

Global warming assignment



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Introduction Nowadays, our earth is more ruined by human interference in generating their own economic improvement. Therefore the earth is progressively threatened of global warming. Eventually making problems on environments and causing much damage on earth such as climatic disasters, economic problems and etc. These problems as warning to human from what they have done. In this situation, human only concern on benefit they have now and to prevent from losing benefits they start to consider some policies to reduce global warming problems. This paper will explain global warming problems and explain its policies and how they work.

Global warming problems Global warming is mostly caused by carbon dioxide which is one of a greenhouse gas due to human interference in nature's life cycle. Because of greenhouse gases (Gases), more and more heat is being trapped inside the earth's atmosphere making hotter changing weather and climatic conditions all over the globe. The problems global warming causes are alteration in the sea level, increasing in climatic disasters, reduction in overall production, effects on rain fall and providing opportunity to different natural disasters.

Furthermore it causes economic problems, with new natural and climatic disasters; every country must spend more funds on fixing up and maintaining the city structures. In other side increased disease and treatment costs will more decline the economies of different countries resulting in reduce world gross domestic product (GDP). The purpose of global warming policy Naturally the main purpose of global warming policy is to find the right balance, on the margin, of costs of action to slow climate change and the benefits of reducing future damages from climate change.

The benefit of emission reduction can be achieved when greenhouse gas emission is diminishing in order to reduce future climate-induced damages. From an economic point of view, the existence of the policy is critical to address global warming problems but it is illogical to stop all economic activities. Therefore the policy is designed to consider and estimate all parties' interest to show the balance of economic market. Because of climate change problems, people will produce inefficient quantity of greenhouse gases.

Hence as depicted in figure 1, marginal damage which is known as MD will decrease in every additional unit of emission reduction that is created. Furthermore, it explains why the MD curve is downward sloping. That also means when the policy sets emission reduction higher, MD will be smaller. Therefore, this policy will slow climate change and produce more benefit for the future. On the other side, figure 1 also shows every additional unit of emission reduction. In other words, this curve depicts every cost that the economy undertakes to reduce the emission or can be said to slow greenhouse warming.

Therefore, an efficient policy is where MD is balanced with the MD of the emission reduction as shown in point E, which is to maximize emission reduction and minimize climate impact on the economic environment. Global Warming Policy Carbon Tax Figure 2 Carbon tax is one of the most common recommended policies to slow greenhouse gas emissions. In addition, carbon tax is an indirect tax from an economic perspective. The price of goods will be set based on how much greenhouse gas emissions are incurred to consume those goods.

This policy will push all parties to reduce greenhouse gas emissions to avoid extra tax expenses. In figure 2, emission problems can be resolved by making MD = MC.

lies above demand curve and create new equilibrium at point X. Based on figure 2, production EI is generally excessive so it creates deadweight losses (DEL). Next, price will increase from P_I to P^* . Therefore it will produce consumer surplus ($B+C+F$), producer surplus ($G+H+J$) and increase tax revenue ($B+C+G+H$). If tax and social worth has the same values it will decrease tax revenue to balance reduced surplus ($F+J$).

Because of tax effect it will create the reduction in unpaid social costs will be sum of deadweight losses ($DEL+F+J$). Finally by avoiding global DEL will impose tax to provide welfare Carbon tax base gain. The choice of a tax base implicates choosing the optimal breadth and coverage of the tax and also whether to tax producers or consumers. By implying carbon tax base in US, it is estimated that by collecting carbon taxes upstream, 80% of total emissions can be covered. Carbon tax base is relevant in an open economy.

In an open economy where a country can sell and buy from other countries and capital resources is agile therefore it can relocate internationally.

Unfortunately, this policy makes carbon leakage can arise. Carbon leakage incurs when there is competitiveness disadvantage of mitigating country's exports and its import replacement sectors as consequences of carbon taxes, moreover there is relocating 'pollution havens' from initiative of firm in mitigating country to relocate in non-dictating country. However these issues can be resolved by using carbon destination.

Carbon destination enacts that whoever end up carbon goods with being consumed should be charged. In other words, it exempts exports from taxation and by imposing border tax adjustments in untaxed imports.

Consequently, carbon-intensive goods seem consistent with the rule of the General Agreement on Tariffs and WTO. In addition, it reduces the incentive of firms to relocate to pollution havens. Expectation of global warming policy Carbon tax is tax charged on goods that use GIG emissions. Therefore, price effect will play role in this policy.

Suppliers will be forced to increase price to cover additional cost of emission tax. Consequently consumer will start to choose more non-carbon goods instead of carbon goods. In other words, as price effect will change the quantity of goods to be consumed therefore will produce new budget line and consumer equilibrium as shown in figure 3. Alternatively non-carbon goods will case, government desire pressures could push market to make low carbon emission technology and dismiss all parties related to high emission use from economic market. Conclusion

Since human started making much trouble, threat of global warming can be perceived for example there are environment issues begins with impact of climate change until economic problems. Therefore human currently consider and set some policies to reduce GIG emissions in order to stop global warming problems. The most efficient policy to address these problems is carbon tax. Carbon tax will increase the price of carbon goods therefore all parties will reduce emissions. For instance in US successfully reduce emissions by 80%. Briefly with concern and awareness toward global warming effect we all must participate in reducing GIG emissions.