HYPERBOLE, HYPOCRISY & DISCOUNTING THAT SLOWLY FADES AWAY …

SUSTAINABILITY IS … “… meeting the needs of the present, without compromising the ability of future generations to meet their own needs.”
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Discounting

Discounted value of UK GNP

Date from which value is discounted (AD)
<table>
<thead>
<tr>
<th>Event</th>
<th>Cash flow per hectare</th>
<th>Discounted value seen from time 2000</th>
<th>Discounted value seen from time 2080</th>
</tr>
</thead>
<tbody>
<tr>
<td>Plant</td>
<td>£2000</td>
<td>£2000 × 1 = £2000</td>
<td></td>
</tr>
<tr>
<td>Fell at age 80</td>
<td>£6000</td>
<td>£6000 × 0.26613 = £1591</td>
<td>£6000 × 1 = £6000</td>
</tr>
<tr>
<td>Fell at age 120</td>
<td>£12000</td>
<td>£12 000 × 0.25215 = £3026</td>
<td>£12 000 × 0.35653 = £4278</td>
</tr>
</tbody>
</table>
A more persuasive argument.

diminishing

marginal

utility
Non-reinvestment
POLITICAL CONVENIENCE

• simplicity (discount tariff)
• backwards logic
• putting off the evil day

The floodgate argument …
SDCF = £171.58 million
SDCF = £242.26 million

SDCF = £-20.98 million
POLITICAL CONVENIENCE

• simplicity (discount tariff)
• backwards logic
• putting off the evil day
Some undemanding effects of declining discount rates …

⇒ Cost per tonne carbon rises from $5.74 to $10.44 (Newell & Pizer, 2001)

⇒ Value of £1 million annual damage rises from £29 to £44 million (me, just now)