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Fachbereich VWL / Department of Economics

EconNewsletter

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APRIL 11 – APRIL 14, 2023

NEWSLETTER 2023-6

SEMINAR CALENDAR

Quantitative Economics

[Christian Proaño, Universität Bamberg:](#)

Who's Afraid of the Zero Lower Bound?

Tuesday April 11

12:15–13:30

R. 0079 (VMP 5)

Microeconomics Seminar

[Michael Finus, Universität Graz:](#)

*The Governance Architecture of Climate Agreements in the Light of
Solar Radiation Management*

Thursday April 13

17:15–18:45

R. 0079 (VMP 5)

ABSTRACTS

Microeconomics Seminar

Michael Finus, Universität Graz

The Governance Architecture of Climate Agreements in the Light of Solar Radiation Management

Abstract:

We analyse how geoengineering in the form of solar radiation management (SRM), associated with the potential of high collateral damages, affects the governance architecture of climate agreements. We clarify under which conditions signatories to a climate agreement can avoid that non-signatories use SRM. We correct and qualify results of Millard-Ball (2012) who claims that if countries perceive the potential collateral damages of SRM to be sufficiently high (lower threshold), a climate change agreement on greenhouse gas emission reductions preventing the deployment of SRM technologies is stable. We show that an additional though a similar condition is necessary to make the avoidance of SRM rational in the first place. Moreover, we also show that such an agreement can only be stable if the threat to deploy SRM is credible which requires that collateral damages are perceived to be sufficiently low (upper threshold). Hence, Millard-Ball is far too optimistic about the prospects of using SRM as a threat in order to stabilize a large climate agreement. We show that our results are robust in two analytical frameworks frequently used in the game-theoretic analysis of international environmental agreements.

The next EconNewsletter will be published on Monday, April 17, 2023.

*Editorial deadline: **Friday, April 14, 2023.***

EconNewsletter

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