00:55:06.480 --> 00:55:07.470

Joseph Stiglitz: That's right and

347

00:55:08.670 --> 00:55:10.170

Joseph Stiglitz: You know, the next

348

00:55:12.690 --> 00:55:17.370

Joseph Stiglitz: Sunday is commemorates the 50th

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00:55:18.510 --> 00:55:20.790

Joseph Stiglitz: Anniversary of Milton Friedman's famous article

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00:55:20.790 --> 00:55:23.940

Joseph Stiglitz: Has times advocating

351

00:55:25.350 --> 00:55:27.720

Joseph Stiglitz: Shareholder Value maximisation

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00:55:29.100 --> 00:55:36.270

Joseph Stiglitz: Around the same time, just a little bit later. I have written an article with Sandy Grossman, explaining

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00:55:37.530 --> 00:55:45.300

Joseph Stiglitz: Why shareholder value maximization did not lead to societal welfare maximisation

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00:55:46.530 --> 00:55:48.720

Joseph Stiglitz: That it was not the right criteria.

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00:55:49.740 --> 00:56:07.320

Joseph Stiglitz: Unfortunately, he published in the New York Times. We published in the que je in the Journal of finance and he had more influence at the time in public policy, but the good news is that 50 years later.

356

00:56:08.910 --> 00:56:25.920

Joseph Stiglitz: The business roundtable and increasing fraction of American corporations are now seeing the world through our lens, which is through the lens that says that there has to be more than shareholder value maximization, you know,

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00:56:25.950 --> 00:56:29.130

Robert Stavins: Both the history and where we've come is very interesting. The

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00:56:29.700 --> 00:56:40.560

Robert Stavins: The staff for this webinar are listening in. So I'm going to ask them that. We're going to post at the website where people can view this recording are links to both of those articles to

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00:56:41.220 --> 00:56:50.100

Robert Stavins: Friedman's work and then your own response with Grossman will have both of them there. We've had quite a few questions come in about international

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00:56:51.090 --> 00:57:01.650

Robert Stavins: Trade and you mentioned earlier about using a border adjustments. The. I just wanted to ask you in this life to be brief because we're almost at the end of the hour.

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00:57:02.250 --> 00:57:11.400

Robert Stavins: As you well know, Bill Nordhaus has recommended approach as an alternative a substitute for the Paris Agreement.

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00:57:11.730 --> 00:57:22.920

Robert Stavins: Which would be a carbon club, a fundamental part of which would be carbon terrorists. Do you have any particular views on on that approaches and substitute for, you know, the Paris Agreement going forward.

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00:57:24.660 --> 00:57:26.070

Joseph Stiglitz: Well, I think.

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00:57:27.480 --> 00:57:30.480

Joseph Stiglitz: You know the basic thing is that that

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00:57:32.610 --> 00:57:42.810

Joseph Stiglitz: Climate change is a global public good and that we we really do need to get everybody on

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00:57:45.090 --> 00:57:51.330

Joseph Stiglitz: There are various approaches to what is the best way of getting everybody had

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00:57:52.350 --> 00:57:53.520

Joseph Stiglitz: And

368

00:57:54.690 --> 00:58:07.800

Joseph Stiglitz: The whether you have, you know, basically a coalition of the willing and you impose exclude those who are not willing and impose costs and and build up.

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00:58:08.880 --> 00:58:13.740

Joseph Stiglitz: Everybody into that coalition of the willing by the threat of exclusion.

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00:58:15.570 --> 00:58:16.350

Joseph Stiglitz: That's

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00:58:17.640 --> 00:58:18.840

Joseph Stiglitz: One possibility.

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00:58:20.640 --> 00:58:34.230

Joseph Stiglitz: I would hope that if the United States, you know, go back to Paris. The major impediment in Paris, as I saw was the United States, our difficulty of getting

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00:58:35.340 --> 00:58:40.260

Joseph Stiglitz: A, a more binding commitment through the US Congress

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00:58:41.310 --> 00:58:47.310

Joseph Stiglitz: I think if we had a strong democratic.

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00:58:49.260 --> 00:58:49.980

Joseph Stiglitz: Senate.

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00:58:51.930 --> 00:58:52.710

Joseph Stiglitz: President

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00:58:54.420 --> 00:59:06.960

Joseph Stiglitz: We think that that impediment could be solved. And if that impediment could be solved. I think we could move towards a global agreement.

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00:59:08.940 --> 00:59:19.290

Joseph Stiglitz: And that would be the first best, but let me say, You know, I'm I'm open to anything that can get as many people on board and

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00:59:21.960 --> 00:59:26.790

Joseph Stiglitz: We might have to try several different approaches to see which one works out.

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00:59:27.150 --> 00:59:38.280

Robert Stavins: Right, right. That's, that's a great place to end. I want to apologize to the 63 members of the audience who still have questions.

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00:59:39.030 --> 00:59:57.390

Robert Stavins: Pending we had an unprecedented number of questions. They're all very thoughtful. I tried to combine as many as I could. And so thank you for those questions and thanks for your participation. And thanks, of course, most of all, thank you Joe for having taken time to join us today.

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00:59:58.530 --> 01:00:09.690

Robert Stavins: A real pleasure. Our guest today has been Joseph Stiglitz university professor at Columbia University. And for that matter, I should mention a best selling author

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01:00:10.650 --> 01:00:29.280

Robert Stavins: Please join us again for the next episode of conversations from the Harvard project on climate agreements. Remember, you need to register separately for each of these webinars via zoom. And with that, I'll simply say, I'm your host, Rob Stephens. Thanks very much for joining us.