



“Climate Policy in a Distorted World”

Leslie Shiell & Nikita Lyssenko
Thursday, Oct. 25th, 3:00–4:30 pm
G. A. Hickman Bldg., Room 1014

Leslie Shiell is Assistant Professor in the Department of Economics, University of Ottawa. He holds Ph.D. and M.A. degrees in economics from the University of Toronto, and a B.A. in economics from the University of British Columbia.

Specializing in environmental economics, with a particular focus on climate change, he has published in leading academic journals, including *Journal of Environmental Economics and Management*, *Journal of Public Economics*, *Journal of Economic Dynamics and Control*, *Journal of Public Economic Theory*, and *Canadian Public Policy*.

Climate policy interacts with multiple market failures and imperfections, amplifying pre-existing distortions and complicating decision making. We focus on (i) distortions in fossil fuel markets, including a discount rate premium, a capital cost premium, and the OPEC cartel in crude oil, and (ii) pre-existing distortionary taxes across the economy.

Our results show that governments should rationalize the existing toolkit of taxation in the energy sector – royalties, end-user (excise) taxes, emissions tax, severance taxes, rent taxes – to rely on an economy-wide emission tax, plus a common resource rent tax and sector-specific severance taxes. Royalties and end-user taxes should be removed, including excise taxes on gasoline. The overarching result of our simulations is that coal is presently under-taxed, oil overtaxed, and natural gas taxed about right while taking account of the greenhouse potential of each fuel source.

This event is open to the public and is sponsored by the Department of Economics and the Collaborative Applied Research in Economics (CARE) initiative.

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