

Nordhaus's full text, "Is the Kyoto Protocol a Dead Duck? Are There Any Live Ducks Around?" is not available on the web. This is the only summary of it that could be found.

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Thirteen plus one: a comparison of global climate policy architectures

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3.2.8. An efficient set of harmonized carbon taxes (Nordhaus, 1998)

This proposal combines the notion of harmonized carbon taxes with attention to the efficiency of the targets. This is done by setting the harmonized carbon tax at the efficient level through a dynamic benefit–cost analysis, where the benefits are determined through an international voting mechanism which is intended to reflect countries' true willingness-to-pay. As in other proposals, developing countries participate only when their per capita incomes reach particular threshold levels. Compliance is promoted through import duties, which are levied on goods from non-participant countries, based on carbon content, with goods from poor countries exempted.³¹

The proposed harmonized carbon taxes in the Nordhaus proposal would likely deliver modest environmental effectiveness in the near term. He recommends a low carbon tax applied only to countries above an income threshold. Consistent with an ability-to-pay notion of distributional equity, this proposal requires emissions abatement efforts only among wealthy countries. Nordhaus suggests that some form of financial side-payment will be necessary to induce developing country participation. While the policy explicitly incorporates a mechanism based on a dynamic benefit–cost analysis, the distinction between participating and non-participating countries undermines the dynamic efficiency and cost-effectiveness of the proposal.³² By allowing countries to reveal periodically their willingness to pay for climate protection, this policy structure can adjust and adapt to new information.

Nordhaus, W.D., 1998. Is the Kyoto Protocol a Dead Duck? Are There Any Live Ducks Around? Comparison of Alternative Global Tradable Emissions Regimes. Working Paper, Department of Economics, Yale University, New Haven, CT, 31 July.