

## Report Finds Major Economic Risks of Climate Change Missing from U.S. Government Assessment

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March 13, 2014— Economists agree—the American public can expect to pay trillions of dollars if global temperatures continue to rise. Personal bank accounts and government coffers will feel the strain of climate change-driven increased food prices, insurance premiums, emergency aid, and more.

While the U.S. government has done scientifically sound work that begins to estimate those costs, many consequences of a changing climate are absent from the government's forecasts, according to a report released jointly today by Environmental Defense Fund (EDF), Institute for Policy Integrity at NYU School of Law (Policy Integrity), and Natural Resources Defense Council (NRDC).

*Omitted Damages: What's Missing from the Social Cost of Carbon* finds that wildfires, floods, extreme drought, and storm surges like those seen in Superstorm Sandy are effectively valued at \$0.

“The public picks up the tab for the types of extreme weather events that come more frequently with a changing climate—homes ruined, property values disintegrated, relief funding,” said Gernot Wagner, a Senior Economist at EDF. “But the government is not fully assessing climate risks in its decision-making.”

The U.S. government currently estimates the public would pay \$37 per ton of carbon dioxide emissions. This “social cost of carbon” captures the negative consequences of climate change (as well as potential benefits like lower heating costs).

The report finds the estimate to be a lower bound. Missing risks incorrectly drive the price down. An artificially low social cost of carbon would indicate a less-urgent need for regulation or policy interventions.

“Infectious diseases, pests, pathogens—too many climate change risks are being counted as if they would impose no cost to the public,” said Richard Revesz, Policy Integrity's Director. “We pay much more than \$37 per ton of carbon pollution. Taking action against climate change is a bargain compared to the economic damages of greenhouse gas emissions.”

The report findings show that the government's estimate relies on studies that have not yet valued many important damages, which means the estimate itself omits values for those damages.

“The Obama Administration has done extensive and rigorous work to evaluate the economic risks of climate change,” said Laurie Johnson, NRDC's Chief Climate Economist. “But more must be done to ensure that more of these threats are incorporated into its social cost of carbon estimate. Failure to do so means exposing the public to great harm.”

The report, authored by economist, Peter Howard, is the latest effort from the Cost of Carbon Pollution project, which recently unveiled [a new website](#). The Cost of Carbon Pollution project marshals the best economic research to report on the real price of climate change threats. A series of papers and blog posts will summarize the costs to the public of wildfires, storm surges, and other consequences of a rise in

global temperatures. The website will also serve as a hub for academics who research this topic, offering a clearinghouse of scientific and economic research.

*[Omitted Damages: What's Missing from the Social Cost of Carbon](#) can be read [here](#).* The beta version of the Cost of Carbon Pollution website can be found [here](#).

An electronic version of this release can be found [here](#).

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*The Natural Resources Defense Council ([nrdc.org](#)) is an international nonprofit environmental organization with more than 1.4 million members and online activists. Since 1970, our lawyers, scientists, and other environmental specialists have worked to protect the world's natural resources, public health, and the environment. NRDC has offices in New York City, Washington, D.C., Los Angeles, San Francisco, Chicago, Bozeman, MT, and Beijing. Follow us on Twitter [@NRDC](#).*