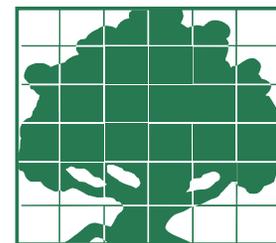


# Agricultural and Resource Economics UPDATE



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## Special Issue: California's Climate Change Policy: The Economic and Environmental Impacts of AB 32—Notes from the Editors

The UC Giannini Foundation and Agricultural Issues Center held a conference on “California’s Climate Change Policy: The Economic and Environmental Impacts of AB 32” on Monday, October 4 at the California Museum in Sacramento. The conference brought together leading economists, analysts, and executives from academia, California state government,

and industry to discuss the impacts of climate change and AB 32, California’s climate change legislation, on the California economy and the environment. Webcasts of all speakers, along with their visual presentations, are available at the conference website, <http://giannini.ucop.edu/AB32/AB32conference.htm>.

This special issue contains five papers prepared by presenters at the conference. Although the direct challenge to AB 32 in the form of Proposition 23 was defeated in November, climate change and policies to address it remain at the forefront of policy debates within California, nationally, and, indeed, globally. The papers collected in this issue will play a key role in informing this debate.

AB 32 will have almost no direct impact on climate change because it is a global problem, and effective climate change policies need to involve international, if not global, cooperation. Professor Robert Stavins of Harvard University discusses the interactions of subnational policies, such as AB 32, with federal policies. He concludes that the interactions can be problematic, benign, or positive and offers important examples in each category.

Professor David Victor of UC San Diego tackles the political context for California’s climate change policy. He argues that California’s policy makes sense only if it inspires broader efforts within the U.S. and globally. He proposes four criteria to shape a successful policy as California moves to implementing its climate change policy.

Professor Matthew Kahn of UCLA addresses why climate change legislation is stalled at the national level. He shows that Congressional voting on the 2009 Waxman-Markey American Clean Energy and Security Bill can largely be explained by the household income in a representative’s district, his/her political ideology, and the per-capita carbon emissions emanating from the district. Kahn argues that by acting as a “green guinea pig,” California can stimulate new ideas for green technology that can tilt public opinion and politicians in favor of climate change policies.

Professor Christopher Knittel of UC Davis evaluates and summarizes economic models that have been used to study the impacts of AB 32 on economic activity and employment in California. Although the models differ in some key respects, Knittel’s analysis reveals that most forecast relatively modest losses in gross state product, household income, and employment from implementation of AB 32.

Agricultural emissions are not scheduled to be capped under AB 32, but Professor Dan Sumner and John Thomas Rosen-Molina of UC Davis note that agriculture will be impacted through higher energy costs for farming, processing, and transportation. The authors also raise serious concerns about the certification of carbon offsets from agriculture and argue that some of the incentives could paradoxically cause global emissions from agriculture to increase.

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